Week in Focus: 8-12th June 2026

Highlights include US CPI, OPEC, AAPL WWDC, BoC, ECB, UK GDP and Chinese inflation

- **SUN**: OPEC/JMMC Meeting (Jun)
- **MON**: Japanese GDP (Q1), German Factory Orders (Apr), US Consumer Inflation Expectations
- **TUE**: EIA STEO (Jun), South Korean GDP (Q1), UK BRC Retail Sales (May), Australian Westpac (Jun), Chinese Balance of Trade (May), German Balance of Trade (Apr), German Imports (Apr), Mexican Inflation (May), US ADP Weekly Change, Exports/Imports, Canadian Exports/Imports (Apr), Existing Home Sales (May), Wholesale Inventories (Apr)
- **WED**: BoC Policy Announcement (Jun), Japanese PPI (May), Chinese Inflation (May), Norwegian CPI (May), Swedish GDP (Apr), US CPI (May)
- **THU**: ECB Policy Announcement (Jun), CBRT Policy Announcement (Jun), OPEC MOMR (Jun), Swedish CPIF Final (May), US PPI (May), Jobless Claims (May/30)
- **FRI**: Japanese Industrial Production Final (Apr), German HICP Final (May), UK GDP (Apr), Industrial Production (Apr), French HICP Final (May), Spanish HICP Final (May), Canadian Wholesale Sales (Apr), US UoM Prelim. (Jun)

WEEK AHEAD

OPEC/JMMC MEETING (SUN): The upcoming OPEC+ meetings take place against the backdrop of the UAE's exit last month, disruption in the Strait of Hormuz and elevated oil prices. Expectations are for the core seven producers to continue the gradual unwind of voluntary cuts, with sources pointing to another largely symbolic increase of about 188k bpd for July. The key objective is credibility rather than supply growth - showing the alliance remains cohesive and functional despite the UAE's departure and geopolitical disruption. Compliance will remain a major focus, particularly for members who have previously exceeded quotas. Sources suggest no major policy shift is expected, with the group likely to reaffirm its existing strategy while signalling confidence in demand and market stability.

APPLE WWDC (MON): Apple will host WWDC 2026 on Monday, with the event starting at 10:00PT, in a long-awaited affair. The tech giant has not provided details on what to expect, but many expect a major relaunch of Siri and changes to how AI is used across iOS. In the keynote, Apple is likely to introduce an overhauled Siri and a slew of new AI features, as well as operating system updates, though the latter are expected to focus less on design changes and more on AI. Given Apple's lagging position in AI, this WWDC is expected to centre on its new AI strategy, two years after its first AI rollout was seen as underwhelming and under par. Some say the event “will be massive”, with all eyes on the Siri overhaul and how AI is used across iOS, iPadOS and macOS. On Siri, the WSJ writes the company will unveil a new stand-alone Siri app with a paid tier. Desks also note they have been waiting for several Mac updates for some time. Beyond Apple's products, this is expected to be CEO Cook's last keynote as head of the company, with current Senior VP of Hardware Engineering John Ternus becoming CEO in time for its big iPhone event in September.

BOC POLICY ANNOUNCEMENT (WED): The BoC will likely keep rates on hold at its next meeting as it navigates uncertainty surrounding trade, with the USMCA review scheduled to begin in July, while the conflict in the Middle East has pushed global energy prices higher. The BoC is currently at the lower end of its estimated neutral range, leaving it well positioned to remain patient. If Canada faces additional US tariffs, economic growth could come under further pressure, potentially requiring lower rates to support the economy. However, a prolonged Iran conflict could drive energy prices higher, feeding through to consumer costs and potentially prompting the BoC to raise rates. The latest minutes showed BoC governors believed the situation could change quickly and that rates may need to rise to guard against persistent inflation. At the same time, they stressed the need to be prepared for adverse outcomes related to US trade policy. Governors also held differing views on the likely impact of the Middle East conflict and the USMCA review, resulting in varying assessments of the most likely path for rates. The market is leaning towards BoC tightening, pricing in 15.6bps of hikes by year-end. However, Bank of America suggests the market is overpricing the prospect of BoC rate increases, arguing that near-term tightening is unlikely and expecting policy to remain unchanged through year-end. BofA said, “Canada's entry into a technical recession, softness in the labour market, and ongoing uncertainty around USMCA negotiations raise the bar for rate hikes.”

CHINESE INFLATION (WED): For CPI, desks suggest soft food prices and subdued consumer spending are offsetting higher transport and energy costs. PPI could accelerate, reflecting ongoing cost-push inflation from elevated commodity, energy and industrial input prices. That said, the latest RatingDog Composite PMI suggested input price inflation eased for the first time since January, leading to a softer increase in prices charged. Cost pressures were broadly in line with the long-run series average. Nonetheless, for policymakers, the key takeaway is that inflation remains externally driven rather than demand-led, meaning the PBoC is unlikely to view the data as a barrier to future easing if growth conditions deteriorate, some desks suggest.

NORWEGIAN CPI (WED): CPI Y/Y is expected to cool in May vs the prior, while CPI-ATE Y/Y is expected to remain steady at 3.2%, a touch below Norges Bank's own forecast of 3.3%. This follows a string of elevated and sticky inflation reports, which led the Bank to deliver a 25bps rate hike in May, justified via "a higher policy rate is needed to return inflation to target within a reasonable time horizon". At that meeting, Norges Bank said the "monetary policy outlook does not appear to have changed materially", implying around a 40% chance of another 25bps hike by end-2026. As such, the inflation report will be vital in determining the future path enacted by the bank, with a hawkish report potentially prompting markets to price in a possible hike in June.

US CPI (WED), US PPI (THU): Headline CPI is expected to rise 0.3% M/M in May (prev. 0.6%), with the annual rate picking up to 4.2% Y/Y (prev. 3.8%). The core rate is seen rising +0.5% M/M (prev. 0.4%), with the annual rate of core CPI seen rising to 2.9% Y/Y (prev. 2.8%). Headline PPI is expected to rise by +0.7% M/M in May (prev. 1.4%), while the core rate is seen rising +0.5% M/M (prev. 1.0%). The Cleveland Fed's inflation nowcasting model, updated this week, sees May headline CPI at +0.46% M/M and 4.18% Y/Y, with the core rate at +0.23% M/M and 2.82% Y/Y. Ahead, while its June modelling sees headline CPI at +0.12% M/M and 4.05% Y/Y, with a June core rate of +0.23% M/M and 2.83% Y/Y. Analysts at Citi are below consensus on May CPI, forecasting core consumer prices will rise 0.2% M/M; the bank notes that "after April data was stronger to correct for measurement issues resulting from the government shutdown, shelter inflation in coming months should be 'cleaner' on a monthly and annual basis," and it expects to see a slowing in shelter inflation in the month. Citi also thinks that core goods and other services price rises will be modest; "we continue to think that softer consumer demand with slowing real income will limit the pass through of higher energy prices to core inflation, but ultimately, market perceptions of upside risks to inflation may not materially change with May data. Analysts will use the CPI and PPI data to model how the core PCE data for May (the Fed's preferred gauge) will come in; the Cleveland Fed's nowcast currently models May PCE headline inflation at +0.4% M/M and 3.99% Y/Y, while the June modelling is at 0.2% M/M and 3.9% Y/Y; the level of core PCE at 0.27% M/M in June, and 3.34% Y/Y.

ECB POLICY ANNOUNCEMENT (THU): Expected to hike by 25bps to a Deposit Rate of 2.25%, given official communication seen during and after the last meeting in addition to source reports. Framing of the hike will be of note given some officials, and numerous desks, have labelled the action as an "insurance" hike. While a June move is now essentially the base case, the view around whether there is any subsequent tightening and at what point that could occur is less clear at this point. As such, the focus of the statement and, more pertinently, Lagarde's press conference will be on clues around what proportion of the ECB already expects to tighten again post-June; though, the official line will likely remain data-dependent and stressing optionality, particularly given the damage to the economy more generally from the energy shock. On this, the updated macroeconomic projections will provide insight, with inflation undoubtedly to be revised higher and growth to be cut, and the extent of each to potentially prove insightful.

CBRT POLICY ANNOUNCEMENT (THU): Bank expectations are split between a hold at 37.0% and a 300bps increase to 40.0% as the MPC's reluctance to hike is weighed against continued Middle East-related energy pressures. At its last meeting, the CBRT left rates unchanged at 37%, in line with market expectations. Since then, PPI inflation data came in mixed, though cooling on a monthly basis. Political instability has also accelerated lira depreciation despite energy benchmarks easing from recent highs. Against this backdrop, banks are split on their rate calls. BofA expects the bank to keep rates on hold, citing recent de-escalation attempts in the Gulf region and the MPC's efforts to preserve stability. However, BofA does not rule out tightening, saying a 300bps increase in the benchmark rate would be a possible alternative, "providing the CBRT with additional buffer in the event of a material deterioration in sentiment or reserve losses tied to domestic or geopolitical developments." JPMorgan expects the CBRT to hike the repo rate by 300bps to 40% in a bid to shore up the TRY amid recent geopolitical and domestic political developments. UBS highlights that the CBRT has threatened its ability to employ rate hikes and use FX reserves to stabilise the currency. ING said there is a possibility of a rate hike if they believed pressure on FX reserves intensified.

UK GDP (FRI): March's data was better than expected and provided a constructive start for the economy into the first period fully subject to the impact of the Middle East conflict. During April, the main macro driver remained firmly the geopolitical situation; however, the domestic focus also increasingly turned to the scrutiny around PM Starmer. Both points will have had an impact on April activity. However, while the domestic uncertainty will have weighed, the Middle East impact in that period in particular saw sections of the economy bring forward purchases ahead of potential further price increases and/or supply disruptions, though as this was also evident in March the support may have diminished by April's survey window and thus desks expect a print around 0.0% (prev. 0.3%). April's PMI was indicative of a quarterly growth rate of c. 0.2%, vs the flat activity the PMI expected in Q1; note, actual Q1 performance was strong at 0.6%.

WEEK IN REVIEW

US-IRAN REVIEW: The week was marked by renewed military flare-ups and a worsening diplomatic backdrop. In the Gulf, tensions escalated after US action against vessels accused of breaching the naval blockade on Iranian ports, triggering Iranian drone and missile retaliation against neighbouring countries and subsequent US strikes on Iranian military infrastructure near the Strait of Hormuz. Fighting also intensified on the Lebanon front, with Israeli operations expanding in southern Lebanon and Hezbollah continuing attacks on Israeli positions. Diplomatically, negotiations between the US and Iran appear to have stalled, with Iranian officials indicating talks have effectively been paused amid the latest hostilities, despite continued US claims that a deal remains achievable. Reports also revealed elements of a proposed framework, including a Hormuz reopening mechanism, phased sanctions relief, ceasefire extensions and renewed nuclear discussions, though key details remain unresolved. The biggest setback came in Lebanon, where Hezbollah publicly rejected the latest US-backed Israel-Lebanon ceasefire framework, saying it required Hezbollah concessions without an Israeli withdrawal, and vowed to continue resistance while Israeli forces remain in Lebanese territory. An Israel-Hezbollah ceasefire remains a key Iranian demand for broader peace talks. Despite the lack of progress, Trump exclaimed that the US and Iran are in the final stages of negotiations.

US ISM MANUFACTURING PMI (MON): The headline ISM Manufacturing PMI print for May rose to 54.0 from 52.7, above the 53.0 consensus. The jump was supported by gains in New Orders to 56.8 from 54.1 and Production to 54.3 from 53.4. Prices, however, saw a welcome drop, albeit remaining elevated at 82.1 from 84.6. Employment meanwhile rose to 48.6 from 46.4. The backlog of orders index rose to 52.2 from 51.4. The higher than expected print is a welcome sign for the US economy, particularly when coupled with upside in employment and an easing of inflation. Respondents broadly highlighted that the escalation in Middle East tensions, particularly around Iran, is driving higher energy and fuel costs, which are feeding through into broader input cost inflation and pressuring profitability. Many firms also cited supply chain disruptions, shipment delays and material shortages, particularly in semiconductors and critical raw materials, with concerns these constraints could worsen if geopolitical tensions persist. Alongside this, uncertainty around tariffs and the wider geopolitical backdrop is making customers more cautious, with some delaying spending commitments and resisting price increases. That said, demand has remained resilient in some pockets, with several respondents still reporting stronger-than-expected sales growth, though optimism is tempered by concerns that sustained higher costs and prolonged instability could squeeze margins and weaken activity going forward.

EZ HICP (TUE): Overall, the data cements a hike by the ECB in June and supports those who call for more tightening in 2026. 3.2% Y/Y as expected for EZ HICP, lifting from the prior 3.0% rate. Once again, the upside was driven by energy with the component lifting to 10.9% Y/Y (prev. 10.8%). However, and of concern for policymakers, the core measures also ticked higher and returned to the 2.4% YTD peak ex-energy, 2.3% for the core and 2.5% for the supercore, the latter a 2026 high. Furthermore, the key services component lifted to 3.5% (prev. 3.0%). Back to the headline, 3.2% takes the EZ further above the 2.6% baseline view from the ECB for 2026, and closer to the 3.5% “adverse scenario”; however, we remain someway shy of the 4.4% “severe scenario”.

US ISM SERVICES PMI (WED): The headline ISM Services PMI for May rose to 54.5 from 53.6, above the 53.7 forecast. The upside was supported by rising business activity, to 57.7 from 55.9, while new orders picked up to 57.3 from 53.5. Meanwhile, Prices remained elevated at 71.3, accelerating from the prior 70.7, while employment was little changed at 47.9 (prev. 48.0). Service-sector respondents largely pointed to rising inflationary pressures, driven by higher fuel and energy costs stemming from Middle East tensions, as well as tariff-related cost increases. Businesses reported suppliers increasingly passing through higher transportation, freight and raw material costs, while some sectors are beginning to experience supply constraints and delivery delays, particularly in construction materials, technology products and energy-related supply chains. Despite these cost pressures, underlying demand remains generally resilient. Healthcare providers reported strong patient volumes, utilities continue to see robust demand, and data centre-related investment is supporting activity in power generation and industrial supply chains. However, respondents remain cautious on the outlook as elevated fuel costs, labour shortages, supply continuity concerns and broader macroeconomic uncertainty continue to weigh on planning, margins and capital spending decisions.

SWEDISH CPIF (THU): In May, headline CPIF rose on both a Y/Y and M/M basis from the previous month and by more than markets expected, though the metrics also remained below the Riksbank's own forecast. From a central bank perspective, the report is unlikely to shift the dial for the Riksbank, which at its last meeting outlined a "wait and see" approach. As it stands, there are two-sided risks for the central bank, with a material rise in inflation potentially bringing a hike to the table. Though if the Iran conflict resolves, there may be a risk that inflation remains persistently low, whereby policymakers may begin to mull a cut. Following the inflation report, analysts at both SEB and Nordea stuck to their calls for steady rates through 2026, though the former sees some chance that the Bank may signal a hike over the next 12 months.

SWISS CPI (THU): Cooler than expected in May, with M/M at 0.2% versus 0.8% expected and Y/Y at 0.6% versus 0.8% expected, unchanged from the prior. Ex-energy inflation was also steady at 0.3%. Overall, the report is unlikely to shift the dial for policymakers at the SNB, for which markets generally see rates on hold until mid-2027. A call justified by inflation remaining in the bottom part of the 0-2% target band, with enough price pressures evident to dispel any lingering calls for a return to NIRP, but not so much as to open debate around tightening. In an immediate reaction, the CHF saw mild pressure before reversing soon after and outperforming for the remainder of the session.

RBI POLICY ANNOUNCEMENT (FRI): The RBI kept the Repurchase Rate unchanged at 5.25%, as expected, through a unanimous decision, while maintaining its policy stance at neutral. RBI Governor Malhotra said monetary policy had become more cautious and highlighted considerable risks to inflation and growth, while noting that domestic demand remained resilient. However, he said elevated energy prices and supply constraints were adversely affecting economic activity. Malhotra said the outlook for food prices remained uncertain and that risks of higher inflation had increased. He added that it was prudent to wait for greater clarity and that the RBI would remain data dependent. In its latest forecasts, the RBI lowered its FY27 real GDP growth forecast to 6.6% from 6.9% and raised its FY27 CPI inflation forecast to 5.1% from 4.6%. Malhotra also announced several initiatives, including plans to introduce a scheme for FX deposits from overseas Indians, but said exchange rate policy remained unchanged.

CANADIAN JOBS REPORT (FRI): The Canadian jobs report was strong, with employment rising by 88,000 in May, well above the consensus forecast of 10,000 and a sharp rebound from the prior month's decline of 18,000. The underlying details were also encouraging. Full-time employment increased by 154,000, the largest gain since December 2025. The increase more than offset the decline seen between January and April, when the number of full-time workers fell by 156,000. Part-time employment, however, declined by 66,000, following a gain of 29,000 in the previous month. By sector, employment increased across several industries, most notably construction (+27,000; +1.7%), information, culture and recreation (+19,000; +2.3%), transportation and warehousing (+19,000; +1.7%), and accommodation and food services (+17,000; +1.5%). In contrast, employment in wholesale and retail trade fell by 35,000 (-1.2%). Statistics Canada noted that the employment rate rose 0.2% to 60.7% in May, marking its first increase since November 2025. The unemployment rate also improved, falling to 6.6% from 6.9% in April. The job-finding rate increased, with just over one-quarter (26.3%) of those unemployed in April finding work in May, while the layoff rate remained broadly stable at 0.6%. The strong report should help alleviate some concerns about the Canadian economy after it entered a technical recession. It also offsets much of the labour market weakness seen throughout 2026 and could leave the BoC more comfortable raising rates if required. The BoC is currently at the lower end of its neutral range, and the latest meeting minutes showed policymakers remain divided on the policy outlook. There are risks that rates may need to rise in response to persistent inflationary pressures linked to the Iran conflict, while there are also risks that rates may need to be lowered if the US imposes stricter trade restrictions following the USMCA review.

US NFP (FRI): The US payrolls report for May was notably stronger than expected, with non-farm payrolls rising by 172k (exp. 85k), above the top end of the consensus range. April's figure was revised up to 179k from 115k, while March was revised up by 29k to 214k. This left the two-month net revisions +93k (prev. -16k). The unemployment rate was unchanged at 4.3%, in line with expectations, while the participation rate also held steady at 61.8%. Looking at the breakdown, private payrolls surged 120k (exp. 85k, prev. 177k), Government rose 52k (prev. 2k), and manufacturing was little changed at 7k (exp. 2k prev. 0k). Earnings metrics were in line with St. consensus, M/M at +0.3% (prev. +0.2%) and Y/Y at 3.4% (prev. 3.6%). For the Fed, the report is unlikely to materially alter expectations for the 17th of June meeting, where policymakers are widely expected to leave rates unchanged. However, it strengthens the case that the next move in rates would be higher rather than lower. That shift has already been reflected in money market pricing, with markets now pricing in a 25bps rate increase by year-end, compared with 16bps before the data. The Fed has remained more focused on inflation risks than labour market weakness, particularly given the resilience of employment conditions, and this report is likely to reinforce that view. The 17th of June meeting will also be Kevin Warsh's first as Fed chair following his appointment by Trump, who has repeatedly expressed a preference for lower interest rates.