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Weekly Macro Outlook
w/c 27 July 2026

Weekly Macro Outlook: Central Bank Preview

This Weekly Macro Outlook highlights the key economic data releases, central bank events & speeches, and macro themes shaping global markets for the week of July 27, 2026.

Key Focus This Week:

- *Central banks: FOMC, BoE, & BoJ Monetary Policy Meetings*
- *Major data: US PCE Inflation & Q2 GDP, Euro area CPI & Q2 GDP*
- *Key themes: US-Iran conflict, Q2 tech earnings*

Recap of Last Week

Last week's CPI prints for Canada, NZ, the UK, and Japan provided some mixed news on inflation, but generally showed progress on easing headline inflation in June, consistent with the respite in energy markets. The S&P prelim PMI's for July also painted a positive picture of the growth backdrop at the start of Q3. However, the brief respite on energy prices may now be in the rearview mirror due to a resumption in hostilities and a broadening of supply chain chokepoints. The latest developments suggest diplomatic talks are underway between the US and Iran, but the situation remains fragile and volatile. Last week, the ECB kept policy rates on hold and avoided signalling its next move. The ECB also highlighted what is becoming the key policy question facing major central banks: whether persistently higher energy prices risk broadening inflationary pressures beyond the initial shock. This dilemma is likely to be echoed across the key central bank meetings this week.

<u>Inflation Reports Mixed for June</u>

Consistent with falling energy prices in June, headline inflation eased across most of the global CPI reports last week. But reports were mixed.

Canada's headline and core inflation both slowed in June. Headline CPI slowed to +2.8% in Jun (from +3.2% in May), as gasoline prices fell in the month. The BoC's preferred measures of core inflation (trimmed mean and median) also slowed further to +1.8% and +1.9%, respectively. Slowing core inflation continues to support the BoC in looking through the headline inflation shock, keeping policy on hold to assist structural trade rebalancing. But with headline inflation set to rebound, the BoC will need to maintain its cautious balance between concerns over energy effects becoming broad-based persistent inflation and growth risks as the economy is faced with further tariff headwinds.

NZ headline CPI for Q2 came in higher than expected at +4% over the year, from (+3.1% in Q1). The CPI report covered Q2, which included the timing of both higher and lower energy prices. The good news for the RBNZ was that underlying inflation, especially non-tradable (domestic-led) inflation, was little changed despite the sharp increase in headline inflation. The RBNZ recently raised its policy rate by 25bps in July, to begin removing some policy accommodation, to bring inflation back to target without causing “unnecessary economic instability”.

UK headline inflation for June slowed to +2.6% (from +2.8%). However, core inflation was unchanged at +2.6% as services inflation remained elevated at +3.6%. The BoE meets this week and is expected to keep policy settings unchanged. At its last meeting, the BoE highlighted that the risks of second-round effects were ”greater, the longer higher energy prices persist”. The stickiness of core inflation is likely to remain a key concern.

Finally, Japanese CPI increased across both headline (+1.7%) and core ex fresh food measures (+1.6%) *over the year*. However, the signal from headline CPI remains distorted by substantial government subsidies. Looking at the BoJ’s underlying inflation measures, which strip out these “institutional effects”, reveals that price pressures are actually running much firmer (as seen in May, where standard core was +1.4% but ex-institutional core stood at +2.7%). While this underlying strength reinforces the case for further BoJ policy normalization down the road, the BoJ is expected to hold rates steady this week, but maintain its bias to remove policy accommodation.

<u>S&P Prelim PMIs July: Solid Expansion</u>

Despite inflation fears, the July prelim PMIs showed growth momentum remained strong among key developed economies.

- Expansion Broadens: The expansion in manufacturing activity that has been underway continued to broaden out and remained at a moderate pace. The bigger change this month was the lift in services sector output with a return to more widespread growth across most countries.
- Employment Mixed: Hiring reports were mixed, with the UK noting further falls, stable conditions in Aus, but strengthening employment in the US and Euro area reports.
- Inflation Pressures Increased: Inflation reports were mixed as energy prices increased throughout the survey period. Of note were rising/reaccelerating prices reported in Japan, the UK, and the US.

<u>ECB – Policy on Hold Amid Uncertainty</u>

After hiking at its last meeting, the ECB kept policy rates on hold at 2.25% and avoided signalling its next move for now. The Governing Council emphasized that it remains well-positioned to navigate high uncertainty while maintaining a meeting-by-meeting, non-pre-committed stance. Its central concern remains the upside risks from a persistent energy shock, specifically that the conflict could intensify and last longer than expected, increasing the likelihood of broader inflation through indirect and second-round effects.

The Week Ahead: What We Are Watching

The focus remains on key central bank meetings this week, as policymakers assess whether persistent geopolitical uncertainty and energy volatility are beginning to alter the balance of inflation and growth risks.

The FOMC, BoE, and BoJ will meet this week – and all are expected to keep policy settings unchanged at this time.

The key policy question for the FOMC this week is whether recent developments have changed the Committee's assessment of the degree of policy restrictiveness. Any shift in that view is important as the Committee's assessment of restrictiveness is the framework through which future policy decisions will be made.

<u>Central Bank Decisions</u>

FOMC Meeting – Hold Expected

The Minutes from the previous June meeting revealed a division within the Committee over the assessment of policy restrictiveness. Some members judged that policy was not restrictive, given the resilience in growth and inflation, while others viewed current settings as still slightly restrictive and favoured holding policy unchanged.

- Decision: The FOMC is expected to keep policy settings unchanged.
- Forward Guidance: Consistent with Chair Warsh's communication framework, no explicit forward guidance is expected. However, details of dissents may hold some signal – especially for whether support for additional restraint has grown or not. For now, 'no guidance' works in favor of retaining optionality, especially as energy prices and the conflict remain volatile.
- Policy Restrictiveness: Looking for any hints in the decision that the balance of committee members assessing restrictiveness has changed at this stage.
- Press Conference: We'll look for changes in the characterization of growth, the labour market and inflation, particularly whether the assessment of the persistence of inflation risks has evolved. Recent speeches have focused on the spillover from AI-related investment, evolving tariff settings and energy-led pass-through risks.

The BoE – Hold Expected

- The BoE is expected to stay on hold at this meeting.
- The assessment of inflation risks will be important – and recent inflation reports have surprised to the downside. With energy prices rising again, a key focus will be on any evidence of second-round effects.
- Guidance is expected to be little changed: meeting-by-meeting, ready to act, looking for second-round effects of energy-led pass-through to domestic inflation, and policy either restrictive for longer, or becoming more restrictive.

The BoJ – Hold Expected

- The BoJ is expected to stay on hold at this meeting.
- The bias towards further policy normalization is expected to remain unchanged.

US Inflation & Growth Data

US PCE Inflation June

While backward-looking, the latest US PCE inflation result for June is expected to highlight sticky underlying inflation, despite an expected fall in headline inflation. Based on the latest Cleveland Fed PCE Inflation nowcast:

- Headline PCE inflation is expected to fall by -0.1% over the month in Jun (from +0.5% in May). Annual headline PCE inflation is expected to ease to +3.7% (from +4.1% in May).
- Core PCE inflation is expected to increase by +0.2% over the month in Jun (from +0.3% in May). Annual core PCE inflation is expected to slow modestly to +3.3% in Jun (from +3.4% in May).

US Growth

- Advance Q2 GDP (first est) is expected to increase to +2.3% annualized (from +2.1% in Q1).
- Personal income for Jun is expected to increase by +0.3%, down from +0.7% in May.
- Personal spending for Jun is expected to increase by +0.4%, down from +0.7% in May.

Euro Area Growth & Inflation

- The prelim release of Q2 GDP is expected to show growth rebounding by +0.2% over the quarter, up from -0.2% in Q1.
- The prelim Euro area CPI report for July will provide an early read on the renewed inflation pressure from the latest spike in energy prices. There will be a range of country-level reports through the week leading up to the broader Euro area release. Headline CPI is expected to increase to +2.9% in Jul, up from +2.8% in Jun. Core CPI is expected to remain unchanged at +2.4%.

Australia Q2 CPI

- This will be the important inflation report leading up to the RBA meeting on 10-11 Aug.
- The Q2 trimmed mean (core) inflation rate is expected to increase by +0.9% over the quarter, up slightly from +0.8% in Q1. The annual trimmed mean rate is expected to increase by +3.7% in Q2, up from +3.5% in Q1.
- The RBA Governor will give an annual speech at the Anika Foundation – and this is usually an important speech in the RBA calendar for any policy shifts.

US Treasury Issuance: 27 - 31 July 2026

This week, the US Treasury will auction and settle approx. $782bn in ST Bills, Notes, TIPs, & FRNs, raising approx. $120bn in new money. Approx $61.5bn in ST Bills, Notes, Bonds, and FRNs 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) $B	Actual	Prior Auction High Rate %
27-31 July	23-Jul	28-Jul	4 week bill	110			Actual 3.730%	3.660%
	23-Jul	28-Jul	8 week bill	100			Actual 3.795%	3.650%
	22-Jul	28-Jul	17-week bill	72			Actual 3.845%	3.745%
				282	211	71		
	27-Jul	30-Jul	13 week bill	92			Announced	3.730%
	27-Jul	30-Jul	26 week bill	79			Announced	3.835%
	28-Jul	30-Jul	6-week bill	95			Announced	3.650%
				266	227	39		
	23-Jul	31-Jul	10yr TIPS	21			Actual 2.438%	2.169%
	28-Jul	31-Jul	7-Year Note	44			Announced	4.260%
	27-Jul	31-Jul	5-Year Note	70			Announced	4.200%
	27-Jul	31-Jul	2-Year Note	69			Announced	4.189%
	29-Jul	31-Jul	2-Year FRN	30			Announced	0.079%
				234	223	11		
			Total - securities settling this week	782	662	120		
			QTR to date totals	**2,801**	**2,435**	**366**		
			Estimated Net Cash to be Raised Q3 ($ Bn)			*671*		
	Face value of US Federal Reserve SOMA securities maturing			**$B**				
		Maturing & reinvestment						
		28-Jul	ST Bills	16.9				
		30-Jul	ST Bills	18.7				
		31-Jul	Notes, Bonds, & FRNs	25.9				
				61.5				

Reserve Management Purchase (RMP) Operations

Operations began on 12 Dec 2025. See announcement here. See operation details and announcements here and here.

SOMA Reinvestment – July 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 Q3 2026

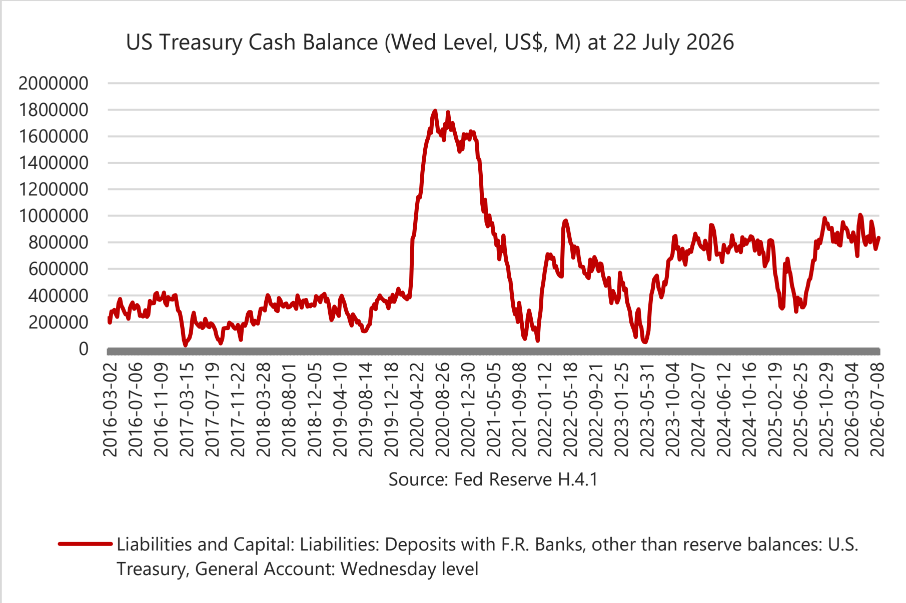
Estimated Q3 2026 borrowing requirement: The US Treasury expects to borrow $671 billion in privately-held net marketable debt, assuming an end-of-September cash balance of $950 billion.

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. As of Wednesday, 1 July, the level of the TGA was $807bn.

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 next week w/c 3 Aug 2026.***

US Treasury Cash Levels (TGA)

As of Wed 22 July 2026, the level of the TGA increased further to $835bn (+$39bn compared to the week prior). The TGA balance is now approx. $502bn *higher* than the same week a year ago.



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CALENDAR W/C 27 JULY 2026

MONDAY 27 JULY (US Eastern Time, unless stated otherwise)	
US	Durable Goods Orders (Jun)
Australia	**RBA Governor Bullock speech**

TUESDAY 28 JULY	
US	S&P Case/Shiller House Price Index (May), CB Consumer Confidence (Jun), Richmond Fed Manufacturing Index (Jul)
Australia	**CPI (Q2)**

WEDNESDAY 29 JULY	
US	MBA Mortgage Applications wk ending 25 Jul **FOMC Monetary Policy Decision**

THURSDAY 30 JULY	
Europe	Euro area GDP – Prelim Q2, Germany CPI – Prelim (Jul)
UK	**BoE Monetary Policy Decision**
US	Initial Jobless Claims wk ending 25 Jul, GDP – Advance Q2, **PCE Price Inflation (Jun)**, Personal Spending & Income (Jun)
Japan	Tokyo CPI (Jul), Industrial Production - Prelim (Jun), Retail Sales (Jun) **BoJ Monetary Policy Decision**
Australia	Private Sector Credit (Jun), PPI Q2
China	NBS Manufacturing & Non-Manufacturing PMI (Jul)

FRIDAY 31 JULY	
Europe	**Euro area CPI – Prelim (Jul)**
US	Employment Cost Index (Q2), Chicago PMI (Jul), Michigan Consumer Sentiment – Final (Jul)
Canada	GDP Monthly (May)