

## Weekly Macro Outlook: Momentum Meets Uncertainty

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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 May 4, 2026.

Key Focus This Week:

- *Central bank meetings: RBA*
  - *Major data: US labor market update Apr, ISM services PMI Apr, Final S&P global PMIs*
  - *Key themes: US-Iran geopolitical headline risks*
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### The week ahead: US Labor Market Data

While we are now moving into the tenth week of the conflict, the data flow has begun shifting to April, reflecting the full second month of the crisis. The geopolitical impasse remains a key driver of the near-term macro landscape. Despite continued diplomatic posturing, the stalemate on the ground persists, leaving the physical disruption to oil flows and supply chains unresolved and headline risks remain elevated.

The economic data from last week continued to track the early stages of the energy price shock transmission. Leading into the conflict, US growth momentum had remained decent, largely sustained by pre-conflict tailwinds in manufacturing, a rebound in government spending, and the secular strength of AI-related capex. The March PCE inflation moved higher as expected, but largely stayed within the "headline energy shock" narrative, leaving core inflation relatively insulated for now.

However, the April ISM Manufacturing survey serves as a cautionary tale for the road ahead. While activity held up, input price increases became even more widespread, with a notable 70% of firms reporting higher prices compared to March. The survey also highlighted that price increases were reported across a broad base of commodity inputs. This has fostered a growing sense of dismay among manufacturers regarding margin erosion and supply chain paralysis, alongside existing tariff complexity. Central banks remain in a "wait and see" posture for now, but the rhetoric and signalling began to shift given inflation concerns related to the duration of this conflict and energy flows.

The focus this week shifts to 'resilience,' as incoming data begins to reflect the conflict's second-month impact. This leads us into the important US labor market update for April, as well as US factory orders, and the ISM services PMI for April.

## Key factors & events to watch this week:

### US Labor Market – April

The April labor market data will provide important insight into hiring resilience during the initial stages of the Iran conflict and the resulting implications for the FOMC's dual mandate. Before the conflict, US hiring growth had begun to stabilize following a period of cooling demand and structural shifts in the labor force (specifically, slower immigration). However, the outlook remains clouded. In his remarks ahead of the April FOMC meeting, Governor Waller described the labor market as still "vulnerable," and recent volatility in payroll data has made it difficult to discern a definitive change in trend.

- Non-farm payrolls are expected to increase by +73k in April, down from +178k in March. Revisions to prior months will be important in establishing a clearer view of the growth trend.
- The unemployment rate is expected to be unchanged at 4.3% in April.
- Average weekly hours are expected to be unchanged at 34.2 hours/week.
- Average hourly earnings are expected to increase by +0.3% over the month in April, up from +0.2% in March.
- Job openings (JOLTS survey) are expected to ease slightly further to 6.87m in March, from 6.88m in February.
- The Challenger Job Cut Announcement survey for April will also provide some anecdotes on broader layoff and hiring intentions. In March, job cut announcements increased to 60k, but the quarter overall remained the lowest Q1 total since 2022.

### US Growth Data

There will be a mix of both April and March data out this week. While the Atlanta Fed GDP nowcast has begun tracking the Q2 growth run rate, data is extremely limited at this stage.

- ISM services PMI for April is expected to edge lower to 53.8 from 54 in March.
- Factory Orders are expected to increase by +0.5% in March, up from 0% in February.
- New home sales for February and March will be released, catching up after the recent government shutdown. New home sales for March are expected to be 0.668m (annualized).
- US vehicle sales for April are expected to slow slightly to a 16m annualized pace, from 16.3m in March.
- Prelim non-farm productivity growth for Q1 is expected to slow to +1% over the quarter, from +1.8% in Q4. Unit labor cost growth is expected to slow to +2.5% in Q1, from +4.4% in Q4.

### US Federal Reserve Speeches & Data

- We are in the final stages of the confirmation of Kevin Warsh as the next US Fed Chair. A final Senate vote is expected shortly. At the last meeting, outgoing Fed Chair Powell announced that he would stay on as a Governor.
- There will be several Fed speeches this week: of note will be Governor Waller on a policy panel, as well as several speeches by NY Fed President Williams.
- The Fed's Senior Loans Officer Opinion Survey for Q1 will also be released this week, providing a guide on lending conditions through Q1.

## Global Central Banks – RBA

This week, the RBA is expected to lift interest rates another 25bps, bringing the cash rate up to 4.35%. This would be a third consecutive rate hike, given the backdrop of already elevated and sticky inflation, and now the Iran conflict extending the impact of rising energy and energy-related prices. At the prior meeting in March, higher (above the target band) inflation was the key pillar driving the decision to hike, with the Iran conflict still in its early days. The Q1 CPI last week came in mostly as expected, though remaining elevated and still above target.

## Global Labor Market and Growth Data

- NZ Q1 Labor Market: Employment growth is expected to slow to +0.3% from +0.5% in Q4. The unemployment rate is expected to remain unchanged at 5.4%.
- Canada Labour Market April: Net employment growth is expected to slow to +5.1k in April, from +14k in March. The unemployment rate is expected to be unchanged at 6.7%.
- The final suite of S&P Global PMIs for April will continue to be released this week.

## US Treasury Issuance: 4 - 8 May 2026

This week, the US Treasury will auction and settle approx. \$465bn in ST Bills, with a further paydown of \$16bn.

Approx \$21.7bn in ST Bills 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 %
5-9 May	30-Apr	05-May	4 week bill	80			Actual 3.600%	3.595%
	30-Apr	05-May	8 week bill	75			Actual 3.620%	3.605%
	29-Apr	05-May	17 week Bill	69			Actual 3.620%	3.610%
				224	239	-15		
	04-May	07-May	13 week bill	89			Announced	3.590%
	04-May	07-May	26 week bill	77			Announced	3.590%
	05-May	07-May	6-week Bill	75			Announced	3.590%
				241	242	-1		
			<b>Total - securities settling this week</b>	465	481	-16		
			<b>Net New Cash Raised Qtr to Date</b>	2726	2862	-136		
			<i>Estimated Net Cash to be Raised Q2 (\$ Bn)</i>			109		
			<b>Face value of US Federal Reserve SOMA securities maturing</b>	<b>\$B</b>				
			<b>Maturing &amp; reinvestment</b>					
		05-May	ST Bills	6.4				
		07-May	ST Bills	15.3				
				21.7				

## Reserve Management Purchase (RMP) Operations

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

## SOMA Reinvestment – May 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

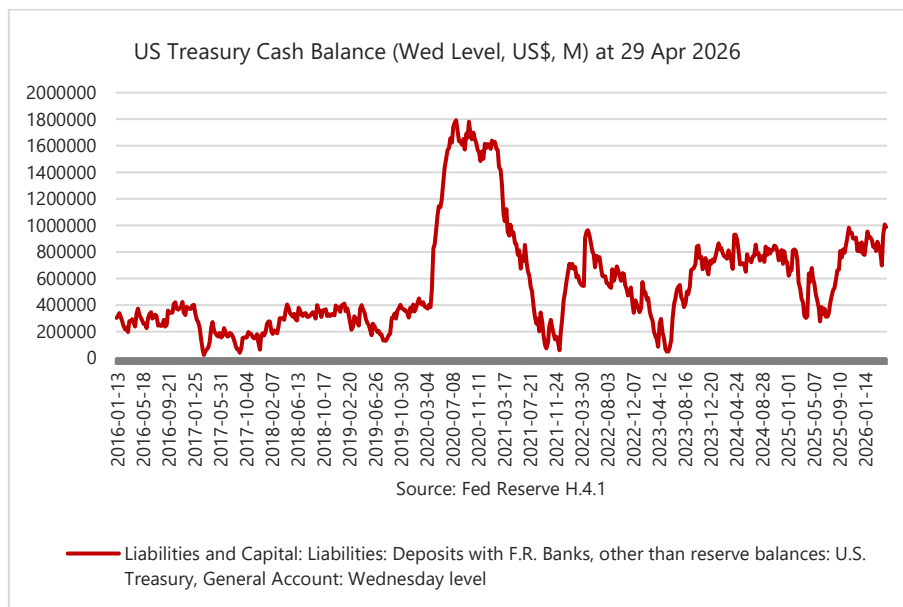
The latest update of the US Treasury borrowing requirements for Q1 and Q2 2026 (estimate) can be found on the US Treasury website [here](#). The next update will be on 4 May 2026 – this week.

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 29 Apr 2026, the level of the TGA decreased to \$988bn (-\$83bn compared to the week prior). The TGA balance is now approx. \$310bn *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>

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**MONDAY 4 MAY (US Eastern Time, unless stated otherwise)**

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US Factory Orders (Mar), Vehicle Sales (Apr), Fed SLOOS Q1, Fed speeches: Williams

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**TUESDAY 5 MAY**

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Australia RBA Monetary Policy Decision

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US Goods & Services Trade Balance (Mar), ISM Services PMI (Apr), S&P Services PMI – Final (Apr), JOLTS (Mar), New Home Sales (Mar), Fed speeches: Bowman, Barr

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NZ Labor Market Survey Q1

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**WEDNESDAY 6 MAY**

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US MBA Mortgage Applications wk ending 2 May, ADP Employment Change (Apr), Fed speeches: Musalem, Goolsbee, Hammack

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**THURSDAY 7 MAY**

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Europe Germany Factory Orders (Mar), Eurozone Retail Sales (Mar)

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US Initial Jobless Claims wk ending 2 May, Challenger Job Cut Announcements (Apr), Non-farm Productivity & Unit Labor Costs (Q1), Construction Spending (Mar), Consumer Credit Change (Mar), Fed speeches: Williams, Hammack

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**FRIDAY 8 MAY**

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Europe Germany Industrial Production (Mar)

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Canada Labour Market Survey (Apr)

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US Non-Farm Payrolls and Labor Market Survey (Apr), Wholesale Inventories (Mar), Michigan Consumer Sentiment – Prelim (May), Fed speeches: Cook, Bowman, Goolsbee, Daly, Waller

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China (tbc) Trade Balance, Exports, and Imports (Apr)

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