

## Weekly Macro Outlook: Geopolitical Impasse

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This weekly macro outlook highlights the key economic events, central bank meetings, and macro themes shaping global markets for the week of April 27, 2026.

Key Focus This Week:

- *Central bank meetings: FOMC, BoJ, ECB, BoE, BoC,*
  - *Major data: Inflation (Aus Q1 CPI, US PCE Inflation Mar, Euro area CPI Apr, Tokyo CPI Apr), ISM Manufacturing PMI Apr, US GDP Q1*
  - *Key themes: geopolitical risks, headline inflation*
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### Recap of Last Week: Impasse Amidst Momentum

We are now into the ninth week of the conflict that continues to defy a diplomatic resolution. Previous optimism regarding a near-term de-escalation has been replaced by a **renewed geopolitical impasse**, with no clear roadmap for normalization. Despite this, markets currently appear to be pricing de-escalation as the most likely outcome.

However, a stark contrast remains between the physical "hard stop" of the Strait and oil flows, and an economy that is continuing to push forward. The main implication of the impasse, and what matters for now, is that conditions on the ground remain unchanged: the Strait is still effectively closed, and oil flows are still severely disrupted. This keeps the risk elevated that this disruption may evolve from a temporary headline price shock to something more structural.

### Global CPI's – Tracking the Headline Energy Impact

Last week, we continued to see the "leading edge" effects of higher energy costs in headline inflation. For now, these effects appear limited to headline figures, with core inflation remaining steady or slightly lower - a critical input for central banks meeting this week.

- NZ Q1 CPI: was higher than expected at +0.9% (expecting +0.6%). Annual inflation remained unchanged at +3.1%, above the RBNZ's target band. Core inflation remained elevated at +2.6% in Q1, up from +2.5% in Q4 2025, and the details highlight firming in the inflation backdrop ahead of this conflict.
- Canada's headline CPI increased to +2.4% in March (from +1.8% in Feb) due to higher gasoline prices. Excluding gasoline prices, the CPI slowed to +2.2% in March (from +2.4% in Feb). The BoC preferred measures of core inflation remained stable at an average of +2.3%.
- UK CPI for March increased to +3.3% over the year (from +3.0% in Feb), led by higher gasoline prices. Core inflation eased to +3.1% in March, from +3.2% in Feb.

- Japan National CPI for March increased to +1.5% (from +1.3% in Feb). While energy prices jumped +3.9% over the month in March, Government subsidies in prior months cushioned the impact. The BoJ's core measure (ex-fresh food) rose to +1.8%, driven largely by sticky food inflation (+5.2%).

### **US Retail Sales Growth Improved in March**

As expected, there was a sharp increase in nominal retail sales in March due to the increase in gasoline prices (+21% via the March CPI report). Nominal retail sales growth was higher than expected at +1.7% over the month in March (expecting +1.4%). Most categories contributed to the growth in retail sales.

Even after deflating the nominal series by the CPI, real US retail sales increased by a solid +0.8% over the month in March. This result improved the near-term growth run-rate, shifting the [Atlanta Fed GDP Q1 nowcast](#) back to +1.24%. Within that, the consumer spending (PCE) contribution to the headline growth increased back up to +0.95% pts, although still behind the higher contribution recorded at the start of the quarter of around +2.0% pts.

### **Prelim PMIs for April – Mixed Outlook**

The prelim S&P PMIs for April were another leading-edge indicator of firm-level impacts in the second month of the conflict. While there was some improvement, or resilience, in manufacturing activity and output, details suggest this was driven by a more defensive posture by firms. Manufacturing firms reported building inventories and increasing buying activity, fearing price hikes and shortages due to the conflict. Broadly, the output momentum in the services sector continued to slow, except for the US and UK reporting modest rebounds. Reports of higher input inflation were not limited to energy prices, with many reports, especially in the US, noting prices are rising for a "wide variety of goods and services". Firms cited the uncertain environment for stalling employment growth. Sentiment shifted sharply lower, especially in the Eurozone, amid the energy price shock.

### **Outlook for the week ahead: Central bank meetings (FOMC, BoJ, ECB, BoE, and BoC), inflation data (Aus Q1 and March CPI, US PCE inflation March, Euro area prelim for April, and Tokyo CPI for April), US GDP Q1 & ISM manufacturing PMI Apr**

The geopolitical impasse will make this week's central bank calculus increasingly complex. While policymakers prefer to 'look through' short-term supply-side energy spikes, the duration of the conflict may test the limits of that strategy. For now, central banks are expected to remain in a cautious, patient mode, contingent on the view of a near-term resolution.

However, the longer the conflict remains unresolved, and prices stay elevated, the greater the risk of persistent inflation pressure, which may force a policy tightening response to prevent de-anchoring of inflation expectations. Central banks are in a nervous "waiting game", monitoring whether these 'leading edge' costs begin to bleed into core inflation and/or trigger a growth shock.

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

Central Bank meetings and policy decisions

This will be the second round of meetings under this geopolitical uncertainty. Most central banks are expected to stay on hold this week, maintaining a cautious stance while balancing the uncertainty of the conflict duration with real-time impacts on inflation and growth. We'll get a further sense of how policy makers are balancing mandate risks amid the conflict, and what it will mean for signalling on the policy outlook, contingent on the trajectory of the conflict.

- The BoJ is expected to keep policy settings unchanged, after signalling recently that a hike at this meeting was not assured. There will also be an updated set of forecasts released at this meeting.
- The FOMC is expected to keep policy settings unchanged.
- The BoC is expected to stay on hold.
- The ECB is expected to stay on hold.
- The BoE is expected to stay on hold.

#### Inflation reports

AUS Q1 CPI: This will be important in the lead-up to the RBA next week. The RBA has hiked rates at the prior two meetings, responding to an already firming inflation backdrop ahead of this conflict. These Q1 inflation numbers will provide the first view of the impact of higher energy prices.

- Q1 headline CPI is expected to increase by +1.4% in Q1, up from +0.6% in Q4 2025. Headline inflation is expected to increase to +4.1% over the year in Q1, from +3.6% in Q4.
- The monthly series is expected to show a sharp increase in headline CPI rising to +4.8% in March, from +3.7% in Feb.

US PCE inflation for March – this has been well telegraphed through the March CPI and PPI reports.

- Headline PCE is expected to remain firm at +0.6% over the month, up from +0.4% in Feb. Annual PCE inflation is expected to increase to +3.4% in March, up from +2.8% in Feb.
- Core PCE inflation is expected to remain more subdued, increasing by +0.2% over the month, down from +0.4% in Feb. Annual core PCE inflation is still expected to increase to +3.1% in March, up from +3% in Feb.

Euro area prelim CPI for April will provide the first look at the impact of higher energy costs in the second month of the conflict.

- Headline CPI is expected to increase to +3% over the year in April, from +2.6% in March. However, core CPI is expected to ease slightly to +2.1% in April, from +2.3% in March.

Japan's Tokyo CPI will provide a limited view of inflation leading into April also.

- Core CPI – ex fresh food is expected to increase to +1.8% in April, from +1.7% in March.

#### US Growth

- The prelim Q1 GDP release is expected to increase to +2.2% (annualized), up from +0.5% annualized pace in Q4.

- The ISM manufacturing PMI for April is expected to show a modest increase to 53.2, from 52.7 in March.
- Personal income in March is expected to increase to +0.3%, up from -0.1% in Feb. Personal spending is also expected to lift by +0.9% in March, up from +0.5% in Feb.

## US Treasury Issuance: 27 Apr – 1 May 2026

This week, the US Treasury will auction and settle approx. \$712bn in ST Bills, TIPS, Notes, Bonds, and FRN's with a paydown of \$17bn.

Approx \$51.1bn in ST Bills, Notes, Bonds, and FRN's will mature on the Fed balance sheet and be reinvested.

WEEK	Auction Date	Settlement Date	Marketable Securities	Auction Amount \$B	Amount Maturing \$B	New Money or Paydown \$B	Actual	Prior Auction High Rate %
27 Apr - 1 May	23-Apr	28-Apr	4 week bill	80			Actual 3.595%	3.595%
	23-Apr	28-Apr	8 week bill	75			Actual 3.605%	3.615%
	22-Apr	28-Apr	17 week Bill	69			Actual 3.610%	3.625%
				224	249	-25		
	27-Apr	30-Apr	13 week bill	89			Announced	3.610%
	27-Apr	30-Apr	26 week bill	77			Announced	3.590%
	28-Apr	30-Apr	6-week Bill	70			Announced	3.610%
				236	250	-14		
	23-Apr	30-Apr	5-Year TIPS	26			Actual 1.367%	1.433%
	22-Apr	30-Apr	20yr Bond	13			Actual 4.883%	4.817%
	27-Apr	30-Apr	5yr Note	70			Announced	3.980%
	28-Apr	30-Apr	7yr Note	44			Announced	4.255%
	27-Apr	30-Apr	2yr Note	69			Announced	3.936%
	28-Apr	30-Apr	2yr FRN	30			Announced	0.115%
				252	230	22		
			<b>Total - securities settling this week</b>	<b>712</b>	<b>729</b>	<b>-17</b>		
			<b>Net New Cash Raised Qtr to Date</b>	<b>2261</b>	<b>2381</b>	<b>-120</b>		
			<i>Estimated Net Cash to be Raised Q2 (\$ Bn)</i>			<i>109</i>		
			<b>Face value of US Federal Reserve SOMA securities maturing</b>	<b>\$B</b>				
			<b>Maturing &amp; reinvestment</b>					
		30-Apr	Notes, Bonds, and FRNs	31.7				
		28-Apr	ST Bills	3.0				
		30-Apr	ST Bills	16.4				
				51.1				

## 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

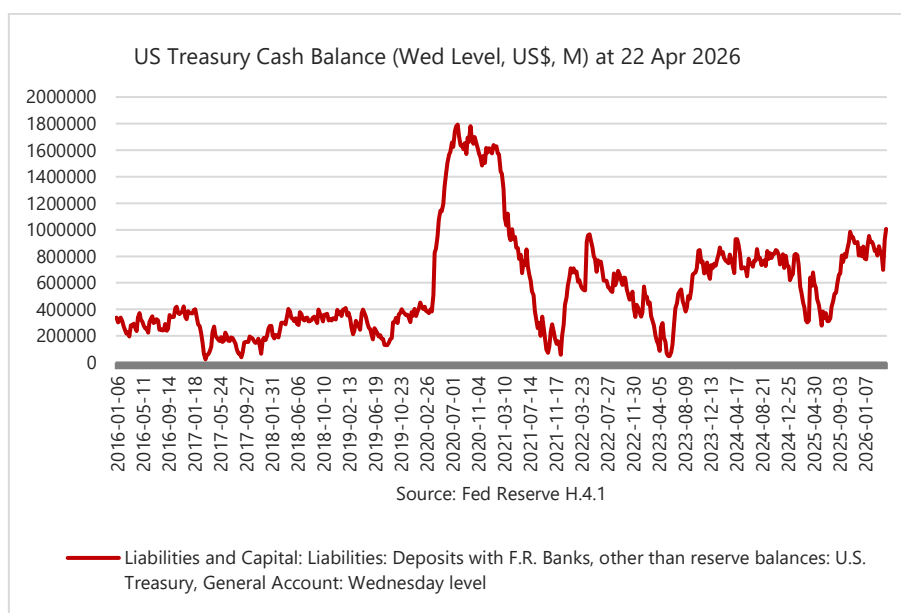
The latest update of the US Treasury borrowing requirements for Q1 and Q2 2026 (estimate) can be found on the US Treasury website [here](#). The next update will be on 4 May 2026 – next week.

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 22 Apr 2026, the level of the TGA increased to \$1,007bn (+\$83bn compared to the week prior). The TGA balance is now approx. \$431bn *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 27 April 2026

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### MONDAY 27 APRIL (US Eastern Time, unless stated otherwise)

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US	Dallas Fed Manufacturing Index (Apr)
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### TUESDAY 28 APRIL

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Japan	BoJ Monetary Policy Decision & Outlook Report
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US	CB Consumer Confidence (Apr), Case/Shiller House Price Index (Feb), Richmond Fed Manufacturing Index (Apr)
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Australia	CPI Q1, CPI Monthly (Mar)
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### WEDNESDAY 29 APRIL

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US	MBA Mortgage Applications wk ending 25 Apr, Building Permits & Housing Starts (Mar), Durable Goods Orders (Mar) FOMC Monetary Policy Meeting
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Canada	BoC Monetary Policy Meeting
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China	NBS Manufacturing & Non-Manufacturing PMI (Apr)
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### THURSDAY 30 APRIL

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Europe	Euro area CPI – prelim (Apr), Euro area GDP Q1 – prelim ECB Monetary Policy Meeting
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UK	BoE Monetary Policy Meeting
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US	Initial Jobless Claims wk ending 25 Apr, PCE Price Index (Mar), ECI Q1, Personal Spending & Income (Mar), GDP Q1 – Advance, Chicago PMI (Apr)
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Japan	Tokyo CPI (Apr)
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### FRIDAY 1 MAY

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US	ISM Manufacturing PMI (Apr), S&P Manufacturing PMI – Final (Apr)
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