

Highlights include US-Iran ceasefire expiry, Warsh Hearing, Flash PMIs, US Retail Sales, UK Jobs, Inflation from Japan, UK, NZ and Canada

- **MON:** BoC SCE (Apr), Chinese LPR (Apr), German PPI (Mar), Canadian Inflation (Mar), New Zealand NZIER Business Confidence (Q1), New Zealand Inflation (Q1)
- **TUE:** Eurogroup Foreign Affairs Council (Apr), UK Jobs (Feb), German/EZ ZEW Sentiment Index (Apr), US ADP Employment Change Weekly, US Retail Sales (Mar), US Pending Home Sales (Mar), Warsh Senate Hearing
- **WED:** CBRT Policy Announcement (Apr), Bank of Indonesia Policy Announcement (Apr), UK Inflation (Mar), South African Inflation (Mar), EZ Consumer Confidence (Apr)
- **THU:** South Korean GDP (Q1), Global Flash PMI (Apr), French Business Confidence (Apr), Mexican Inflation (Apr), Canadian PPI (Mar), US Jobless Claims (Apr/18)
- **FRI:** CBR Policy Announcement (Apr), UK Retail Sales (Mar), German Ifo Survey (Apr), Canadian Retail Sales (Feb), US UoM Survey Final (Apr)

WEEK AHEAD

US-IRAN CEASEFIRE EXPIRY: The two-week ceasefire began at 01:00 BST on 8 April 2026 (20:00 ET on 7 April) and is due to expire at 01:00 BST on 22 April 2026 (20:00 ET on 21 April). Pakistan is leading mediation efforts, with senior military officials engaging Tehran to secure a second round of talks in Islamabad. Key sticking points remain unresolved, notably Iran's uranium enrichment programme, freedom of navigation through the Strait of Hormuz, and the scope of sanctions relief. President Trump has said a deal is "very close", claiming Iran has agreed in principle to hand over enriched uranium stockpiles, though the White House has clarified that no formal extension request has yet been made and Iranian officials remain cautious. The truce is further strained by the ongoing US naval blockade of Iranian ports. Separately, a 10-day Israel-Lebanon ceasefire that began on 16 April may ease regional tensions if it holds, potentially improving prospects for extending or replacing the US-Iran ceasefire before the deadline.

PBOC LPR (MON): The PBoC is due to announce China's benchmark Loan Prime Rates on Monday and they are likely to be maintained at current levels, with the 1-year LPR at 3.00% - the rate on which most new loans are based - and the 5-year LPR at 3.50%, the reference rate for mortgages. The PBoC has refrained from adjusting the LPRs for nine consecutive months, and the central bank's regular liquidity operations suggest that is likely to continue, with daily seven-day reverse repo operations recently kept at meagre amounts of less than CNY 1bn, although it conducted CNY 500bn of 183-day outright reverse repos on Wednesday. Nonetheless, the PBoC is unlikely to make any near-term rate adjustments, particularly given uncertainty stemming from the current geopolitical situation in the Middle East and the blockade of shipping in the Strait of Hormuz. Recent Chinese economic data have also been mixed, supporting a wait-and-see approach, with March CPI coming in softer than expected, while PPI slightly topped forecasts and showed a return to growth in factory-gate prices for the first time in more than three years. Meanwhile, first-quarter GDP growth on a Q/Q basis slightly missed expectations, but Y/Y growth topped forecasts at 5%, the high end of China's official 2026 GDP growth target.

CANADIAN INFLATION (MON): The March CPI report will be closely watched to assess the initial impact of the Middle East conflict on headline inflation, while the core reading will likely require more persistently high oil prices for a pass-through to occur. Year to date, job growth has been negative, the unemployment rate is above 6.5%, and the BoC's average CPI measure eased to 2.33% from 2.53% in January. Risks of higher inflation from surging energy prices have left the BoC weighing whether rate hikes may eventually be needed to address upside inflation risks or whether rate cuts will be warranted to mitigate further downside pressure on the labour market. At the March meeting, where the BoC held rates as expected, the central bank removed the language "Governing Council judges the current policy rate remains appropriate" amid heightened geopolitical risks to growth and inflation. For now, minutes showed the Governing Council agreed to keep its options open and that it could take time to assess how the war in Iran evolves and what it means for the outlook. The BoC noted that "The sharp increase in global energy prices has led to higher gasoline prices, and this will push up total inflation in the coming months."

NEW ZEALAND INFLATION (MON): Analysts expect a temporary moderation before energy pressures intensify later in 2026. Forecasts for Q1 2026 cluster between 2.8% and 3.1% Y/Y, with quarterly readings seen at 0.7-0.9% Q/Q. Westpac expects 0.7% Q/Q and 2.8% Y/Y, ASB 0.8% Q/Q and 2.9% Y/Y, and Kiwibank 0.9% Q/Q and 3.1% Y/Y, while BNZ expects inflation to move back towards the upper half of the RBNZ's 1-3% target band in coming quarters. Analysts broadly characterise the March data as only partly capturing the recent global oil price spike, warning that stronger fuel and imported cost pressures are likely to push inflation higher in the June quarter, potentially towards 3.6-4.2%.

UK JOBS (TUE): Pre-conflict, the UK's labour market was in focus with the unemployment rate at 5.2%, a rate it is expected to remain at in March. However, the breakdown may show some impact from the Middle East conflict during the period, as employers are cautious about hiring into the energy shock. Overall, the March series is unlikely to move the dial for the MPC, with it being too early to see any wage movement as a result of the energy and associated price shock. However, this is a point the MPC is

particularly focused on, with Mann expressing concern in recent sessions that the price shock could become evident in wage expectations. On the jobs market more generally, BoE's Greene has highlighted in recent sessions that demand in the market is weaker currently.

WARSH SENATE HEARING (TUE): The 21st April Senate hearing for Kevin Warsh will likely focus on Fed independence amid his close ties to the White House, inflation and labour market views, financial disclosures and regulation. Warsh is also facing scrutiny over his name appearing in documents linked to Jeffrey Epstein. Lawmakers are expected to probe his stance on central bank autonomy amid political pressure to cut rates, while his inflation framework will be examined for hawkish bias and tolerance for restrictive policy. Progressive lawmakers may scrutinise disclosures showing personal assets of between USD 135-226mln, including potential conflicts of interest, ties to Epstein, divestment plans and Wall Street ties. Regulatory views, particularly on bank oversight and capital rules, will be closely watched. Analysts have said that Warsh's prior remarks suggest a framework diverging from current Fed consensus: he has indicated openness to lower rates alongside balance sheet reduction, arguing tighter financial conditions can be achieved via QT. He frames inflation as structurally driven by fiscal excess and an expanded Fed balance sheet, while highlighting potential disinflation from productivity gains such as AI. His stance prioritises anchoring inflation expectations, signalling willingness to maintain sufficiently tight policy even if the mix of tools differs. On labour markets, he has placed less emphasis on overheating risks, pointing instead to supply-side improvements easing wage pressures. On regulation, he appears to favour a narrower Fed remit, supporting independence while resisting an expanded role in oversight and financial stability. It is worth caveating that the hearing is not a straight forward check-box exercise; Republican Senator Tillis, who is a member of the Senate Banking Committee, has vowed to oppose confirmation votes until a DoJ probe into current Chair Powell is resolved, and Republicans have a razor-thin majority on the committee, meaning they need Tillis' vote; the US Attorney for the District of Columbia Jeanine Pirro is pledging to continue the case, despite recent setbacks. Senate Banking Committee Chair Tim Scott, said he is confident the DoJ will wrap up its probe in the next "several weeks," but reports note that there is still no indications of any off-ramp. Current Fed Chair Powell said at the March FOMC that he will serve as Fed chair pro tempore until his successor is confirmed, and Powell will remain at the Fed during the DoJ probe, adding that he is still undecided on staying on as a Governor through January 2028 when his Chair term expires in May. This week, the Trump administration has signalled that if no Fed chair successor is confirmed by 15th May, Powell should not continue in the role; Treasury Secretary Bessent said there are several alternative officials who could serve as the interim leader, including Vice Chair Jefferson and Governor Waller. The WSJ Fedwatcher Nick Timiraos notes that the underlying legal question of what happens when a Fed chair's term expires without a confirmed successor remains unsettled.

US RETAIL SALES (TUE): Bank of America's March consumer checkpoint report suggests that retail sales should be firm; the bank's card data shows broad-based consumer spending strength, with total credit and debit card spending per household rose +4.3% Y/Y in March (vs 3.2% Y/Y in its February report), the strongest pace since early 2023, while spending at petrol stations jumped 16.5% M/M amid higher gasoline prices. Under the bonnet, ex-gasoline card spending was up 3.6% Y/Y, suggesting underlying demand across core retail and services categories remained resilient. Analysts say this could point to a solid control-group reading within the retail sales data, and might reduce the risk that strength in the headline is dismissed as purely price-driven. Elsewhere, BofA says the income split of Americans remains important; higher-income households continue to outspend middle- and lower-income cohorts, and while the gap narrowed slightly in March, that was largely because fuel accounts for a bigger share of lower-income budgets. More notably, discretionary spending growth eased for lower-income households but increased for other groups, pointing to an uneven consumer backdrop rather than a uniformly strong one. Finally, BofA says that tax refunds are another near-term support; larger refunds are providing a meaningful boost to discretionary spending and debt paydown, though the benefit is skewed towards higher-income households and may prove temporary against other broader cost pressures.

CBRT POLICY ANNOUNCEMENT (WED): The CBRT will meet on April 22, 2026. Most analysts expect the bank to raise rates by 300bps to 40%, though given the CBRT's erratic behaviour and political pressure, that is not certain. At its last meeting, the bank signalled a halt to its easing cycle by holding rates at 37%, saying global risk appetite had deteriorated and energy prices had risen amid geopolitical developments. Since that meeting, March inflation data came in softer than expected, at 30.87% Y/Y (prev. 31.53%) and 1.94% M/M (prev. 2.96%). JPMorgan expects the bank to deliver a 300bps hike because of rising energy costs. JPMorgan cautioned that while the March inflation data was better than expected, the relief may prove temporary, with the analyst expecting price pressures to rebuild as energy costs accelerate. As such, the analyst raised the year-end 2026 inflation forecast to 28% from 26.4%. JPMorgan also revised its broader rate outlook, and now sees the year-end 2026 policy rate at 34%, up from a previous estimate of 32%. The bank does not expect rate cuts to begin before July 23, when the policy rate could be lowered back to 37%. Three additional cuts of 100bps each by year-end may then take effect, the note said. Goldman Sachs also expects a 300bps hike to 40% amid elevated energy prices. Citi made a non-consensus call, saying in a note that the last meeting's statement adopted a "significantly more cautious tone" and that the bank was "signaling a more prudent policy trajectory". Unlike Goldman Sachs and JPMorgan, Citi sees the most likely outcome for the CBRT as rates remaining at 37%, though it cautioned that a hike was possible "under certain conditions".

UK INFLATION (WED): March's inflation series is expected to show a jump in the headline rate, as the Middle East energy shock filters through. As has been the case in the EZ and US, the core measures are expected to be largely unaffected thus far; a point, if delivered, that will provide comfort to the BoE MPC, as it will be evidence that the shock is not yet having second round pricing effects in the UK economy. The headline breakdown will undoubtedly show fuel and energy prices as the primary drivers behind the upside. Pantheon Macro expects the headline Y/Y print to lift to 3.3% from 3.0%. Further out, they look for a 3.5% peak in September. For the BoE, if the data follows the pattern of other regions, it will confirm the wait and see approach outlined thus far by policy setters, but is unlikely to do much to resolve the reported divide on the MPC about how to address the shock in the near term, particularly as it could take months for second round effects to become evident.

EZ FLASH PMI (THU): April's Flash metrics will once again show the impact of the Middle East conflict. The March series was indicative of the EZ being hit hard by the Middle East conflict, with the encouraging signs of growth seen at the start of the year eradicated. For Q1, the PMI signalled GDP growth of 0.2%, with clear risks of a Q2 contraction. Within April's figure, we will be attentive to any signs of that contraction and also if the inflationary pressures evident in March's indicators and hard data show signs of affecting price setting behaviour elsewhere in the economy, i.e. for any second round effects. From a policy perspective, ECB President Lagarde continues to stress a wait-and-see approach. However, with March's forecasts already out of date and a hawkish tilt from several members, tightening in 2026 remains a distinct possibility; markets currently see no chance of a move in April, 52% chance of a hike in June and fully price in a 25bps increase by July.

UK FLASH PMI (THU): April's Flash metrics will once again show the impact of the Middle East conflict. As a reminder, March's series was characterised as showing an increase in stagflation risks, with slower growth and higher cost pressures seen in March and a notable increase between the month's Flash and Final figures. The April series will be scoured for any signs that second round inflation effects are visible in the UK economy, as such pass through could spur the BoE into action. However, as things stand, the BoE seems to be taking a wait-and-see approach. BoE's Bailey has made clear that market pricing for hikes has gotten ahead of itself. Note, earlier in the week, the March UK CPI print will be released; expected to show an uptick in headline CPI, but not yet having a significant core impact.

JAPANESE INFLATION (FRI): For the March CPI release, consensus expects a modest rebound after February's cooling. Headline CPI is seen rising to 1.5% Y/Y from 1.3%, while core CPI (ex-fresh food) is projected to return to 2.0% from 1.6%, back at the Bank of Japan's formal target. Core-core CPI (ex-fresh food and energy) is expected to ease slightly to 2.4% from 2.5%. February's weakness was partly driven by government utility subsidies, while March may reflect renewed energy pass-through amid higher global oil prices linked to Middle East tensions. The BoJ is scheduled to hold its Monetary Policy Meeting on April 27-28, 2026. If core inflation holds firmly at or above the target, it would support the BoJ's path towards gradual rate hikes later in the year. Market pricing has shifted sharply towards a hold following recent comments from the BoJ governor and the easing of oil prices from recent highs.

UK RETAIL SALES (FRI): By way of proxy, Barclays' Consumer Spend report for March showed steady card spending with strong essential activity offsetting slower discretionary growth. Points that potentially speak to prioritisation among consumers as the energy shock begins to hit confidence and household disposable income via elevated fuel prices. A narrative outlined in the Barclays series, where 75% of respondents expressed concern about the Middle East situation on their financial situation, with c. 14% delaying major purchases or financial decisions. Elsewhere, for reference, the BRC series showed a boost from the early-Easter holiday, though it is not covered by the Barclays survey window, and is unlikely to be in the March ONS series.

WEEK IN REVIEW

HUNGARIAN ELECTION (SUN): On Sunday 12th, Hungarians voted primarily between Fidesz's Orban and Tisza's Magyar to become the next prime minister. If Orban succeeded, he would participate in his fifth term. However, Hungarians voted for Tisza's Magyar. Preliminary results, based on more than 98% of counted votes thus far, put Peter Magyar on course for 138 seats, exceeding the 133 seats needed for supermajority. Defeat for Orban was indicated very early, with Magyar posting on Facebook that Orban congratulated him on the victory with just 30% of the votes counted at the time. The turnout was also record-setting, with 79.5% of the electorate turning out to vote. Hungarian assets took Tisza's win positively, with the HUF appreciated against the euro by as much as 3.1%, while the Hungarian BUX index jumped by over 4% by the end of Monday's trading day. The next step for Peter Magyar is to convene the first sitting of the new National Assembly. This must take place within 30 days of the election, so the new parliament is set to start around mid-May.

CHINESE TRADE BALANCE (TUE): China's March trade data showed a sharp slowdown in exports and a surge in imports amid Middle East-driven uncertainty. Exports rose 2.5% Y/Y in USD terms, missing expectations for 8.6% and easing from combined growth of 21.8% in January-February, while imports jumped 27.8%, the strongest since November 2021 and well above the 11.2% forecast. The trade surplus narrowed 3% Y/Y to USD 264.3bln in Q1 as higher commodity and energy prices lifted import values. Officials cited oil price volatility and a complex global backdrop, while analysts pointed to weaker external demand but relative insulation due to China's manufacturing scale and large strategic energy reserves. Exports to the US fell 26.5% Y/Y, rare earth imports more than tripled in value, and factory-gate prices rose 0.5%, ending a multi-year deflation streak, while CPI eased to 1.0% Y/Y, highlighting subdued domestic demand ahead of Q1 GDP.

US PPI (TUE): March PPI rose 0.5% M/M, below the 1.2% forecast and cooling from the prior 0.7%, leaving the Y/Y rate at 4.0%, below the 4.6% forecast but up from the prior 3.4%. Core measures rose 0.1% (forecast 0.6%), slowing from the prior 0.5% pace. Core Y/Y eased to 3.8% from 3.9%, below the 4.2% forecast. The super core measure, excluding food, energy and trade, rose 0.2% M/M (prior 0.5%) and 3.6% Y/Y (prior 3.5%). Meanwhile, the report showed that nearly half of the March increase in the index for final demand goods was due to a 15.7% rise in gasoline prices. The indexes for diesel fuel, jet fuel, home heating oil, meats and primary basic organic chemicals also increased. Pantheon Macroeconomics highlighted that the reference date for the PPI data was March 10, and therefore, near the start of the energy price shock. The desk said April PPI energy prices would rise considerably further. Overall, Pantheon Macroeconomics wrote that the modest rise in March core PPI brought some genuinely good news, suggesting momentum in January and February was partly due to residual seasonality. It also highlighted that retailers' healthy margins suggested tariff pass-through was now complete. Although the report was softer than expected the components that feed through to PCE accelerated in March, particularly air passenger transport PPI amid rising fuel costs in the face of the US-Iran war. Pantheon Macroeconomics expects that core PCE rose 0.29% M/M and 3.2% Y/Y.

ECB MINUTES (THU): The minutes of the March meeting showed all members backed the decision to leave rates unchanged while stressing the value of waiting amid uncertainty. The meeting-by-meeting, no pre-commitment framework was reaffirmed, although members made clear that keeping rates on hold should not be read as any reduced willingness to act if price stability came under threat. On inflation, all members saw near-term risks as tilted to the upside, upside risks to medium-term inflation were said to have risen clearly since the previous meeting, and the risk of undershooting the target was described as having disappeared entirely. Some took a firmer view, saying the latest data looked more consistent with the adverse scenario than with the baseline projections. The debate on second-round effects was substantive: members noted several channels through which such effects could prove stronger than assumed; workers may move more quickly than in 2022 to recoup real wage losses, helped by low unemployment and recent memory of the previous inflation episode; firms, having learnt that price increases were readily absorbed last time, may reprice more aggressively on this occasion; and food prices face simultaneous pressure from both higher energy costs and rising fertiliser prices at the start of the planting season. A partial offset came from the observation that empirical evidence has historically shown limited pass-through from energy shocks to wages. On growth, risks were seen as tilted to the downside, with some regarding the baseline projection itself as potentially too benign given the risk of non-linear effects on consumption, investment and the labour market. Members agreed that all three scenarios - the baseline, adverse and severe - should be published and updated regularly, which could offer more detail to traders ahead, given the signalling power they may carry and the gaps between the inflation projections in those scenarios. According to a Bloomberg survey, analysts see the central bank raising rates by 25bps in June as the Iran war pushes 2026 inflation higher, and the move is likely to be a one-off as the conflict is not seen causing a lasting price shock.

SNB MINUTES (THU): The minutes of the March meeting showed members were highly concerned about the conflict in the Middle East and its impact on the economy and the franc. The Bank highlighted the high uncertainty over the future path of oil prices and said the conflict could curb economic activity more sharply and increase upward pressure on the currency. On growth, policymakers said it was rather subdued in the short term before recovering in the medium term, with GDP growth of around 1% forecast for 2026 and about 1.5% for 2027. On policy, the Bank said it remains expansionary, but due to the appreciation of the CHF, conditions are tighter than in its December assessment. On the currency, it reiterated its "willingness to intervene in the foreign exchange market should remain high in order to counter a rapid and excessive appreciation". Market pricing still expects the SNB to remain on hold throughout 2026, with 11bps of hikes priced by year-end.

AUSTRALIAN JOBS (THU): Australia's March labour market data showed steady but mixed conditions, broadly in line with expectations. The unemployment rate held at 4.3%, employment rose by 17.9k against expectations for 20k, and the participation rate edged down to 66.8% from 66.9%. Full-time employment jumped by 52.5k, more than offsetting a 34.6k fall in part-time roles, while hours worked increased 0.5% M/M, suggesting firms are relying on existing staff rather than accelerating hiring. Overall resilience in the labour market keeps the RBA focused on inflation risks, with markets viewing the data as leaving scope for further tightening later this year.

CHINESE GDP (THU): China's economy expanded 5.0% Y/Y in Q1 2026, accelerating from 4.5% in Q4 and beating expectations of 4.8%, while Q/Q growth came in at 1.3%, according to the National Bureau of Statistics. The reading sits at the top end of Beijing's 4.5-5.0% annual target range. Growth was front-loaded by strong exports in January-February, with high-tech manufacturing and EV output providing key support, partly offsetting softer March trade data. However, retail sales and broader consumer indicators remained subdued, highlighting persistent domestic demand weakness. Analysts also noted that despite higher global energy prices

amid Middle East tensions, China has absorbed the initial shock relatively well, aided by sizeable strategic reserves.

UK GDP (THU): UK GDP was much stronger than expected in February. On a monthly basis, GDP rose 0.5% (expected 0.1%), while the annual figure increased 0.1%. Despite the rebound, ING said "it is consistent with a trend in which growth has tended to print stronger in Q1 than over the rest of the year". Looking deeper into the report, services and production both grew 0.5%, while construction rose 1.0% in February. Pantheon expressed scepticism about the surprise increase in construction, given February's heavy rainfall. Overall, despite the positive report, it should be taken with a "pinch of salt". Pantheon said "The MPC will struggle to cut rates much this year even if energy prices fall back sharply in the coming months", against the backdrop of the pre-war growth environment. Market pricing currently indicates 37bps of hikes by end-2026.

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