

The Macro Outlook: Geopolitical Headwinds Building

The key events for the w/c 13 April 2026: US PPI, Fed Beige Book, Speeches

Macro Recap: Early US Inflation Effects

The ceasefire optimism from last week is at risk following the breakdown of talks between the US and Iran over the weekend. With the Strait of Hormuz closure entering its seventh week and the U.S. threatening its own "blockade", we continue to skirt the boundary between a more temporary inflation and supply disruption and a potentially broader, longer-lasting structural impact.

While the US blockade threat may be another diplomatic "escalate to de-escalate" tactic, the longer these production and maritime disruptions remain unresolved, the greater the likelihood that this energy shock evolves from a short-term supply squeeze into a broader near-term headwind for the global economy.

US PCE Inflation Pre-Conflict Baseline

The risks are already emerging as the energy price shock translates into US domestic inflation data released last week.

The Fed-preferred PCE inflation gauge for Feb provided a pre-conflict baseline – showing inflation was already more persistent leading into this conflict. Both the headline PCE inflation (at +2.8%) and core PCE inflation (at +3%) have edged higher, especially over the last three months, partly driven by the ongoing pass-through of tariff-led core goods inflation. If there is a silver lining, it's that the trimmed mean and median PCE measures suggest that this recent firmness has not been part of a broadening bout of inflation. However, the inflation rate among the top outliers remains a concern for the Fed, with the top "trim" showing a weighted average inflation rate of +21% (one-month annualized) in Feb.

The March CPI Shock

The more leading-edge March CPI sounded a warning over the swift transmission of higher energy prices into US domestic headline inflation. CPI energy prices jumped by +11% in March, led by a +21% increase in gasoline prices over the month in Mar. As a result, headline inflation jumped from +2.4% in Feb to +3.3% in Mar. These higher energy prices are yet to flow through to the core CPI measure, which still increased to +2.6% in Mar (from +2.4% in Feb). A more stable core inflation backdrop (and anchored expectations) through this shock enables the Fed to continue to "look through" what could still be a short-term disruption. However, the primary risk for the Fed is that the longer these supply-side disruptions persist, the more likely they are to anchor higher inflation expectations, keeping the committee alert to broad-based pass-through effects.

Growth "Resilience" Under Pressure

These inflation pressures arrive at a time when growth momentum also appears to be cooling. While the 'final' GDP report for Q4 showed growth slowing to a mere +0.5% annualized rate (impacted by the government shutdown), the expected rebound in Q1 has yet to materialize. So

far, the [Atlanta Fed GDP nowcast](#) tracking (data roughly reflecting about two-thirds of the way through Q1) shows the growth run rate slowing to a +1.3% annualized pace (from +1.6% a week ago). While there has been a drag from net exports, the contribution from consumer spending so far in this quarter has become smaller (usually the largest contributor), even before the effects of higher energy prices. The US services PMIs released last week (March) signalled a number of concerns with slowing growth momentum, rising prices, and pressure on employment growth. The further notable fall in the Michigan consumer sentiment measures at the start of Apr underscores the fragile nature of the consumer spending outlook.

FOMC Minutes

FOMC minutes reveal a committee already concerned that "further progress in reducing inflation had been absent in recent months". The Fed is now managing the tightening tension between its dual mandate goals of employment (still downside risks) and price stability (upside risks, especially due to developments in the Middle East). Regarding the Middle East, the Committee noted that higher oil prices would "delay the anticipated decline in inflation" and could cause expectations to drift upward. For now, the conflict will keep the Fed in a 'wait and see' mode as it monitors the scope and duration of the shock, effectively pushing the timing of any potential rate cuts further out. Current market pricing shows the Fed on hold through the next twelve months.

Outlook for the week ahead: US PPI, Fed Beige Book, Speeches

The week ahead will continue to focus on the elevated geopolitical headline risk as the US threatens a blockade (or a deal).

It will be a relatively quiet week on the data front. While not market movers on their own, the data points may provide a "health check" on how the US economy is absorbing the initial wave of the shock. This week: US PPI for March, the Fed Beige Book, several March data points (industrial production & existing home sales), and a number of April surveys of US housing and manufacturing.

It's the final week of Fed speeches ahead of the blackout period. This week, Fed Governor Waller will give a speech on the economic outlook – likely an important perspective for how the Fed may navigate the current conditions leading into its upcoming meeting on 28-29 April.

Outside of the US, there will be a range of Chinese data for March and Australia Labour Market for March.

The IMF spring meetings will take place this week, including a range of speeches throughout the week.

Key factors & events to watch this week:

US data

There will be a range of US data this week (both March and April data points), providing some early/limited insight into how parts of the US economy have been affected by the conflict so far.

- The PPI report for March will help to provide a guide for the upcoming Fed-preferred PCE inflation measure.

- Headline PPI is expected to increase by +1.2% over the month in Mar (from +0.7% in Feb) – this would see annual PPI inflation increase to +4.7% in Mar (from 3.4% in Feb).
- Core PPI is expected to increase by a more moderate +0.5% in Mar (also +0.5% in Feb), which would still see annual core PPI increase to +4.2% in Mar (from +3.9% in Feb).
- US import and export prices may also begin to reflect some pricing effects in Mar.
- US housing data for Mar & Apr may reflect the increase in mortgage rates through March. Existing home sales are expected to slow to a 4m annualized rate in Mar, from 4.1m in Feb. The NAHB home builder sentiment survey for Apr is expected to remain subdued at 37.
- US Industrial Production for Mar is expected to increase by +0.2% (after falling by -0.1% in Feb). There will also be a range of Apr regional manufacturing surveys providing a view on manufacturing activity and the business outlook, now seven weeks into this conflict.
- The Fed's Beige Book for the last six weeks will provide important anecdotes from business contacts among the Fed districts on growth, spending, employment, sentiment, and inflation over the last six weeks and will be an important input for the upcoming Fed meeting.

Fed & Central Bank Speeches

- This is the final week for speeches leading up to the next Fed meeting on 28-29 April. There will be a range of speeches this week; however, the main one will be Fed Governor Waller on Friday, speaking on the 'economic outlook' – which will be an important speech for outlining his view on assessing current conditions. Governor Waller also shifted his view at the last meeting from dissenting in favour of a cut at the Jan meeting to voting for a hold in Mar.
- There will also be a range of other Central Bank speeches this week as part of the IMF Spring meetings – likely to be dominated by the Middle East conflict fallout.

China Economic Data

This week, key growth, output, retail, and trade data are expected to close out Q1.

- GDP for Q1 is expected to increase by +1.4% over the quarter, and +5% over the year (up from +4.5% in Q4 2025).
- Industrial production and retail sales (annual) growth in Mar is expected to slow slightly.
- Trade data for Mar is also expected to show slower growth in imports and exports over the year.

Australian Data

There will be several points of interest this week ahead of the RBA meeting on 4-5 May.

- The NAB business confidence & conditions survey for Mar will provide some insight on key survey measures quoted by the RBA previously on capacity utilisation and what it means for their assessment of the inflation backdrop.
- The Aus Labour Market report for Mar is expected to show net employment growth of +20k (down from 49k in Feb), while the unemployment rate is expected to stay unchanged at 4.3%.

US Treasury Issuance: 13 - 17 April 2026

This week, the US Treasury will auction and settle approx. \$629bn in ST Bills, Notes, and Bonds with a paydown of \$5bn.

Approx \$35bn in ST Bills, Notes, Bonds, and TIPs will mature on the Fed balance sheet and be reinvested.

WEEK	Auction Date	Settlement Date	Marketable Securities	Auction Amount \$B (TBAC)	Amount Maturing \$B	New Money \$B	Actual	Prior Auction High Rate %
13-17 Apr	09-Apr	14-Apr	4 week bill	80			Actual 3.560%	3.620%
	09-Apr	14-Apr	8 week bill	75			Actual 3.575%	3.620%
	08-Apr	14-Apr	17 week Bill	69			Actual 3.600%	3.615%
				224	263	-39		
	13-Apr	16-Apr	13 week bill	89			Announced	3.635%
	13-Apr	16-Apr	26 week bill	77			Announced	3.615%
	14-Apr	16-Apr	6-week Bill	70			Announced	3.615%
	14-Apr	16-Apr	52 week bill	50			Announced	3.485%
				286	300	-14		
	07-Apr	15-Apr	3yr Note	58			Actual 3.897%	3.579%
	08-Apr	15-Apr	10yr Note	39			Actual 4.282%	4.217%
	09-Apr	15-Apr	30yr Bond	22			Actual 4.876%	4.871%
				119	71	48		
			Total - securities settling this week	629	634	-5		
			Net New Cash Raised Qtr to Date	1089	1148	-59		
			<i>Estimated Net Cash to be Raised Q2 (\$ Bn)</i>			109		
			Face value of US Federal Reserve SOMA securities maturing	\$B				
			Maturing & reinvestment					
		14-Apr	ST Bills	2.5				
		16-Apr	ST Bills	11.3				
		15-Apr	Notes, Bonds, and TIPs	21.1				
				34.9				

Reserve Management Purchase (RMP) Operations

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

SOMA Reinvestment – 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

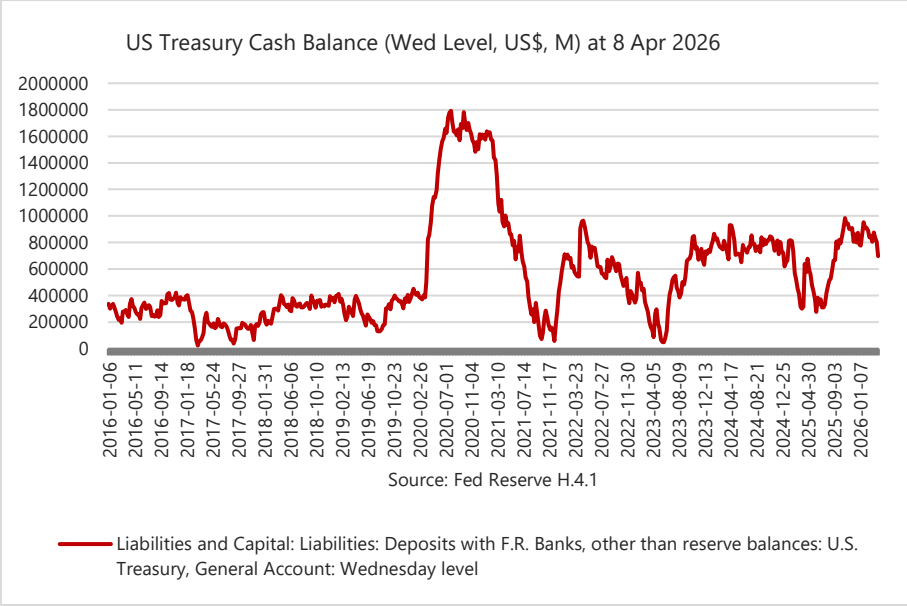
The latest update of the US Treasury borrowing requirements for Q1 and Q2 2026 (estimate) can be found on the US Treasury website [here](#). The next update will be on 4 May 2026.

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 8 Apr 2026, the level of the TGA decreased to \$697bn (-\$106bn compared to the week prior). The TGA balance is now approx. \$382bn *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>

MONDAY 13 APRIL (US Eastern Time, unless stated otherwise)

Japan	BoJ Governor Ueda speech
US	Existing Home Sales (Mar), Fed speeches: Miran
Australia	Westpac Consumer Confidence (Apr), NAB Business Confidence & Conditions (Mar)

TUESDAY 14 APRIL

Japan	Industrial Production – final (Feb)
US	NFIB Business Optimism Index (Mar), PPI (Mar), Fed speeches: Goolsbee, Barr, Paulson, Collins
China	Trade Balance, Exports, & Imports (Mar)

WEDNESDAY 15 APRIL

Europe	Eurozone Industrial Production (Feb)
US	MBA Mortgage Applications wk ending 11 Apr, Export & Import Price Index (Mar), NY Empire State Manufacturing Index (Apr), NAHB Housing Market Index (Apr), Fed speeches: Bowman, Fed Beige Book
Australia	Labour Market Survey (Mar), MI Inflation Expectations Survey (Apr)
China	GDP Q1, House Price Index, Fixed Asset Investment, Industrial Production, Retail Sales (Mar)

THURSDAY 16 APRIL

UK	GDP (3mth Feb), Industrial Production (Feb)
Europe	Euro area CPI – final (Mar), ECB Meeting Minutes
US	Initial Jobless Claims wk ending 11 Apr, Philadelphia Fed Manufacturing Index (Apr), Industrial Production (Mar), Fed speeches: Miran, Williams (keynote remarks)

FRIDAY 17 APRIL

US	Fed speeches: Governor Waller (economic outlook), Daly, Barkin
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