

Weekly Macro Outlook: Central Bank Outlook

This Weekly Macro Outlook highlights the key economic data releases, central bank events & speeches, and macro themes shaping global markets for the week of June 8, 2026.

Key Focus This Week:

- *Central banks: ECB and BoC monetary policy meetings*
 - *Major data: US CPI and PPI for May, China data (CPI, trade data)*
 - *Key themes: Progress on conflict resolution*
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Recap of Last Week

The geopolitical stalemate in the Middle East continues to challenge global markets. With no meaningful progress toward a structural deal and ceasefire agreements remaining fragile at best, global oil flows remain disrupted. Consuming nations have temporarily adapted by drawing down inventories, but the medium-term threat of supply shortages continues to weigh on the outlook.

Yet, despite these external headwinds, the US economy continues to show notable resilience. Data last week revealed the labor market firming in May alongside building inflationary risks, a combination that is expected to shift the Fed's posture at next week's FOMC meeting.

US Data Shift: Improving Labor Market Conditions May

US non-farm payroll growth shifted from stabilization to a distinct upward trend in May. This underlying improvement was highlighted across three areas:

- **Payroll Growth:** Non-farm payrolls increased by +172k (well above the +96k consensus). Upward revisions to the prior two months added an extra +93k, lifting the 6-month average to +92k. This expansion was supported by a rising payroll diffusion index, signalling broadening industry participation.
- **Labor Income:** aggregate hours worked continued to increase modestly, and average hourly earnings rose by +0.3% over the month, maintaining a constructive backdrop for aggregate consumer income.
- **Household Stabilization:** The household survey showed its first employment gain of the year. The employment-to-population ratio edged up to 59.2% (from April's 59.1% low), while the unemployment rate remained steady at 4.3% (ticking lower on a two-decimal basis).

Supplementary Indicators: While the April JOLTS survey reflected a stronger-than-anticipated increase in job openings, which bodes well for future labor demand, the labor demand backdrop

remained in a "low-hire, low-fire" dynamic. The Challenger Job Cut announcements for May edged higher, maintaining a note of caution.

Fed Beige Book: Inflation Risks

While this labor backdrop remains constructive for labor income, the latest Fed Beige Book highlights the risks to inflation, growth, and margins from rising cost pressures. This will be front of mind for the Fed next week.

Across the survey, the most significant shift over the last six weeks occurred in inflation dynamics. Districts reported prices rising "at a moderate to strong pace, with most reporting higher inflation than the previous report." Driven heavily by higher input costs, energy prices, and "frequent" wage adjustments, businesses face an increasingly difficult trade-off: absorbing these rising expenses via margin compression, or risking lower sales volumes by passing them onto an increasingly defensive consumer.

US Growth Momentum

Broadly, the strengthening labor market dynamics now appear to be catching up to the resilient US growth. While not yet fully updated for the data last week, the Atlanta Fed GDP nowcast still shows growth at around a 3% run rate for Q2. The ISM PMI's for May showed activity continuing to expand at a moderate pace. Manufacturing remained plagued by the effects of lengthening lead times, rising prices, and ongoing tariff confusion. Services firms were more cautiously optimistic, though were also faced with a further broadening in inflation pressure, while sentiment became more defensive amid the conflict uncertainty.

Global Outlook: Policy and Growth Divergence

Outside the US, regional growth profiles are driving diverging central bank trajectories. While global S&P PMIs for May reflect a stable underlying growth outlook buoyed by manufacturing firms pulling forward orders to front-run supply chain delays and price rises, national data highlights the structural drivers of this policy divergence against a backdrop of unresolved geopolitical risks:

- Euro Area Inflation and the ECB: Euro area CPI – prelim for May remained firm, with headline CPI rising to +3.2% in May 2026 (from +3.0% in April). Core CPI was slightly higher than expected at +2.5% in May (from +2.2% in April). Markets are expecting the ECB to hike rates this week.
- Canada's labour market rebounded in May, with employment growth rising and the unemployment rate falling back to 6.6% (from 6.9%). The BoC is expected to stay on hold this week.

The Week Ahead: What We Are Watching

Geopolitical developments in the Middle East remain the primary focal point for the near-term economic outlook, with a specific emphasis on news around the resumption of oil flows.

Over the next two weeks, the spotlight shifts to central bank meetings, policy, and signalling. Policymakers will again need to address the unresolved conflict and the risk of more prolonged effects on inflation and growth. Decisions over the coming weeks will reveal how these outlooks are shifting, starting this week with the ECB and BoC. Next week, the RBA, BoJ, BoE, and the FOMC will meet, with the latter introducing uncertainty over the leadership transition under incoming Chair Kevin Warsh. Ahead of that FOMC meeting, this week's US CPI and PPI reports for May will provide an important macro input for the shifting policy landscape.

US CPI and PPI inflation - May

Both headline and core CPI and PPI are expected to increase further in May and together should provide the FOMC with a gauge for its preferred PCE inflation measure ahead of its meeting next week.

- Headline CPI for May is expected to increase by +0.5% in May, from +0.6% in April. The annual rate is expected to increase to 4.2% in May, up from +3.8% in April.
- Core CPI will remain a key measure for the FOMC – to assess the degree to which the effects of higher energy prices are impacting underlying inflation. Core CPI is expected to increase by +0.3% over the month in May, from +0.4% in April. The annual rate is expected to increase to +2.85% in May, up from +2.7% in April.
- Headline PPI is expected to increase by +0.8% over the month in May, down from +1.4% in April. The annual rate is expected to increase to 6.5% in May, up from +6% in April.
- Core PPI is expected to increase by +0.4% in May, down from +1% in April. The annual core PPI rate is expected to remain unchanged at +5.2% in May.

Central Banks

US Federal Reserve

- We are now in the blackout period ahead of next week's FOMC meeting on 16-17 June.

ECB Meeting

- The ECB is expected to increase its policy rates by 25bps this week. While the Governing Council will likely maintain its strict "meeting-by-meeting," data-dependent guidance, updated staff macroeconomic forecasts may yield vital clues regarding the shifting outlook.

Bank of Canada

- The BoC is expected to stay on hold at its meeting this week. There has been some volatility around the labour market data this year, while underlying inflation has continued to ease.

China

China's CPI, PPI, and trade data for May will be released this week. The trade data is of particular interest following the large import growth seen in March (+27%) and April (+25%). Several core structural dynamics will be in focus:

- The AI Infrastructure Boom: Recent import growth has been led by advanced technology inputs, with imports of data processing equipment climbing 60.6%, integrated circuits rising 47.8%, and semiconductors up 13.2%.
- Resource Stockpiling: Volume increases have occurred across key industrial commodities, led by rare earths (+93.3%), copper ore (+36.9%), and refined oil (+14.4%). Conversely, contractions were recorded in natural gas (-15.1%) and coal (-5.9%).
- Strategic Capacity: Following a notable drop in crude oil imports during April, the May data may provide further input on assessing China's capacity to rely on its domestic oil stockpiles, rather than imports.

US Treasury Issuance: 8-12 June 2026

This week, the US Treasury will auction and settle approx. \$500bn in ST Bills, with a net paydown of -\$5bn. The US Treasury will auction the 3-year and 10-year Notes, and the 30-year Bond this week – all to settle next week. Approx \$30bn in ST Bills will mature on the Fed balance sheet and will 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 %
6-12 Jun	04-Jun	09-Jun	4 week Bill	75			Actual 3.615%	3.630%
	04-Jun	09-Jun	8 week Bill	75			Actual 3.610%	3.615%
	03-Jun	09-Jun	17 week Bill	69			Actual 3.635%	3.630%
				219	224	-5.1		
	08-Jun	11-Jun	13 week Bill	89			Announced	3.630%
	08-Jun	11-Jun	26 week Bill	77			Announced	3.665%
	09-Jun	11-Jun	52 week Bill	50			Announced	3.650%
	09-Jun	11-Jun	6-week Bill	65			Announced	3.625%
				281	281	0.3		
			Total - securities settling this week	500	505	-5		
			Net New Cash Raised Qtr to Date	5642	5471	171		
			<i>Estimated Net Cash to be Raised Q2 (\$ Bn)</i>			<i>189</i>		
			Face value of US Federal Reserve SOMA securities maturing	\$B				
			Maturing & reinvestment					
		09-Jun	ST Bills	11.8				
		11-Jun	ST Bills	18.1				
				29.8				
			Upcoming Auctions	\$B				
	09-Jun	15-Jun	3yr Note	58				
	10-Jun	15-Jun	10yr Note	39				
	11-Jun	15-Jun	30yr Bond	22				
				119				

Reserve Management Purchase (RMP) Operations

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

SOMA Reinvestment – June 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 & Q3 2026

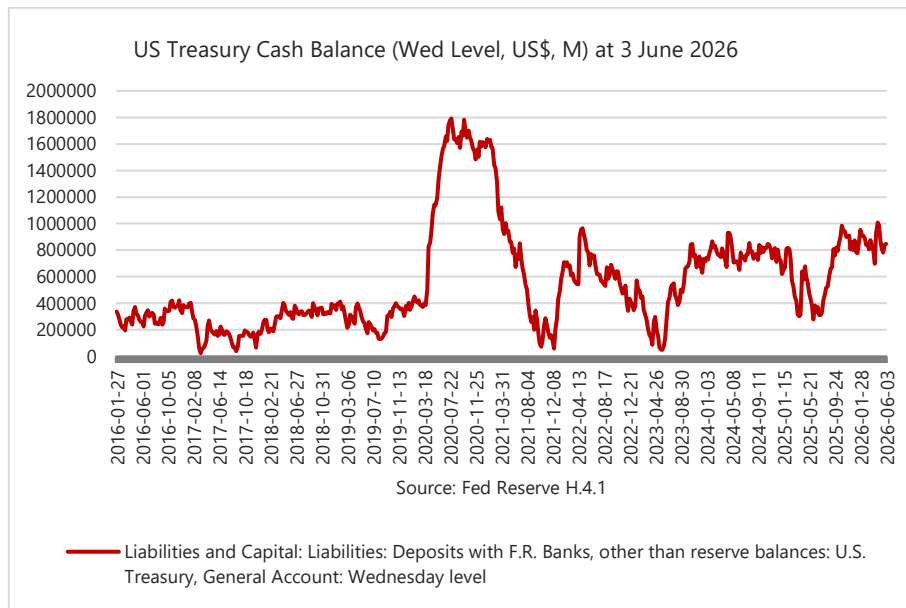
The latest update of the US Treasury borrowing requirements for Q2 (final) and Q3 2026 (estimate) can be found on the US Treasury website [here](#). The next update will be w/c 3 Aug 2026.

Updated Q2 estimates: Treasury expects to borrow \$189 billion in privately held net marketable debt (+\$79bn higher than initial estimates), assuming an end-of-Jun cash balance of \$900 billion.

Estimated Q3 borrowing requirement: Treasury expects to borrow \$671 billion in privately-held net marketable debt, assuming an end-of-September cash balance of \$950 billion.

US Treasury Cash Levels (TGA)

As of Wed 3 Jun 2026, the level of the TGA increased to \$846bn (+\$3bn compared to the week prior). The TGA balance is now approx. \$469bn *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 8 JUNE 2026

MONDAY 8 JUNE (US Eastern Time, unless stated otherwise)

Japan	GDP Q1 - Final
Europe	Germany Factory Orders (Apr)
US	CB Employment Trends Index (May)
Australia	NAB Business Confidence and Conditions Survey (May)
China	Trade Balance, Exports, and Imports (May) - tbc

TUESDAY 9 JUNE

Europe	Germany Industrial Production (Apr)
US	NFIB Small Business Optimism Survey (May), Goods & Services Trade Balance – Final (Apr), Existing Home Sales (May)
Japan	PPI (May)
China	CPI & PPI (May) - tbc

WEDNESDAY 10 JUNE

US	MBA Mortgage Applications wk ending 6 Jun, CPI (May)
Canada	BoC Monetary Policy Meeting

THURSDAY 11 JUNE

Europe	ECB Monetary Policy Meeting
US	Initial Jobless Claims wk ending 6 Jun, PPI (May)

FRIDAY 12 JUNE

UK	GDP Monthly (Apr)
US	Michigan Consumer Sentiment Survey – prelim (Jun)
