

## The Macro Outlook: From Shock to Economic Impact

*The key events for the w/c 30 March 2026 - US: non-farm payrolls, ISM manufacturing PMI, & retail sales, Global PMIs, Euro area CPI (prelim) Mar*

### Macro Recap: Gauging the Economic Impact

The conflict involving Iran is now entering its fifth week, with the Strait of Hormuz effectively closed. While markets remain sensitive to headlines and the prospect of a sudden diplomatic resolution, recent developments suggest the risk of a more protracted timeline. Frequent claims of “progress” and “negotiations” have been met with Iranian rebukes. Reports of U.S. ground troop arrivals indicate a potential shift in the scope of the engagement. As this conflict moves from days into months, concern is growing over the potential for lasting economic damage.

### S&P Prelim PMIs - March

Our attention now shifts to the incoming March data to begin the task of gauging the economic impact of this latest shock. The longer the crisis keeps the Strait closed, the greater the risk of a more pronounced and persistent effect on both prices and growth.

Last week’s prelim S&P PMIs for March provided an early look at this impact. Reflecting data collected between March 12 and 23, these reports capture the initial reactions of firms to the escalating conflict. Most regions noted more widespread input price pressures driven by higher energy costs, the building of safety stocks, lengthening lead times, and waning sentiment in the outlook.

Across the major economies, the PMIs revealed a divergence in resilience:

- UK & Eurozone: these markets are more exposed to the energy impacts of the conflict and have already shown signs of weakening output and rising prices. In the Eurozone, the slowdown was led by services, while the UK recorded slower output growth in both services and manufacturing sectors.
- Japan: the prelim PMI reflected a modest slowdown in the growth trajectory, but remained in expansionary territory. The Japanese government was already implementing a large-scale fiscal response to cost-of-living pressures (inflation) before this conflict, and has now moved to include gasoline subsidies to buffer the impact of further inflation pressure on households.
- Australia: There was a sharp turnaround in the Aus PMIs, led by a shift in services output from moderate expansion in Feb to a notable contraction in Mar. Part of this stronger reaction may be a reaction to the initial hike in interest rates at the start of Feb to reign in already persistent inflation. Now, there is the added pressure of the Middle East conflict and a follow-up rate hike at the Mar meeting.
- US: The prelim PMI showed output growth only edged slightly lower, with the expansion remaining modest for now. The pullback in demand for services was only partially offset by an

expansion in manufacturing output as firms began to build safety stock amid the Middle East uncertainty. Input and output price increases became more widespread. Sentiment in the outlook was mixed; however, the composite employment index contracted slightly for the first time since Feb 2025.

## **Outlook for the week ahead: US: non-farm payrolls, ISM manufacturing PMI, & retail sales, Global PMIs, Euro area CPI (prelim) Mar**

A heavier data calendar arrives this week as markets continue to navigate significant headline risks. The focus is twofold: tracking the resilience of the U.S. domestic backdrop and identifying the broader global impact of the Middle East conflict.

U.S. Domestic Resilience: Key updates will provide an updated view of the U.S. labor market and the domestic growth trajectory. This includes non-farm payrolls for Mar, retail sales for Feb, and the ISM manufacturing PMI for Mar.

Global Impact and Inflation Outlook: The second pillar of the week involves data points more directly exposed to the geopolitical shock. The Eurozone prelim CPI for Mar will be an important gauge of headline versus core inflation divergence. Additionally, the full suite of Global S&P PMIs will offer a more comprehensive look at initial impacts on supply chains and input costs across various regions.

Despite the shortened week due to the Easter holiday, U.S. non-farm payrolls will be released as scheduled on Friday, April 3.

### **Key factors & events to watch this week:**

#### US Labor Market – March

Markets are expecting a rebound from last month's weak labor market report; however, conditions are broadly expected to reflect that the 'low dynamism' mode is persisting.

- Non-farm payroll growth is expected to rebound to +56k in Mar (from -92k in Feb). The direction of revisions will also be important for any change in the trajectory of growth.
- The unemployment rate is expected to be unchanged at 4.4% in Mar.
- Participation is expected to be little changed at 62%.
- Average weekly hours are expected to be unchanged at 34.3 hours.
- Average hourly earnings are expected to increase by +0.4% over the month in Mar (unchanged from Feb), while the annual pace is expected to increase by +3.8%.
- The JOLTS report for Feb is expected to show job openings slow to 6.9m, down from 6.94m in Jan.
- The Challenger Job Cut Announcement survey for Mar may provide some further anecdotes on labor demand. Last month, job cut announcements fell to 48k.

#### US growth backdrop

The tracking for US GDP growth so far in Q1 has edged lower to 2% based on the latest update of the [Atlanta Fed GDP nowcast](#).

- US retail sales are expected to increase by +0.4% in Feb, rebounding from -0.2% in Jan.
- The ISM manufacturing PMI for March may also start to reflect some initial impact from the Middle East conflict on US firms. The headline PMI is expected to be little changed at 52.3 in Mar. The ISM Services PMI for Mar will be released on 6 Apr.

#### FOMC speeches

- There will be several speeches throughout the week. Of note will be Fed Chair Powell in a "moderated discussion" at Harvard University. It's unclear whether he'll speak on the economic outlook at this event.
- NY Fed President Williams will also give [keynote remarks](#) on Monday on the economy.

#### Euro area CPI Prelim - March

This prelim release for the Euro area CPI will be one of the first official CPI reports for the initial month of the conflict; however, the final release in two weeks should provide a more complete view. While headline inflation is expected to increase on the back of higher energy costs, the trend of core inflation will remain most in focus for the ECB throughout this shock, to gauge whether higher energy prices are feeding into broader inflation.

- Euro area headline CPI – prelim Mar is expected to increase by +2.5% over the year in Mar, notably higher than the +1.9% inflation rate in Feb.
- Core CPI is expected to be unchanged at +2.4% in Mar (from +2.4% in Feb).

The full suite of S&P Global PMIs for March may show some early impacts from the Middle East conflict.

#### Other key releases this week:

- The RBA minutes of the last meeting (consecutive rate hike) will be released this week and should provide some insight into the debate over the decision to hike now versus hike later, resulting in the close 5-4 decision to hike in Mar and what that might mean for the near-term path of rates.
- UK GDP growth for Q4 is expected to remain subdued at +0.1% over the quarter, and +1% over the year.
- Tokyo CPI for March could provide an early view of inflation impacts in Japan, while accounting for key government subsidy offsets. Tokyo Core CPI ex fresh food is expected to be unchanged at +1.8% over the year.

### **US Treasury Issuance: 30 Mar – 3 Apr 2026**

This week, the US Treasury will auction and settle approx \$690bn in ST Bills, Notes, Bonds, and TIPS, raising approx. \$37bn in new money. Approx \$38.4bn in ST Bills, Notes, and Bonds 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 %
30 Mar - 3 Apr	26-Mar	31-Mar	4 week bill	85			Actual 3.620%	3.615%
	26-Mar	31-Mar	8 week bill	80			Actual 3.630%	3.635%
	25-Mar	31-Mar	17-week Bill	69			Actual 3.635%	3.610%
				234	269	-35		
	30-Mar	02-Apr	13 week bill	89			Announced	3.635%
	30-Mar	02-Apr	26 week bill	77			Announced	3.630%
	31-Mar	02-Apr	6-week bill	75			Announced	3.635%
				241	249	-8		
	19-Mar	31-Mar	10yr TIPS	19			Actual 1.896%	1.940%
	17-Mar	31-Mar	20yr Bond	13			Actual 4.817%	4.664%
	24-Mar	31-Mar	2yr Note	69			Actual 3.936%	3.455%
	25-Mar	31-Mar	5yr Note	70			Actual 3.980%	3.615%
	26-Mar	31-Mar	7yr Note	44			Actual 4.255%	3.790%
				215	135	80		
			<b>Total - securities settling this week</b>	690	653	37		
			<b>Net New Cash Raised Qtr to Date</b>	<b>8066</b>	<b>7437</b>	<b>629</b>		
			<i>Estimated Net Cash to be Raised Q1 (\$ Bn)</i>			574		
			<b>Face value of US Federal Reserve SOMA securities maturing</b>	<b>\$B</b>				
			<b>Maturing &amp; reinvestment</b>					
		31-Mar	Notes & Bonds	22.2				
		31-Mar	ST Bills	2.5				
		02-Apr	ST Bills	13.7				
				38.4				

## 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/April 2026

The program of Quantitative Tightening (QT), or balance sheet roll-off, ended as of 1 December 2025. 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: Est Q2 2026

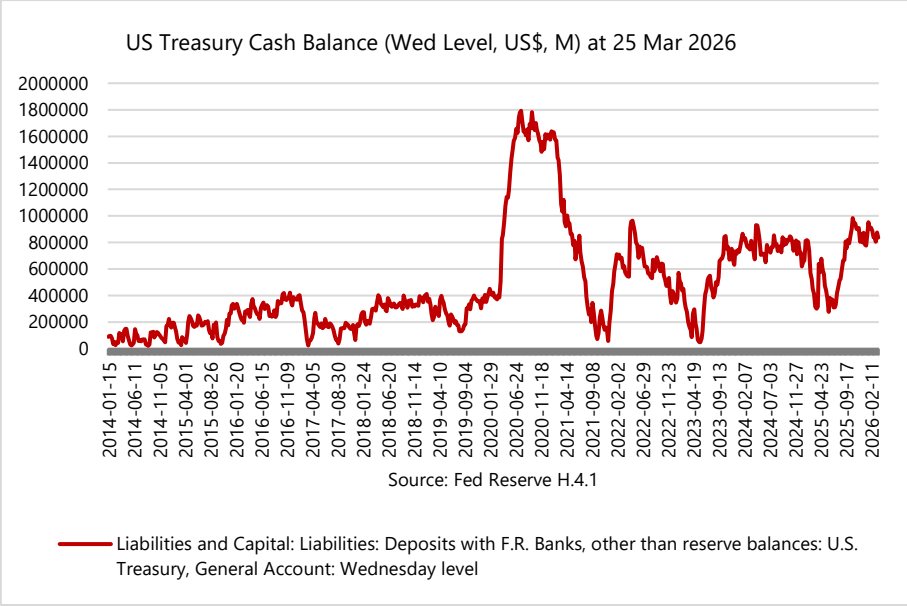
The latest update of the US Treasury borrowing requirements for Q1 and Q2 2026 (estimate) can be found on the US Treasury website [here](#). The next update will be on 4 May 2026.

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 25 Mar 2026, the level of the TGA decreased to \$837bn (-\$38bn compared to the week prior). The TGA balance is now approx. \$521bn *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 30 March 2026

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### MONDAY 30 MARCH (US Eastern Time, unless stated otherwise)

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Europe	Germany CPI – Prelim (Mar)
US	Dallas Fed Manufacturing Index (Mar), Fed speeches: Fed Chair Powell, NY Fed President Williams
Japan	Tokyo CPI (Mar), Industrial Production – prelim (Feb), Retail Sales (Feb)
Australia	Private Sector Credit (Feb), RBA Minutes
China	NBS Manufacturing & Non-Manufacturing PMI (Mar)

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### TUESDAY 31 MARCH

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Europe	Euro area CPI – prelim (Mar)
UK	GDP Q4
US	Case-Shiller House Price Index (Jan), Chicago PMI (Mar), Conference Board Consumer Sentiment (Mar), JOLTS (Feb), Fed speeches: Goolsbee, Bowman

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### WEDNESDAY 1 APRIL

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US	MBA Mortgage Applications wk ending 28 Mar, ADP Employment Change (Mar), Retail Sales (Feb), S&P Manufacturing PMI – final (Mar), ISM Manufacturing PMI (Mar), Total Vehicle Sales (Mar), Fed speeches: Barr, Musalem
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### THURSDAY 2 APRIL

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US	Initial Jobless Claims wk ending 28 Mar, Challenger Job Cut Announcements (Mar)
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### FRIDAY 3 APRIL

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	Good Friday Holiday
US	Non-Farm Payrolls & Employment Situation Survey (Mar), S&P Services PMI – final (Mar)

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