

Key events this week – S&P prelim PMIs for April, US Durable Goods Orders, Fed Beige Book

Recap from last week: Tariff Uncertainty Weighs on Central Bankers.

Uncertainty surrounding US tariffs looms large over global monetary policy. Speeches last week showed central bankers shifting into a somewhat reactive balancing act of monitoring data while bracing for a potential tariff-induced growth shock. To be fair, the ECB and BoC have now built a cushion of rate cuts. However, this environment of significant ambiguity regarding the trajectory of trade appears to be solidifying a more hesitant and data-dependent stance, particularly as central bankers remain protective of their price stability mandates in the face of the higher-than-expected tariff risks.

The ECB cut rates as expected, noting that the disinflation process remains on track and that the euro area economy has been “building up some resilience against global shocks”. While inflation has eased, the outlook is clouded by “exceptional uncertainty”. The assessment of the policy stance relative to the theoretical neutral rate was suspended, and the ECB President colorfully stated;

Our view – my view certainly – is that the neutral rate, apart from the measurement issues associated with it, is a concept that works for a shock-free world. That’s how it is described. And anybody in this room who thinks that we are in a shock-free world would, I suggest, maybe raise their hand or have their head examined. Source: ECB President Lagarde, [Press Conference Q&A](#), 17 Apr 2025

The ECB President emphasized the importance of readiness (attentive to new developments) and agility (not rushing to a particular stance) in determining the policy stance in the short term – “and that will require a cohesive approach that will be based more than ever on the analysis of data”.

The BoC kept its policy rate unchanged after seven consecutive rate cuts as it shifted into a wait-and-see mode to assess the impacts of tariffs on inflation and the economy. The BoC did warn that while growth was starting to show signs of slowing, inflation outcomes were uncertain. The latest CPI report showed underlying inflation remained firm in Mar. Guidance remained suspended until the situation is clearer;

Faced with pervasive uncertainty, Governing Council will proceed carefully, with particular attention to the risks. That means being less forward-looking than usual until the situation is clearer. It also means we are prepared to act decisively if incoming information points clearly in one direction. Source: [BoC Statement](#), 16 Apr 2025

In his [speech last week](#), US Fed Chair Powell maintained that the US economy is “in a solid position” with a strong labor market. He did acknowledge that the tariffs announced to date were “significantly larger” than anticipated and that the same is likely to be true of the economic effects. His focus on anchored inflation expectations and the risks of persistent price pressures from tariffs suggested a reluctance to ease policy soon. Overall, Powell’s speech leaned hawkish in its cautious tone and focus on inflation risks over immediate rate cuts. He stopped short of committing to tighter policy, rather, keeping options open based on incoming data.

This was in contrast to Fed Governor Waller's [speech](#) – where both paths seemed to lead to rate cuts. He concluded that the future path of tariffs will drastically alter the economic outlook and the necessary monetary policy response. He offered two broad scenarios. Large, persistent tariffs pose a significant risk of economic slowdown and rising unemployment, potentially warranting aggressive rate cuts despite a temporary inflation spike. Smaller, diminishing tariffs would have a less severe impact, allowing for a more measured policy response. This opens the possibility of rate cuts in the latter half of the year driven by improving underlying inflation or allowing for “good news” rate cuts. The next FOMC meeting is on 6-7 May.

US economic data followed a similar theme last week, reflecting a divergence between soft and hard data. US retail sales rebounded strongly as expected, due mostly to growth in motor vehicle sales, though retail sales increased across most categories. There is uncertainty over the durability of the improvement if growth is due to a pull forward of consumption before tariffs are in effect. Housing permits increased by more than expected, however housing starts (feeds into GDP) were lower than expected. Overall industrial production declined (due to the output of utilities), but manufacturing output growth was positive for Mar, though slowed from Feb. The first two regional manufacturing surveys for Apr (soft data), reflected a further weakening in activity and sentiment. The surveys captured the initial response to the Liberation Day tariff announcement, as well as the announcement of the pause on reciprocal tariffs.

Overall, the [Atlanta Fed GDP Nowcast](#) for Q1 growth “improved” slightly last week, but remained low at -2.2% (as of 17 Apr), with the gold-adjusted forecast for Q1 growth at -0.1%.

Outlook for the week ahead; S&P prelim PMIs for April, US Durable Goods Orders, Fed Beige Book

The data flow will be somewhat lighter this week with a focus on both hard and soft data. The news flow around tariffs and potential “trade deals” will continue to pose headline risks. The 2025 World Bank/IMF meetings will take place this week.

Key factors to watch this week;

S&P preliminary PMIs for Apr – US, Eurozone, France, Germany, Japan, and Australia

- The April preliminary PMI reports will be an important read on business activity and sentiment reaction since the US Liberation Day tariff announcement.

US data – we continue to monitor the divergence between soft and hard data. Data flow this week will be light with a few highlights. Q1 earnings reports will remain in focus.

- US Durable Goods Orders for Mar are expected to increase by +1.5% in Mar, up from +1% in Feb.
- The US Fed Beige Book for the last six weeks will be released this week – providing some important anecdotes from regional Fed contacts on activity, prices, and the labor market.
- New home sales are expected to be little changed at 0.68m (annualized) in Mar, up from 0.676m in Feb. Existing home sales are expected to slow to 4.14m in Mar, from 4.26m in Feb.
- US Q1 earnings reports will remain in focus this week; particularly regarding guidance and mentions of tariff/trade effects.

There are several Fed speeches this week including Vice Chair Jefferson, and Governor Waller (though this is noted as “opening remarks”). It will be the final week of Fed speeches ahead of the black-out period next week, leading up to the next FOMC meeting on 6-7 May.

US Treasury Issuance; 21 - 25 Apr 2025

This week, the US Treasury will auction and/or settle approx. \$434bn in ST Bills, with a net paydown of \$61bn. The US Treasury will also auction the 2-year, 5-year, and 7-year Notes and the 2-year FRN this week. They will settle at the end of the month, together with the 20-year Bond and 5-year TIPS.

QT this week: Approx \$10bn of ST Bills will mature on the Fed balance sheet and will be reinvested.

WEEK	Auction Date	Settlement Date	Marketable Securities	Auction Amount \$B (TBAC)	Amount Maturing \$B	New Money \$B		Prior Auction High Rate %
21-25 Apr	17-Apr	24-Apr	4 week bill	85			Actual 4.240%	4.245%
	17-Apr	22-Apr	8 week bill	75			Actual 4.235%	4.235%
	16-Apr	22-Apr	17 week Bill	60			Actual 4.225%	4.250%
				220	269	-49		
	21-Apr	24-Apr	13 week bill	76			Announced	4.225%
	21-Apr	24-Apr	26 week bill	68			Announced	4.060%
	22-Apr	24-Apr	6-week Bill	70			Announced	4.245%
				214	226	-12		
			Total - securities settling this week	434	495	-61		
			Net New Cash Raised Qtr to Date	1988	2049	-61		
			<i>Estimated Net Cash to be Raised Q2 (\$ Bn)</i>			123		
			Face value of US Federal Reserve SOMA securities maturing	\$B				
			Maturing & reinvestment					
		22-Apr	ST Bills	0.7				
		24-Apr	ST Bills	9.3				
				10.0				
			Maturing & redemption (balance sheet roll-off)					
			Nil	0.0				
			Upcoming Auctions	\$B				
	23-Apr	30-Apr	5yr Note	70				
	24-Apr	30-Apr	7yr Note	44				
	22-Apr	30-Apr	2yr Note	69				
	23-Apr	30-Apr	2yr FRN	30				
				213				

Quantitative Tightening Overview – April 2025

The cap on US Treasury redemptions was lowered to \$5bn effective April 2025. In Apr, the face value of Coupons maturing on the Fed balance sheet is approx. \$42bn. This is more than the new \$5bn monthly cap on Treasury redemptions. So of the \$42bn of Coupons maturing in Apr, \$5bn will roll off the Fed balance sheet (redeemed) and \$37bn will be reinvested. It also means that all ST Bills maturing in Apr will be reinvested.

Summary of Total Coupons & Bills to Redeem at the \$5bn redemption cap – APR				
			\$5	
			Redeem \$Bn	Reinvest \$ Bn
15-Apr-25	Notes, Bonds, & TIPS		2.7	19.9
30-Apr-25	Notes, Bonds, & FRNs		2.3	17.2
	ST Bills			51.5
	Total Notes & Bonds		5.0	88.5

Apr 2025 ST Bill maturity schedule;

Bill Maturity Schedule - APR		Weekly Totals \$Bn		
	Par Value of Bills Maturing	% Maturity by Wk	Bill Redemption	Bill Reinvestment
2025/04/01	0.72	1%	0.00	0.72
2025/04/03	13.65	27%	0.00	13.65
2025/04/08	0.74	1%	0.00	0.74
2025/04/10	12.04	23%	0.00	12.04
2025/04/15	0.73	1%	0.00	0.73
2025/04/17	12.83	25%	0.00	12.83
2025/04/22	0.70	1%	0.00	0.70
2025/04/24	9.34	18%	0.00	9.34
2025/04/29	0.72	1%	0.00	0.72
	51.5	100%	0.0	51.5

<https://www.newyorkfed.org/markets/treasury-rollover-faq>

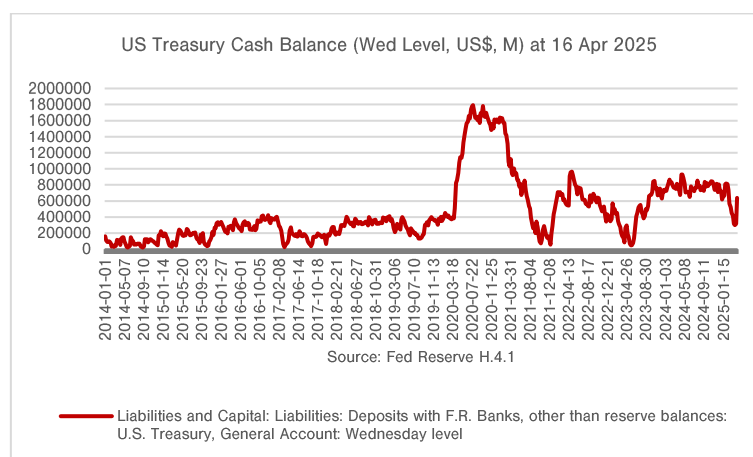
Recommended US Treasury Financing Q1 2025 and Est Q2 2025

Details of the latest TBAC meeting are located on the US Treasury website [here](#). In Q1 2025, the US Treasury expects to borrow \$815 billion (revised slightly lower from \$823bn) in privately-held net marketable debt, assuming an end-of-Mar cash balance of \$850 billion. The TGA cash balance on Wed 26 Mar was \$316bn – see below.

The Q2 2025 borrowing estimate is \$123bn in privately-held net marketable debt, assuming an end-of-June cash balance of \$850 billion. At this stage, there has been no change to the composition of Coupon issuance over Q1 and Q2.

US Treasury Cash Levels (TGA)

As of Wed 16 Apr 2025, the level of the TGA increased to \$639bn (+\$323bn compared to the week prior) – post the Tax Day deadline of 15 Apr. The TGA balance is approx. \$291bn lower than the same week a year ago.



<https://www.federalreserve.gov/datadownload/Download.aspx?rel=H41&series=53198152b62add5ad59ae42b6d3d720d&filetype=sheet&label=include&layout=seriescolumn&from=01/01/2002&to=01/27/2021>

QE Program

There are no Treasury or MBS purchase operations scheduled at this time. Links to historical operation schedules; - <https://www.newyorkfed.org/markets/domestic-market-operations/monetary-policy-implementation/treasury-securities/treasury-securities-operational-details>

https://www.newyorkfed.org/markets/ombs_operation_schedule

CALENDAR W/C 21 April 2025

MONDAY 21 APRIL (US Eastern Time, unless stated otherwise)

Easter Monday Holiday

TUESDAY 22 APRIL

US	Richmond Fed Manufacturing Activity (Apr), US Fed speeches: Harker, Kashkari, and Vice Chair Jefferson (economic mobility & the dual mandate), Kugler (transmission of monetary policy)
Australia	S&P Manufacturing & Services PMI – Prelim (Apr)
Japan	S&P Manufacturing & Services PMI – Prelim (Apr)

WEDNESDAY 23 APRIL

Europe	Eurozone S&P Manufacturing & Services PMI – Prelim (Apr)
UK	S&P Manufacturing & Services PMI – Prelim (Apr)
US	MB Mortgage Applications wk ending 19 Apr, S&P Manufacturing & Services PMI – Prelim (Apr), New Home Sales (Mar), Fed Beige Book, Fed speeches: Goolsbee, Waller (opening remarks)

THURSDAY 24 APRIL

US	Initial Jobless Claims wk ending 19 Apr, Durable Goods Orders (Mar), Existing Home Sales (Mar), Kansas City Fed Manufacturing Index (Apr), US Fed speeches; Kashkari
Japan	Tokyo CPI (Apr)
Aus & NZ	ANZAC Holiday

FRIDAY 25 APRIL

UK	Retail Sales (Mar)
Canada	Retail Sales (Feb)
US	Michigan Consumer Sentiment – final (Apr)
