

Weekly Macro Outlook: Evolving Balance of Risks

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 22, 2026.

Key Focus This Week:

- *Central banks: Speeches - Fed, RBA, ECB, BoC*
 - *Major data: US PCE inflation, spending & income, US GDP Q1 Final, Canada & Tokyo CPI, Aus CPI & labour market, S&P Prelim PMIs*
 - *Key themes: Strait of Hormuz open, UK PM/leadership change*
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Recap of Last Week

The positive and substantial developments in the geopolitical backdrop have led to an evolving balance of risks that were reflected in central bank decisions last week.

This first stage of the agreement between the US and Iran was finalised last week and provides for the crucial reopening of the Strait of Hormuz. While both sides will engage in more detailed negotiations over the next two months, this reopening allows for the severe disruption to oil flows to begin the process of normalising. Posturing over the weekend highlights that this is likely to be a bumpy and uncertain process – but the key point is that the Strait is open and tanker traffic is beginning to pick up.

Central Bank Decisions

While geopolitical caution remains elevated, central banks are managing realised domestic inflation against this shifting balance of risks. A lower-than-expected peak in energy prices has improved the inflation outlook, but whether underlying inflation follows oil prices lower remains an important test for monetary policy.

FOMC: A New Fed Regime

We had expected the Fed to adjust its policy bias at this meeting, but the FOMC instead delivered a more significant operational and philosophical shift under newly appointed Fed Chair Kevin Warsh. There were several achievements in this first meeting: a reset of the dovish expectations of this new Fed Chair, the removal of forward guidance to restore the integrity of market pricing signals for the Fed, and the presentation of a broad reform agenda.

- The Inflation Mandate: Reaffirming the 2% inflation target was the overriding theme of both the decision and press conference. The mission was unambiguous - to re-establish

the Fed's capability and commitment to deliver price stability, after years of running above target. This was an important step in resetting the dovish expectations of Chair Warsh.

- Removal of Forward Guidance: The Fed has dropped the use of forward guidance, and significantly reduced its decision statement, which is a defining feature for how Chair Warsh sees the Fed working in the future:

"Financial market prices are probably the most important source of information to guide central bankers. But when all the financial markets are doing is reflecting back what we've said, then we're taking the most important source of information and we're being blind to it." Fed Chair Warsh, [Press Conference](#), 17 June 2026

This is a pivotal change. It marks an important juncture for markets to begin to reprice rate expectations on growth, inflation, and labor market conditions, rather than simply track the Fed's next implied move. Chair Warsh underscored this by openly downplaying the predictive value of the 'dots,' explicitly steering markets away from relying on them as guidance.

- Institutional Reform: The establishment of at least five task forces was announced, providing a fresh look at Fed operations and building a Fed that is "fit for purpose and focused on the future". These groups will focus on communications, the balance sheet, data sources and uses, productivity & jobs, and the inflation framework. This serves as an institutional acknowledgement of technology's role in driving structural change in the economy, while reforming the data, systems, and inflation models that led to persistent, above-target inflation in recent years.
- The Debate: A Hawkish or Dovish Fed? While the affirmation of the Fed's 2% inflation target is hawkish, with inflation still well above that target, the new Fed Chair positioned himself for maximum flexibility to react to data and markets over the next six weeks. At the same time, Chair Warsh provided dovish undertones: that a strong labor market amid a solid economy is not necessarily a reason to hike rates, and productivity-led growth is "something to be embraced".
- Meeting Decision & Market Reaction: The FOMC held policy settings steady at 3.5%-3.75%. US inflation is above target, and the economy is growing at a solid pace despite elevated uncertainty. Productivity growth and capital investment are both strong. Job gains have kept pace with the workforce, and the unemployment rate has changed little. Chair Warsh characterised the restrictiveness of current policy settings as "uneven", seeing it as "somewhat restrictive" for the housing market, but less restrictive looking at financial markets. Since the meeting, markets have begun to price in several rate hikes through year-end. However, the evolution of the data and geopolitical risks over the next six weeks will be crucial to the path of the FFR. For now, markets are beginning to price in a [hike at the Sept meeting](#) (source: CME FedWatch).

Outside of the US, central banks also remain cautious on inflation.

The BoJ Hike – Retaining a Tightening Bias

The BoJ raised rates by 25bps to 1% as expected. This decision is a careful balancing act in line with its commitment to normalisation: transitioning away from ultra-easy policy while ensuring

settings still support the underlying economy. The BoJ is attempting to sustain the 'virtuous' wage-income cycle and cushion the economy from an oil-driven deceleration, while simultaneously containing the rapid business-to-business pass-through of higher energy costs into broader inflation. Conditions remain accommodative, and while inflation has been approaching 2%, the BoJ retained its hiking bias.

The BoE Hold – Hawkish Hold

The MPC kept rates on hold at 3.75% as expected. The decision noted that markets had done the tightening for them in the interim. A larger downward surprise on inflation had largely allowed the Committee to look through higher energy prices, but pass-through risks and concerns remain elevated. While there were still upside inflation risks, the MPC noted that signs of a weakening economy could contain inflationary pressures. The policy path depends primarily on the outlook for second-round effects on inflation, with policy either remaining "restrictive for longer, or becoming more restrictive".

The RBA Pause – Maintaining a Tightening Bias

The RBA stayed on hold after hiking three times earlier this year. Those consecutive increases (Feb, Mar, and May) have fully unwound the three cuts made at the start of 2025, bringing the policy rate back up to the post-pandemic peak of 4.35%. The Board emphasised that inflation in Australia was not just a function of higher energy prices and the Middle East conflict. Inflation had been rising from late 2025 and early 2026, caused by domestic "capacity pressures". While the RBA paused here to assess the lagged effects of its previous hikes, it noted that higher fuel prices are "passing through to the prices of other goods and services, so inflation is likely to remain high for some time." As a result, the RBA maintained a tightening bias.

The Week Ahead: What We Are Watching

While the geopolitical backdrop is likely to follow a volatile, bumpy path, continued progress towards the resumption/normalisation of oil flows remains the key issue to watch. So far, news on tanker flows appears to be mixed.

With central bankers increasingly focused on the inflation and pass-through risks of the energy shock, the week ahead will provide an important update on inflation for the US, Canada, Australia, and an early read on the Tokyo CPI for June. While these May inflation prints are backwards-looking relative to the recent easing in energy prices, they will provide an important signal on the persistence of underlying inflation pressures.

Updates on US domestic activity, including income and spending for May, the final estimate for Q1 GDP, and durable goods orders for May, will help assess the resilience of domestic demand.

The prelim S&P PMI's for the US, Europe, UK, and Australia will provide a broader update on growth momentum and price effects through the last month of Q2.

US PCE Inflation for May

The Fed-preferred PCE inflation data for May will be important in the context of the new Fed regime of no more forward guidance – so it will be important how markets react to the inflation print.

- Headline PCE inflation is expected to increase by +0.38% over the month in May (from +0.4% in April), while annual inflation is expected to increase to +4% over the year from +3.8% in April. The latest median Fed projection has headline PCE inflation easing back to +3.6% by the end of the year.
- Core PCE inflation is expected to increase by +0.24% over the month in May, on par with April. Annual core PCE inflation is expected to be unchanged at +3.3%. The latest median Fed projection has core PCE remaining at +3.3% at the end of the year.

US Growth Outlook

Last week, stronger-than-expected growth in retail sales for May helped to offset some further weakness in new housing starts, leaving the latest [Atlanta Fed GDP nowcast](#) for Q2 GDP around the 3% run rate. This week, personal spending, income, durable goods orders, and the prelim trade balance for May will provide a broader update on US economic activity.

- Personal income growth is expected to rebound to +0.4% over the month in May, up from 0% in April.
- Personal spending growth for May is expected to increase to +0.6%, up from +0.5% in April. Changes in the income less spending surplus (“savings”) should provide an indication of the degree to which households are still absorbing higher prices, including energy.
- The final estimate for Q1 GDP is expected to confirm growth of +1.6% annualised.
- Durable Goods Orders for May are expected to fall by -4.7% after a larger +8% increase over the month in April.
- The prelim Goods Trade Balance for May will be released at the end of the week.

Fed Speeches

There will be several Fed speeches this week, though are not likely to be substantive on the policy outlook or the new Fed direction. Fed Governor Waller is expected to give opening remarks, and there will be several speeches by NY Fed Williams through the week.

Canada CPI – May

- Headline inflation for Canada is expected to firm to +0.7% over the month in May, up from +0.4% in April. Annual headline inflation is expected to edge higher from +2.8% recorded in April.
- At the same time, underlying inflation is expected to be unchanged. The BoC measures of annual core inflation – the trimmed mean and median – are expected to be unchanged at +2% and +2.1% respectively for May.

Australia CPI & Labour Market - May

- Headline CPI is expected to fall by -0.4% over the month in May, but still increase to +4.3% over the year (from +4.2% in April).

- The trimmed mean core inflation is expected to increase by +0.3% over the month (unchanged from April), and is expected to edge higher to +3.5% over the year.
- The labour market report is expected to show a rebound in employment growth of +30k (after falling by -18k in April). The unemployment rate is expected to fall back to 4.4% (from 4.5% in April).

Tokyo CPI – Jun

- The BoJ preferred core CPI ex fresh food is expected to increase to +1.6% over the year in Jun, from +1.3% in May.

Other key events:

- S&P prelim PMIs for June will provide an update on growth momentum and price pressures, into the last month of Q2.
- Broader negotiations between the US and Iran will continue over the next 60-days.
- UK: Labour candidate, Andy Burnham, won the Makerfield by-election. This week, current UK PM, Kier Starmer, is expected to announce his plan to step down.

US Treasury Issuance: 22 – 26 June 2026

This week, the US Treasury will auction and settle approx. \$486bn in ST Bills, FRN's, and Bonds, raising approx. \$7bn in new money. The US Treasury will also auction the 2-year, 5-year, and 7-year Notes this week – to settle on 30 June. Approx \$29bn 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 %
22-26 Jun	18-Jun	23-Jun	4 week bill	70			Actual 3.580%	3.595%
	18-Jun	23-Jun	8 week bill	75			Actual 3.640%	3.610%
	17-Jun	23-Jun	17 Week Bill	69			Actual 3.670%	3.665%
				214	236	-22		
	22-Jun	25-Jun	13 week bill	89			Announced	3.640%
	22-Jun	25-Jun	26 week bill	77			Announced	3.680%
	23-Jun	25-Jun	6-week bill	65			Announced	3.600%
				231	243	-12		
	24-Jun	26-Jun	2yr FRN	28			Announced	0.089% (disc margin)
	16-Jun	22-Jun	20-Year Bond	13			Actual 4.927%	5.122%
				41	0	41		
			Total - securities settling this week	486	479	7		
			Net New Cash Raised Qtr to Date	6692	6486	206		
			<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					
		23-Jun	ST Bills	13.2				
		25-Jun	ST Bills	15.9				
				29.1				
			Upcoming Auctions	\$B				
	23-Jun	30-Jun	2yr Note	69				
	24-Jun	30-Jun	5yr Note	70				
	25-Jun	30-Jun	7yr Note	44				
				183				

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

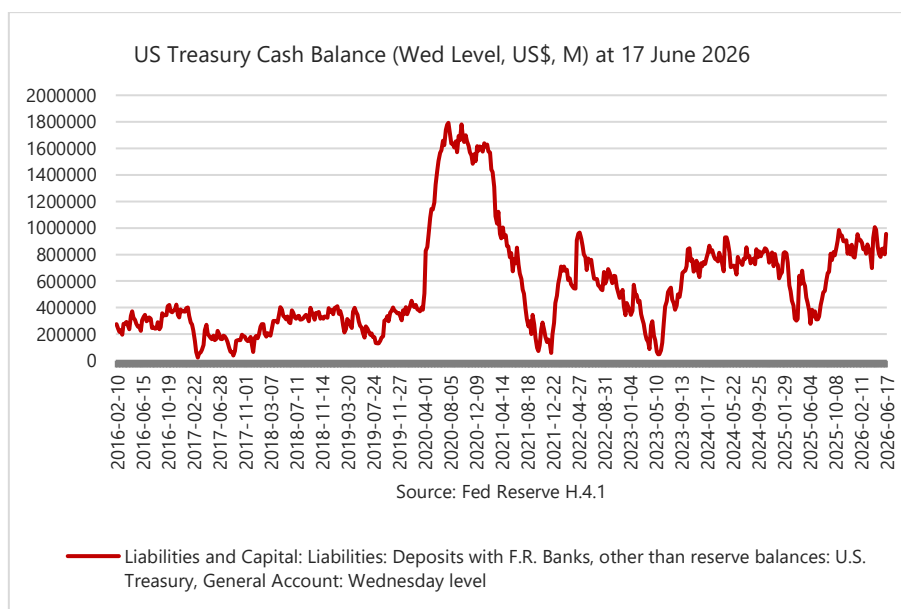
The latest update of the US Treasury borrowing requirements for Q2 (final) and Q3 2026 (estimate) can be found on the US Treasury website [here](#). The next update will be w/c 3 Aug 2026.

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 17 Jun 2026, the level of the TGA increased to \$956bn (+\$155bn compared to the week prior). The TGA balance is now approx. \$572bn *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 22 JUNE 2026

MONDAY 22 JUNE (US Eastern Time, unless stated otherwise)

Canada	CPI (May)
US	Fed speeches: Gov Waller (opening remarks)
Australia	S&P Prelim PMI – Manufacturing & Services (Jun)
Japan	S&P Prelim PMI – Manufacturing & Services (Jun)

TUESDAY 23 JUNE

Europe	Eurozone S&P Prelim PMI – Manufacturing & Services (Jun)
UK	S&P Prelim PMI – Manufacturing & Services (Jun)
US	S&P Prelim PMI – Manufacturing & Services (Jun), Richmond Fed Manufacturing Index (Jun)
Australia	CPI (May)

WEDNESDAY 24 JUNE

US	MBA Mortgage Applications wk ending 20 Jun, New Home Sales (May)
Australia	Labour Market Survey (May)

THURSDAY 25 JUNE

US	Initial Jobless Claims wk ending 20 Jun, PCE Inflation (May), Personal Income & Spending (May), GDP – Final Est Q1, Durable Goods Orders (May), Kansas City Fed Manufacturing Index (Jun), Fed speeches: Williams, Goolsbee
Japan	Tokyo CPI (Jun)

FRIDAY 26 JUNE

US	Goods Trade Balance – prelim (May), Michigan Consumer Sentiment – Final (Jun), Fed speeches: Williams
Australia	(Saturday 27 Jun) Panel: RBA Governor Bullock
