newsquawk

Week Ahead: 8th-13th February 2026

Highlights include US NFP and CPI, Japanese Election, UK GDP and China Inflation

- **SUN**: Japanese Average Cash Earnings, Japanese Snap Election
- **MON**: Swiss Consumer Confidence (Jan), Mexican Inflation (Jan), US Consumer Inflation Expectations (Jan), Australian Household Spending (Dec)
- **TUE**: EIA STEO; Norwegian prelim. CPI (Jan), US NFIB (Jan), Weekly ADP, ECI (Q4), Export/Import Prices (Dec)
- **WED**: BoC Minutes (Jan), OPEC MOMR; ECB Wage Tracker (post-meeting); Chinese Inflation (Jan), Norwegian GDP (Q4), US NFP (Jan)
- **THU**: IEA OMR, EU Informal Leaders Retreat; Japanese PPI (Jan), UK GDP Prelim. (Q4), GDP (Dec), US Weekly/Continuing Claims; Existing Home Sales (Jan), South Korean Export/Import Prices (Jan)
- **FRI**: Indian WPI (Jan), Swiss CPI (Jan), EZ Prelim. Employment (Q4), GDP 2nd (Q4), US CPI (Jan)

JAPANESE AVERAGE CASH EARNINGS (SUN): Japan's December average cash earnings data is due on Sunday, with consensus expecting headline wages to accelerate to 1.0% Y/Y from 0.5%. The November release showed a sharp slowdown in wage growth, largely reflecting a steep fall in one-off bonus payments outside peak payout periods, leaving real wages deeply negative amid still-elevated inflation. ING expects a clearer rebound in December, supported by strong winter bonuses and recent easing in inflation, which should help real cash earnings turn positive. The desk says a sustained improvement in wage dynamics would bolster the BoJ's confidence that a wage-price cycle is taking hold, supporting the case for further rate hikes from Q2.

JAPANESE SNAP ELECTION (SUN): Japanese PM Takaichi called a snap election for the 8th of February. Aiming to capitalise on her high approval rating and extend LDP's slim majority in the Lower House, which would allow her to pass policy with less friction. A recent poll (Feb 2) via Asahi shows that the ruling coalition could secure more than 300 seats, far surpassing the 233 required for a simple majority; putting the LDP-JIP partnership on course to potentially secure a two-thirds 'super' majority (310 seats). Note, should the LDP-JIP secure a two-thirds majority, it can override the Upper House to pass legislation. Exit polls are typically released within minutes of polls closing (20:00 JST / 11:00 GMT / 06:00 EST), while a large share of single-member district results are reported within the following 2–4 hours. Under a LDP victory, the immediate market reaction is expected to see a steepening of the JGB yield curve, as it would potentially give the PM scope to pursue expansionary fiscal policies. Credit Agricole expects gains in the Nikkei and USD/JPY alongside curve steepening. If the LDP-JIP bloc requires support from another party, most likely the DPP or Sanseito, fiscal and political uncertainty could be priced in, as opposition partners may push for income tax cuts or broader VAT reductions, potentially triggering a deeper sell-off in JGBs. Should the LDP lose, a new government would likely prompt a flatter yield curve and JPY strength, reflecting the prospect of greater fiscal restraint than under Takaichi and a higher tolerance for BoJ rate hikes. Credit Agricole expects this to lift short-end yields and flatten the JGB curve. An in-depth preview can be found here .

JAPANESE ECONOMY WATCHERS SURVEY (MON) : Japan's Economy Watchers Survey for January is due on Feb 9. The Current Conditions index slipped to 48.6 in December, remaining below the 50 threshold, while the Outlook index rose to 50.5, signalling cautious optimism for the months ahead. The survey is closely watched by the BoJ as a leading indicator of private consumption and service-sector momentum. Any further improvement in service-related sentiment would support the Bank's view that service price inflation is becoming more durable.

BOC MINUTES (WED): The minutes followed the January decision to hold rates at 2.25%, in line with expectations and matching the lower end of the BoC's own estimate of neutral. The statement focused on uncertainty, saying it was elevated and that risks were being monitored closely, and added that the central bank was prepared to respond if the outlook changed. The Monetary Policy Report left near-term inflation forecasts unchanged but raised the fourth-quarter 2026 projection, while quarterly GDP forecasts were lifted across 2026. Since then, Governor Macklem has warned the BoC must be careful not to misdiagnose economic weakness amid a structural shift in the Canadian economy following a deterioration in relations with the United States. He said cutting rates in response to weak activity risked fuelling future inflation if the weakness reflected lower productive capacity rather than a cyclical demand downturn, and that overstimulating demand when the problem was structural could delay necessary adjustment. The BoC appears set to remain on hold for the foreseeable future barring a sharp change in the outlook, with market pricing showing about 9bps of hikes by year-end.

CHINESE INFLATION (WED): China is set to publish its January CPI and PPI figures after December data showed headline CPI rising 0.8% Y/Y, a 34-month high driven largely by food prices, while core inflation held at 1.2% and producer prices stayed in deflation at -1.9% Y/Y. ING expects inflation pressures to cool in January, forecasting CPI at 0.5% Y/Y as Lunar New Year effects weigh on prices, while PPI is seen remaining negative for a 40th consecutive month but improving to around -1.3% Y/Y amid firmer commodity prices. Analysts continue to warn that underlying demand remains weak despite the recent pick-up in headline inflation, with overcapacity and factory-gate deflation persisting as key drags. As a result, the data is unlikely to shift expectations for further policy support this year.

US JOBS REPORT (WED): Note: the January jobs report, originally scheduled for 6th February, was rescheduled to Wednesday, 11th February at 08:30EST/13:30GMT because of the partial US government shutdown. Recent labour market data have shown resilience despite other policy challenges. During the week corresponding to the traditional BLS survey window, weekly initial jobless claims stayed low at 210k after revisions, compared with 224k ahead of the December data. Continuing claims eased to 1.827mln in the survey week from 1.914mln heading into the December report. “There is no evidence that layoffs are picking up. There are firms that are trying to reduce their headcount, but this is being done almost exclusively through attrition rather than outright job cuts,” Santander said, adding that “layoffs on an underlying basis are roughly steady.” Wells Fargo expects the January report to leave the labour market picture broadly unchanged, with payroll growth of about 80k and unemployment steady at 4.4%, noting that hiring could be temporarily boosted by fewer seasonal layoffs. Risks to unemployment are nevertheless seen to the upside, while benchmark revisions are likely to show that last year’s job growth was weaker, reinforcing a gradual cooling in labour market support for incomes and consumption. At its January meeting, the Fed tweaked its risk characterisation of the labour market, replacing “job gains have slowed this year, and the unemployment rate has edged up through September,” with “job gains have remained low, and the unemployment rate has shown some signs of stabilisation,” which analysts described as a positive upgrade. Even so, Chair Powell said risks to employment on both the upside and downside have diminished but not disappeared, making it difficult to judge whether mandate risks are fully balanced. Traders will also watch for any impact from extreme weather. Oxford Economics said storms occurring during the payroll reference period have historically had a greater negative effect on net nonfarm employment and hours worked, particularly in construction, but added that the latest storm falls outside that window, which should limit potential downside effects on the January report.

UK GDP (THU): The UK is due to release preliminary Q4 GDP alongside December monthly output. Consensus expects Q4 GDP growth of 0.1% Q/Q from 0.2% and 1.3% Y/Y from 1.2%, with December GDP seen rising 0.3% M/M from 0.1%. Investec expects a softer 0.2% M/M print for December after November’s strong 0.3% rebound, which was boosted by a recovery in car production following the Jaguar Land Rover cyberattack, alongside firmer retail sales. While most of the production bounce likely occurred in November, residual strength from auto backlogs, steady services output and a modest recovery in construction are seen supporting December activity. On this basis, Investec forecasts Q4 GDP growth of 0.2% Q/Q, a slight acceleration from Q3’s 0.1%, and says this would provide a constructive handover into Q1, where growth is expected to firm further.

US CPI (FRI): Note: the January consumer price report, originally scheduled for 11th February, was pushed back to 13th February at 08:30EST/13:30GMT because of the partial US government shutdown. While the Fed’s January statement upgraded its economic assessment by replacing “economic activity has been expanding at a moderate pace” with “expanding at a solid pace”, “job gains have slowed this year” with “job gains have remained low”, and “the unemployment rate has edged up” with it having “shown some signs of stabilisation”, it said “inflation remains somewhat elevated”, relatively unchanged from its prior view that “inflation has moved up since earlier in the year and remains somewhat elevated”. At his post-meeting press conference, Chair Powell said inflation had made limited net progress over the past year, with core PCE showing little improvement. He said most of the overshoot stemmed from goods prices, largely driven by tariffs, which he characterised as a one-off rather than demand-led effect. Powell noted that many tariff effects had already passed through the economy and expects goods and tariff-related inflation to peak around mid-year. Inflation remains somewhat elevated, but recent outcomes have been broadly in line with expectations. He added that short-term market-based inflation expectations have fully retraced, while longer-term measures signal confidence in a return to the Fed’s 2% target. Powell said incoming data point to clearer improvement in the outlook, adding that confirmation that tariff effects are fading would support policy loosening. Some analysts have recently highlighted Truflation’s inflation measure, which suggests price pressures are easing. Pantheon Macroeconomics, however, argues that the sharp fall in Truflation’s daily measure overstates disinflation, noting that it is driven largely by new rents and mortgage interest costs that respond quickly to market shifts, while official CPI uses broader, lagged shelter measures, implying a much more gradual decline. Pantheon sees Truflation as useful for niche components, but not a reliable guide to headline inflation.