

The Weekly Macro Outlook: Central Bank Meetings - Preview

The key events shaping the w/c 27 October 2025: Central bank meetings: FOMC, BoC, BoJ, and ECB, Aus Q3 CPI, US-China meeting at APEC

Recap from last week: CPI for September and Central Bank Previews

The US and global CPI reports for September provided an important update on the inflation backdrop, setting the stage for a major week of central bank meetings. We'll review last week's key inflation data from the US, Canada, Japan, and Europe as part of a broader preview to this week's central bank meetings and policy decisions.

FOMC Preview

Markets are widely expecting the FOMC to cut rates by 25 basis points (bps) this week. The Fed is likely to maintain its risk management approach, prioritizing the rising downside risks to the labor market, despite the backdrop of elevated, but contained inflation in Sept. At the last meeting, the shift in the Fed's assessment of rising downside risks to the labor market was the key driver of the decision to resume the rate-cutting cycle. Even without official government data, private sector reports suggest that this assessment is not likely to have changed.

The press conference and decision will be important for highlighting any change in the Fed's framing of inflation based on the Sept CPI report and other inter-meeting reports. The current framing includes that tariff impacts are likely to be temporary, upside risks to inflation have either diminished or not increased, and inflation expectations remain well anchored. The latest Fed minutes still highlighted participant concerns on inflation, given the lack of progress towards the 2% target. The outlook and guidance are likely to continue to navigate the balance between the risk of inflation that is still above target and downside risks to the labor market. The FOMC is still expected to chart a 'cautious' path. The Fed decision is also likely to address changes to Quantitative Tightening (QT) as signalled by Fed Chair Powell in his speech on 14 Oct.

The US CPI report for Sept was broadly supportive of further easing, in the context that inflation remained elevated, but did not worsen, especially as a result of tariffs. Headline CPI came in lower than expected, but still increased to +3% in Sept from +2.9% in Aug. Also, core CPI did not increase as much as expected and eased back to +3% over the year in Sept. Importantly, the underlying drivers of core inflation showed that while core goods inflation remained firmer than usual (a proxy for tariff-led impacts), it remained contained within the bigger picture. Core services inflation slowed over the year to +3.5%, reflecting a resumption of the disinflationary trend in shelter inflation. The trend in the median and trimmed mean measures of underlying inflation was more favourable. Both the median and trimmed mean rates slowed over the month and year, indicating less widespread inflation pressure.

The US S&P prelim PMI for Oct was mixed. The headline output PMI suggested a strong start to Q4 with an acceleration in output growth in Oct, to "the second fastest pace this year". However, input buying fell due to a drop in backlogs and an "unprecedented build-up of unsold stock", potentially affecting near-term output growth. Export demand fell across both manufacturing and services. Employment growth lifted overall. Prices added another layer to the inflation picture: input prices continued to "increase sharply" due to tariffs and "upward wage pressures", but the prices

charged by firms increased at the slowest pace since Apr – suggesting firms are absorbing tariffs via a margin squeeze. Business confidence fell to “one of its lowest levels in three years”.

The ongoing government shutdown may add a layer of uncertainty and likely compounds the Fed's concern over economic weakness, especially given the length of the shutdown so far and no end in sight.

Bank of Canada (BoC) Preview

The BoC is expected to cut rates again at this meeting by 25bps. The data backdrop shows inflation firming again alongside continued subdued economic activity and recently rising unemployment. At the last meeting, the BoC decided to cut rates again: “With a weaker economy and less upside risk to inflation, Governing Council judged that a reduction in the policy rate was appropriate to better balance the risks”. However, the CPI report for Sept showed inflation increasing across a range of measures. While the acceleration in headline CPI was partially the result of unfavourable base effects on gasoline prices, other measures of underlying inflation showed persistent and rising pressure. The BoC preferred measures of the median and trimmed mean inflation rates all increased more than expected, and reflected more widespread pressure this month.

The BoC business outlook survey for Q3 indicated that while perceived uncertainty had eased slightly, spending intentions remained subdued. Most businesses did not expect to increase current staffing levels in the near-term outlook. Soft demand and uncertainty related to trade tensions held back investment intentions. Weak demand limited firms' ability to pass on cost increases, yet inflation is still rising. This, together with the recent softening in labour market conditions, increases the likelihood of another rate cut by the BoC at this meeting.

The Bank of Japan (BoJ) Preview

The BoJ is expected to keep rates unchanged at this meeting. Updated forecasts may set the stage for further rate hikes. The BoJ also faces a tug-of-war between persistent inflation and emerging signs of moderating economic growth momentum. After the last meeting, Governor Ueda noted that balance: “We have to look at how much tariff policy risks materialize in the Japanese economy and prices,” and the BoJ did highlight that growth conditions were expected to moderate due to trade. Governor Ueda also noted that: “On the other hand, we have to carefully look at whether inflation, food prices move in line with our forecasts”. There were two surprising dissenters at the last meeting, preferring a rate hike.

Japanese National CPI for Sept came in as expected and accelerated over the year to +2.9% in Sept from +2.7% in Aug. Similarly, the BoJ's preferred measure of underlying inflation excluding fresh food also increased in Sept to +2.9%. However, the trend of the monthly inflation measures has been easing over the YTD, and prices fell marginally this month across headline and core CPI. In contrast, while food price inflation eased slightly over the year to +6.7%, it remained at +0.7% over the month, led by fresh food prices. Over the year, food less fresh food inflation is running at a notable +7.6%, down slightly from +8% in Aug.

The Japanese S&P PMI prelim for Oct reflected some of the policy challenges: slowing growth momentum while input and output charges rose at “historically strong rates”. While service sector growth momentum slowed, it remained positive and helped to offset continued contraction in the manufacturing sector: “Overall output expanded at the softest rate since May, while firms recorded the first reduction in new business for 16 months.”

The appointment of new Japanese PM Takaichi adds another layer to the policy debate. She has historically tended towards ‘expansionary policies’, but her new government must now also address concerns over inflation and declining real wages for workers. The new PM will meet with US President Trump in Japan this week.

The European Central Bank (ECB) Preview

The ECB is expected to keep policy settings unchanged at its meeting this week. The ECB kept its policy settings unchanged at the last meeting, with the minutes noting that despite the new and highly uncertain trade environment, rates (policy settings) were currently “in a good place” and close to or at the end of the monetary policy cycle. The latest round of Euro area inflation for Sept showed headline inflation had increased from +2% to +2.2% in Sept, as well as core CPI up to +2.4% - all still below a year ago. Monthly inflation rates remained subdued at +0.1%.

The latest Eurozone prelim PMI for Oct showed positive signs for growth momentum going into Q4. At a composite level, output growth momentum improved, led by services, while manufacturing output growth stabilized. Underlying commentary around manufacturing in the Eurozone was mixed and tended towards a more negative outlook amid weak new orders, falling employment, and waning business confidence.

Outlook for the week ahead: Central bank meetings: FOMC, BoC, BoJ, and ECB, Aus Q3 CPI, US-China meeting at APEC

The focus this week shifts to key central bank decisions and the meeting between US President Trump and Chinese President Xi. The indication from lower-level meetings over the weekend is that there is likely to be an agreement signed by both Presidents later this week on the sidelines of the APEC Summit.

Key factors & events to watch this week:

US President Trump & Chinese President Xi meet at APEC

- The indication from lower-level meetings over the weekend is that there is likely to be a framework for an agreement to be finalised by both Presidents later this week on the sidelines of the APEC Summit. While the scope of the agreement will be important, markets also seem reassured by engagement and diplomatic progress on tariffs, possibly also further reducing some of that trade uncertainty, which, for now, is seen as more significant than the final fine print of the deal.

US FOMC meeting and US data.

- Policy Decision: Markets are expecting a 25bps cut this week.
- Guidance & QT: Fed Chair Powell's press conference will provide an update on how the Committee is balancing its dual mandate risks, especially in light of the most recent inflation data, as well as outline any changes to its near-term guidance amid the lack of official data. The decision is also likely to address halting its balance sheet run-off, and the details will be important.
- Dissent: There is likely to be at least one dissenter at this meeting.
- Data/speakers: US data will again be limited to private sector reports. Of note will be the Conference Board Consumer Sentiment survey, which includes some labor market indicators. Pending home sales for Sep will also be released. So far, Vice Chair for Supervision, Bowman, is scheduled to speak on 30 Oct.
- The US government shutdown continues.

BoC meeting

The BoC is widely expected to deliver a consecutive 25bps rate cut at its meeting this week, prioritizing downside economic risks over the recent uptick in core inflation measures.

BoJ meeting and data

- Policy Decision: The BoJ is expected to keep rates unchanged at this meeting. Updated forecasts will be released after this meeting.
- Inflation data: The Tokyo CPI (ex-fresh food) is expected to increase to +2.6% in Oct from +2.5% in Sept.
- US President Trump will meet the new Japanese PM in Japan this week.

ECB meeting and data

- Policy Decision: The ECB is expected to keep policy settings unchanged, likely maintaining its wait-and-see approach.
- Inflation data: Euro area prelim CPI for Oct is expected to show headline CPI ease to +2.1% in Oct from +2.2% in Sept. Core CPI is expected to slow back to +2.3% in Oct from +2.4% in Sept.
- Growth data: Euro area GDP for Q3 is expected to be +0.1% over the quarter, unchanged from +0.1% in Q2, but is expected to slow to +1.2% over the year.

Australia CPI for Q3

- Inflation data: After the firmer monthly inflation result for Aug, expectations for Q3 inflation have increased and are above the most recent RBA forecasts. Headline CPI is expected to increase by +1.1% over the quarter in Q3 from +0.7% in Q2. Over the year, headline inflation is expected to jump from +2.1% in Q2 to +3% in Q3. The underlying trimmed-mean inflation rate is expected to increase by +0.8% over the quarter in Q3, up from +0.6% in Q2.
- This will be an important inflation print leading up to the RBA meeting next week. Markets had previously priced in at least another rate cut in 2025 before the firmer Aug monthly inflation report. A high Q3 print could force a reassessment of the RBA's easing path.

US Treasury Issuance; 27 - 31 Oct 2025

This week, the US Treasury will auction and settle approx. \$834bn in ST Bills, Notes, FRNs, TIPS, and Bonds, raising approx. \$109bn in new money.

QT this week: Approx \$32.5bn in ST Bills, Notes, and Bonds will mature on the Fed balance sheet and will be reinvested. Approx \$4.3bn in Notes and Bonds will mature and be redeemed/roll off the Fed balance sheet.

WEEK	Auction Date	Settlement Date	Marketable Securities	Auction Amount \$B (TBAC)	Amount Maturing \$B	New Money \$B	Prior Auction High Rate %
27 Oct - 31 Oct	23-Oct	28-Oct	4 week bill	110		Actual 3.945%	4.030%
	23-Oct	28-Oct	8 week bill	95		Actual 3.900%	3.960%
	22-Oct	28-Oct	17-week bill	69		Actual 3.735	3.810%
				274	248	26	
	27-Oct	30-Oct	13 week bill	86		Announced	3.810%
	27-Oct	30-Oct	26 week bill	77		Announced	3.660%
	28-Oct	30-Oct	6-week bill	95		Announced	3.940%
	28-Oct	30-Oct	52 week bill	50		Announced	3.540%
				308	283	25	
	29-Oct	31-Oct	2-Yr FRN	30		Announced	
	28-Oct	31-Oct	7-Yr Note	44		Announced	3.953%
	27-Oct	31-Oct	2-Yr Note	69		Announced	3.571%
	27-Oct	31-Oct	5-Yr Note	70		Announced	3.710%
	22-Oct	31-Oct	20-Yr Bond	13		Actual 4.506%	4.613%
	23-Oct	31-Oct	5-Yr TIPS	26		Actual 1.182%	1.650%
				252	194	58	
			Total - securities settling this week	834	725	109	
			Net New Cash Raised Qtr to Date	2818	2524	294	
			<i>Estimated Net Cash to be Raised Q4</i>			<i>590</i>	
			Face value of US Federal Reserve SOMA securities maturing	\$B			
			Maturing & reinvestment				
		28-Oct	ST Bills	0.8			
		30-Oct	ST Bills	17.3			
		31-Oct	Notes and Bonds	14.5			
				32.5			
			Maturing & redemption (balance sheet roll-off)				
		31-Oct	Notes and Bonds	4.3			
				4.3			

Quantitative Tightening Overview – Oct 2025

The cap on US Treasury redemptions was lowered to \$5bn effective Apr 2025. In Oct, the face value of Coupons maturing on the Fed balance sheet is approx. \$21.7bn. This is more than the \$5bn monthly cap on Treasury redemptions. So of the \$21.7bn of Coupons maturing in Oct, \$5bn will roll off the Fed balance sheet (redeemed) and \$16.7bn will be reinvested. It also means that all ST Bills maturing in Oct will be reinvested.

Summary of Total Coupons & Bills to Redeem at the \$5bn redemption cap - Oct			
			\$5
		Redeem \$Bn	Reinvest \$ Bn
15-Oct-25	TIPS	0.7	2.2
31-Oct-25	Notes and Bonds	4.3	14.5
	Bills	0.0	66.5
	Total Notes & Bonds	5.0	83.2

ST Bill maturity schedule – Oct 2025;

Bill Maturity Schedule - Oct			Weekly Totals \$Bn	
	Par Value of Bills Maturing	% Maturity by Wk	Bill Redemption	Bill Reinvestment
2025/10/02	16.66	25%	0.00	16.66
2025/10/07	0.74	1%	0.00	0.74
2025/10/09	12.23	18%	0.00	12.23
2025/10/14	0.74	1%	0.00	0.74
2025/10/16	8.39	13%	0.00	8.39
2025/10/21	0.75	1%	0.00	0.75
2025/10/23	8.94	13%	0.00	8.94
2025/10/28	0.77	1%	0.00	0.77
2025/10/30	17.26	26%	0.00	17.26
	66.48	100%	0.0	66.48

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

Recommended US Treasury Financing Q3 2025 and Est Q4 2025

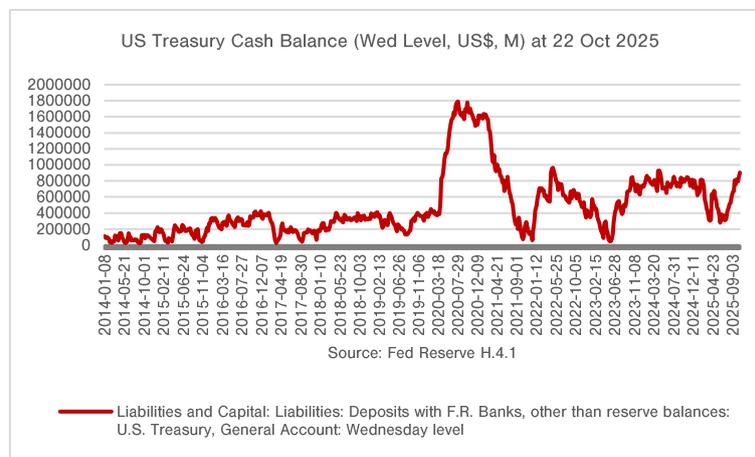
The latest update of the US Treasury borrowing requirements for Q3 and Q4 (estimate) can be found on the US Treasury website [here](#).

There was a notable upward revision to the Q3 net borrowing requirement due to the lower opening cash balance for Q3 - the US Treasury expects to borrow \$1.007 trillion in privately held net marketable debt, assuming an end-of-Q3 cash balance of \$850 billion.

Est Q4 - the US Treasury expects to borrow \$590 billion in privately held net marketable debt, assuming an end-of-December cash balance of \$850 billion. The next quarterly refunding update will be released on 3 and 5 Nov 2025.

US Treasury Cash Levels (TGA)

As of Wed 22 Oct 2025, the level of the TGA increased to \$905bn (+\$53bn compared to the week prior). The TGA balance is now approx. \$87bn *higher* than the same week a year ago.



<https://www.federalreserve.gov/datadownload/Download.aspx?rel=H41&series=53198152b62add5ad59ae42b6d3d720d&filetype=sheetml&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/amsb_operation_schedule

CALENDAR W/C 27 October 2025

MONDAY 27 OCTOBER (US Eastern Time, unless stated otherwise)

US	Dallas Fed Manufacturing Survey (Oct)
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TUESDAY 28 OCTOBER

Europe	ECB Bank Lending Survey Q3
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US	S&P Case-Shiller House Price Index (Aug), Conference Board Consumer Sentiment Index (Oct), Richmond Fed Manufacturing Survey (Oct)
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Australia	CPI Q3
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WEDNESDAY 29 OCTOBER

Canada	BoC Monetary Policy Meeting
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US	MBA Mortgage Applications wk ending 25 Oct, Pending Home Sales (Sep) FOMC Monetary Policy Meeting
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Japan	BoJ Monetary Policy Meeting
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THURSDAY 30 OCTOBER

Europe	Eurozone GDP Q3, Germany CPI – Prelim (Oct), Germany GDP Q3 ECB Monetary Policy Meeting
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US	Fed speeches: Vice Chair Supervision Bowman
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Japan	Tokyo CPI (Oct), Unemployment Rate, Industrial Production, and Retail Sales (Sep)
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Australia	Private Sector Credit (Sep), PPI Q3
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China	NBS Manufacturing & Non-Manufacturing PMI (Oct)
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FRIDAY 31 OCTOBER

Europe	Euro area CPI – Prelim (Oct)
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US	Chicago PMI (Oct), Fed speeches: Hammack
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