

The Macro Outlook: Central Banks Navigate the Latest Shock

The key events for the w/c 16 March 2026: Central Bank meetings: RBA, BoC, FOMC, BoJ, SNB, BoE, and ECB; US PPI; Aus Labour market; Canada CPI

Macro Recap: The Threat of a Persistent Conflict

Geopolitical Risks

The conflict in the Middle East and the resulting closure of the Strait of Hormuz remain the primary drivers of sentiment. The drift back up in oil prices through the end of last week suggests "conflict duration risk" remains a primary concern. If the conflict becomes more entrenched (and the Strait remains closed), the structural threat to global energy distribution and production may become harder for markets to "look through." The current uncertainty over the duration of this conflict presents a difficult trade-off for key central bank meetings this week: the longer the conflict lasts, the greater the risk that elevated energy prices un-anchor inflation expectations, squeeze real incomes, and weigh on global growth.

U.S. Macro: A Slower Starting Block

Last week, the US GDP revision for Q4 suggested that growth in 2025 ended on a softer-than-expected note. However, growth was expected to slow in Q4 (despite the much higher tracking of growth ahead of official results), due to the effects of the US government shutdown. The "second estimate" of US GDP growth in Q4 was revised notably lower from 1.4% to 0.7% annualized. While most areas of expenditure contributed to the growth downgrade in Q4, the largest contributions were from personal spending and net exports. Overall in Q4, the largest contributors to the slowdown in growth in Q4 versus Q3 were from slower personal consumption expenditure growth, a contraction in net exports, and the decline in government expenditure.

US Q1 Momentum and the Consumer

Looking ahead, the [Atlanta Fed's GDP Nowcast](#) for Q1 2026 growth remains at a resilient +2.7%. However, momentum cooled following last week's data releases. While a negative Feb labor report weighed on personal spending estimates, this was partially offset by constructive data in housing starts and existing home sales. Personal income growth strengthened in Jan, but growth in real spending remained low. This suggests that softer personal consumption growth has so far persisted into the current quarter, just as higher energy prices threaten a further squeeze on real incomes.

The Inflation Baseline

Importantly for the outlook, the Fed's preferred PCE inflation data provided a mixed baseline. Headline inflation edged lower to +2.8% over the year, but core PCE ticked up to 3.1% in Jan. Both headline and core PCE inflation are higher than a year ago – reflecting a stickier inflation

profile leading into a period of potentially higher energy prices. While the firming trend in core goods and core services inflation remains a concern, the median and the trimmed mean, to a lesser extent, suggest that underlying price pressures likely did not broaden out this month. The more current CPI report for Feb came in as expected, remaining lower at +2.4% for headline and +2.5% for core, and the upcoming PPI for Feb this week will help gauge the read-through to the Feb PCE result.

Outlook for the week ahead: Central Bank meetings: RBA, BoC, FOMC, BoJ, SNB, BoE, and ECB; US PPI; Aus Labour market; Canada CPI

The week ahead is defined by an unusual calendar alignment among central bank meetings, with at least seven key institutions scheduled to meet. These banks are facing elevated uncertainty over the duration of the current conflict and its subsequent impact on energy prices and inflation. Consequently, policymakers will need to reconcile these global pressures with their respective domestic policy nuances as they navigate yet another shock in this cycle of elevated uncertainty.

There will also be several key data releases, and markets are likely to remain firmly focused on the conflict and energy markets. Headline risks remain elevated in both directions.

Key factors & events to watch this week:

Central Bank Meetings

Most central banks are expected to stay on hold in a “wait-and-see” approach for now, due to uncertainty over the duration and scope of the conflict and its resulting impact on energy prices and inflation. Many markets were expecting policy easing through the remainder of the year; however, policymakers will be cognizant of the shift in market pricing for the path of ST rates – in some cases, shifting toward the prospect of hikes this year, as the risk of a prolonged conflict could see higher energy prices derail inflation progress. For most central banks, it will be too early to tell. However, signalling their commitment to inflation mandates may be an important part of central bank decisions this week to keep inflation expectations anchored amid the uncertainty. We will continue to track the signalling by central banks on the outlook and for shifts in guidance.

RBA

- Not all central banks are expected to stay on hold. The RBA will be first cab off the rank this week, and markets are expecting the chance of another hike (back-to-back), taking the cash rate from 3.85% to 4.1%.
- Inflation was (already) the immediate policy risk at its meeting in Feb leading the RBA to hike rates by 25bps.
- Guidance had been suspended at the last meeting in Feb due to the uncertainty over the persistence of domestic inflation pressures.

BoC

- The BoC is expected to stay on hold. The Bank is expected to remain cautious over inflation pressures as the economy adjusts through this period of ‘structural change’.

- Similarly, given the uncertainty facing the Canadian economy over the impacts from tariffs and especially the upcoming renegotiation of the USMCA, guidance had been suspended at the last meeting to provide the Bank with maximum optionality.

FOMC

- The FOMC is expected to stay on hold at this meeting. Market pricing for the path of rates has shifted notably in the last two weeks, now pricing in one cut through the next year.
- The FOMC faces a challenge over balancing its dual mandate – with PCE inflation remaining stickier, and concerns over the labor market rising after the Feb labor report.
- Fed communication will be in focus.
 - Updated projections (SEP) will be released at this meeting, and the path of rates and the shift in the projections for growth, inflation, and unemployment will be important signalling.
 - Changes to dissents will show how aligned members are – there were two last time.
 - The press conference will enable Chair Powell to expand on how they are thinking about this latest shock, and he'll have to walk a fine line about 'looking through' another inflation shock.

BoJ

- The BoJ is expected to stay on hold at this meeting.
- Bank communication will be important for the outlook for hikes – prior guidance was signalling an expectation for further hikes, and markets are still (potentially) expecting a hike in Apr.

BoE

- The BoE is now also expected to stay on hold, shifting from an expectation for a cut at this meeting.
- Recent data continues to reflect easing in growth and labour market conditions, while inflation, although still elevated, has continued to ease. At the last meeting, the BoE noted that "the risk of greater inflation persistence is now less pronounced". At the same time, concerns emerged over slower inflation risks from weakening demand and a looser labour market.
- The decision to stay on hold, and any changes to the inflation outlook, will need to be reconciled with the prior guidance that "Bank Rate is likely to be reduced further".

ECB

- The ECB is also expected to stay on hold at this meeting.
- Guidance is unlikely to be changed from the current 'meeting by meeting' approach – although the timeframe for the outlook is likely to be shortened, given the elevated uncertainty over energy prices, especially for Europe.

Geopolitical Risks

Geopolitical risks are expected to remain elevated as markets grapple with the uncertain trajectory and scope of the conflict.

Global Data

- US: headline PPI for Feb is expected to slow to +0.3% over the month in Feb (from +0.5% in Jan), and increase to +3% over the year (from +2.8% in Jan). Core PPI is expected to slow to +0.3% over the month in Feb (from +0.8% in Jan), but also accelerate to +3.7% in Feb (from +3.6% in Jan).
- Canada: CPI for Feb is expected to firm over the month for headline inflation (+0.7% in Feb from 0% in Jan) and remain little changed at around +2.3% over the year. The median inflation rate is expected to continue easing to +2.4% in Feb from +2.5% in Jan.
- Australia: Labour Market Survey for Feb is expected to remain fairly stable with +20k employment growth in Feb (up from +17k in Jan) while the unemployment rate ticks slightly higher to 4.2% (from 4.1% in Jan).

US Treasury Issuance; 16 - 20 March 2026

This week, the US Treasury will auction and settle approx \$679bn in ST Bills, Notes, and Bonds, raising approx. \$96bn in new money. Approx \$26bn in ST Bills will mature on the Fed balance sheet and will be reinvested. The US Treasury will also auction the 10-year TIPS and 20-year Bond this week – both to settle at the end of the month.

WEEK	Auction Date	Settlement Date	Marketable Securities	Auction Amount \$B (TBAC)	Amount Maturing \$B	New Money \$B	Actual	Prior Auction High Rate %
16 - 20 Mar	12-Mar	17-Mar	4 week Bill	100			Actual 3.640%	3.640%
	12-Mar	17-Mar	8 week Bill	90			Actual 3.625%	3.630%
	11-Mar	17-Mar	17 week Bill	69			Actual 3.600%	3.590%
				259	263	-4		
	16-Mar	19-Mar	13 week Bill	89			Announced	3.605%
	16-Mar	19-Mar	26 week Bill	77			Announced	3.535%
	17-Mar	19-Mar	6-Week Bill	85			Announced	3.635%
	17-Mar	19-Mar	52 week Bill	50			Announced	3.345%
				301	282	19		
	10-Mar	16-Mar	3yr Note	58			Announced	3.518%
	11-Mar	16-Mar	10yr Note	39			Announced	4.177%
	12-Mar	16-Mar	30yr Bond	22			Announced	4.750%
				119	37.7	81.3		
			Total - securities settling this week	679	583	96		
			Net New Cash Raised Qtr to Date	6858	6267	591		
			<i>Estimated Net Cash to be Raised Q1 (\$ Bn)</i>			574		
			Face value of US Federal Reserve SOMA securities matu	\$B				
			Maturing & reinvestment					
	16-Mar		Notes and Bonds	0.03				
	17-Mar		ST Bills	1.9				
	19-Mar		ST Bills	24.1				
				26.1				
			Upcoming Auctions	\$B				
	19-Mar	31-Mar	10yr TIPS	19				
	17-Mar	31-Mar	20yr Bond	13				

Reserve Management Purchase (RMP) Operations

Operations commenced on 12 Dec 2025. See announcement [here](#). See operation details and announcements [here](#) and [here](#).

SOMA Reinvestment – March 2026

The program of Quantitative Tightening (QT), or balance sheet roll-off, ended as of 1 December. See note [here](#). All principal payments from the Fed's holdings of Treasury securities will be rolled over, and all principal payments from the Fed's holdings of agency securities will be reinvested into Treasury bills through secondary market purchases.

Recommended US Treasury Financing Q1 2026 and Est Q2 2026

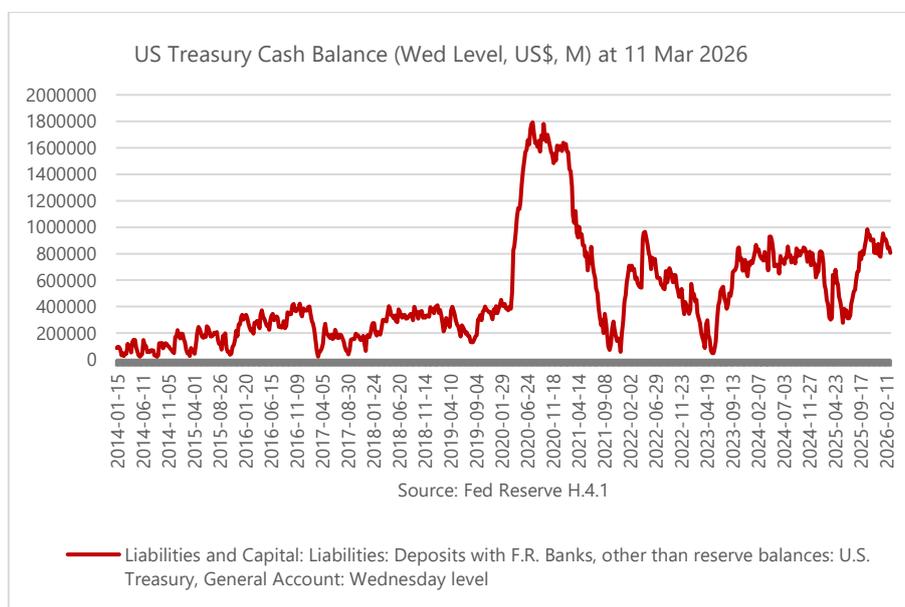
The latest update of the US Treasury borrowing requirements for Q1 and Q2 2026 (estimate) can be found on the US Treasury website [here](#). The next update will be on 4 May 2026.

Updated Q1 estimates: Treasury expects to borrow \$574 billion in privately held net marketable debt (only \$3bn lower than initially estimated), assuming an end-of-December cash balance of \$850 billion.

Estimated Q2 borrowing requirement: Treasury expects to borrow \$109 billion in privately-held net marketable debt, assuming an end-of-June cash balance of \$900 billion.

US Treasury Cash Levels (TGA)

As of Wed 11 Mar 2026, the level of the TGA decreased to \$806bn (-\$41bn compared to the week prior). The TGA balance is now approx. \$355bn *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>

CALENDAR W/C 16 March 2026

MONDAY 16 MARCH (US Eastern Time, unless stated otherwise)

China	House Price Index, Industrial Production, Fixed Asset Investment, Retail Sales (Feb)
Canada	CPI (Feb)
US	Industrial Production (Feb), NAHB Housing Market Index (Mar)
Australia	RBA Monetary Policy Meeting

TUESDAY 17 MARCH

US	Pending Home Sales (Feb)
Japan	Merchandise Trade Balance, Exports, and Imports (Feb)

WEDNESDAY 18 MARCH

Europe	Euro Area CPI – Final (Feb)
Canada	BoC Monetary Policy Meeting
US	MBA Mortgage Applications wk ending 14 Mar, PPI (Feb), Factory Orders (Jan) FOMC Monetary Policy Meeting
NZ	GDP Q4
Australia	Labour Market Survey (Feb)
Japan	Industrial Production – Final (Jan) BoJ Monetary Policy Meeting

THURSDAY 19 MARCH

UK	Labour Market Survey (3mth Jan) BoE Monetary Policy Meeting
Switzerland	SNB Monetary Policy Meeting
Europe	ECB Monetary Policy Meeting
US	Initial Jobless Claims wk ending 14 Mar, Philadelphia Fed Manufacturing Index (Mar), New Home Sales (Jan)
China	PBoC Meeting

FRIDAY 20 MARCH

Canada	Retail Sales (Jan)
US	(Saturday) Brief Acceptance Remarks – Fed Chair Powell
