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Weekly Macro Outlook

w/c 21 September 2026

Weekly Macro Outlook: Growth Resilience

This Weekly Macro Outlook highlights the key economic data releases, central bank events & speeches, and macro themes shaping global markets for the week of September 21, 2026.

Key Focus This Week:

- *Central banks: Fed speeches: Vice Chair Jefferson & NY Fed Williams, RBA Governor Bullock*
- *Major data: S&P Global PMIs preliminary Sept, US durable goods orders, Aussie labour market*
- *Key themes: Trump/Xi Meeting, Middle East conflict developments*

Recap of Last Week

Last week's central bank decisions, policymaker speeches, and global CPI data reflected an increasingly hawkish near-term outlook. Resurgent energy and commodity prices driven by the ongoing Middle East conflict, tightening supply conditions, and strong demand associated with AI investment have reignited headline inflation and upside inflation risks. These pressures are making it increasingly difficult for central bankers to "look through" the inflationary effects of the supply shocks. Against a backdrop of resilient economic activity, several central banks prioritized their price stability mandate, framing rate hikes as removing policy accommodation in order to keep inflation expectations anchored and to ensure the achievement of the inflation target.

FOMC – HIKE

The key decision last week was the FOMC's unanimous 25bps rate hike to 3.75%-4.0%. Fed Chair Warsh framed this as removing a "dose of accommodation" to support a return to the inflation target on a "timelier basis". The decision comes against a backdrop where financial conditions are not restrictive, the labor market is in "good shape", and the domestic economy is strengthening. We'll likely find out more detail on how the new Fed framework works in practice (market expectations versus participant assessments) when the Minutes are released.

- Strategic Focus: The Fed continued to prioritize price stability, with risks tilted firmly to the upside. The latest SEP showed the achievement of the 2% inflation target now pushed out to 2029. The strength in the growth backdrop is reflected in the solid US labor market, with risks now seen as broadly balanced.
- The Decision: The Committee assessed that recent inflation data had not met Chair Warsh's Jackson Hole standard where "underlying inflation (is) moving toward 2%, clearly and at sufficient speed." Based on the read-through from Aug CPI and PPI, Fed-preferred PCE inflation is tracking likely at ~3.6% YoY amid broadly rising commodity prices.

- Policy Stance: Chair Warsh continued to characterise financial conditions as not restrictive. The decision to hike was characterised as "removing a dose of accommodation".
- Trajectory & Guidance: The updated SEP projects the FFR rising to 4.1% (median) by year-end, implying one additional 25 bps hike this year, with several committee members also projecting a hike in 2027. Market pricing is currently reflecting this scenario. There was no forward guidance provided, with decisions data-dependent and executed on a meeting-by-meeting basis.

BOE – HOLD

The BOE voted 6–3 to hold the Bank Rate unchanged at 3.75%. The decision to stay on hold balanced the effect of a renewed rise in energy prices against existing financial restraint and signs of labour market slack. To help mitigate the rise in UK bond yields, the BoE also announced a pause in its bond sales until April 2027, as well as ending the sale of long-dated bonds altogether.

- Strategic Focus: Inflation risks are tilted further to the upside. While there is limited evidence of material second-round effects from the renewed energy price shock, the risks of such effects are elevated the longer that the conflict and higher energy prices persist. Higher energy prices were a key driver of a further rise in headline CPI to +3.1% in August. Due to rising energy prices, UK inflation was projected to rise above +4% in early 2027.
- Stance: The majority judged that tighter financial conditions were restraining inflation pressures, and for some, emerging slack was helping to moderate inflation pressures.
- Guidance: The longer elevated energy prices persist, the more likely the Bank Rate will need to increase.
- Dissents: The three dissents preferred a hike by 25bps as a risk management measure to mitigate the increased likelihood of second-round effects on inflation and to help anchor inflation expectations.

BOJ – HIKE

The BOJ continued on its path of steady policy normalization as it voted 7–2 to raise its benchmark rate by 25bps to a multi-decade high of 1.25%.

- Strategic Focus: The BOJ continued to prioritise its 2% price stability target, as economic activity broadly develops in line with expectations. Inflation has been approaching the 2% target, but with a risk that underlying inflation will "deviate upward" above the 2% target due to the Middle East conflict, AI-related demand, and "developments in foreign exchange rates". The decision also noted upward pressure from higher PPI input prices had started to spill over into consumer prices.
- Policy Stance: Even after the hike, financial conditions are expected to remain accommodative.
- Guidance: Hawkish forward guidance. The BOJ explicitly confirmed that given accommodative conditions and inflation trends, it will continue to raise the policy rate and adjust accommodation if economic activity and prices evolve as projected.
- Dissents: Two recent Board appointees dissented in favour of a more dovish hold.

RBA Governor Bullock – Testimony Signals Further RBA Tightening

RBA Governor Bullock's testimony to the Australian House of Representatives signaled that further monetary tightening is likely. Governor Bullock noted that some of the upside risks highlighted recently in the Statement on Monetary Policy for August already "appear to be materialising". These risks included higher energy prices from the Middle East conflict, the AI boom, and extreme weather events. Governor Bullock also highlighted that the inflation risks facing Australia are part of a broader global shock:

> *We are **not alone in being concerned about this** – central banks in many other advanced economies are responding to this global inflation shock by increasing their policy rates or signalling they will do so if needed. – RBA Governor Bullock, Testimony, 18 Sept 2026*

The RBA meets next week on 29 September. Markets are currently pricing two further rate hikes through to mid-2027 (Source: RBA rate Tracker).

Global Headline CPI - Higher in August

Across the major economies reporting last week, headline CPI either remained elevated or increased in August, largely reflecting higher energy prices. Importantly, this has not yet translated into an acceleration in core or underlying inflation.

- Canada: Headline CPI was unchanged at +3.0%, while CPI ex-gasoline increased to +2.4%. BOC core measures remained around +2%.
- UK: Headline CPI increased to +3.1%, while underlying inflation remained at +2.6% and services inflation at a still elevated +3.4%.
- Euro area: Headline CPI increased to +3.2%, while core inflation eased slightly to +2.4%.
- Japan: Headline CPI was unchanged at +1.9%, while BoJ core CPI ex fresh food eased to +1.7%. Adjusted measures prepared by the BOJ excluding government policy distortions (institutional factors) suggest underlying inflation remains higher, at around 2.3%.

The Week Ahead: What We Are Watching

With headline inflation pressures rising and central banks becoming more hawkish, the key question is whether the growth backdrop remains resilient. While it will be a relatively quiet data week, the focus shifts to the latest preliminary S&P PMIs for Sept providing a view on growth momentum through the end of Q3. US Fed speakers may provide an opportunity to hear more about last week's rate hike, while Australian labour market data will provide another important input ahead of the RBA's September meeting.

S&P Global Preliminary PMIs – September

Through Q3 so far, momentum in manufacturing has remained elevated and stable, while services momentum has rebounded.

US Fed speeches

While speeches this week are not specifically focused on the "economic outlook" topic, there may be an opportunity for some speakers to talk about their decision to support the 25bps hike last week.

Speeches of note this week: Vice Chair Jefferson (Discount Window Modernization and Treasury Market Functioning). NY Fed President Williams will also speak throughout the week. Governor Barr will speak on Housing (at the Housing Affordability 2026: A Community Development Summit).

US Data – Growth Update

The US data calendar is light this week, but will provide an update of the near-term US growth outlook.

The Atlanta Fed GDP nowcast for Q3 growth increased to +5.1% last week. This was led by the strong rebound in retail sales growth in August as the retail control increased by +1.4% in nominal terms over the month, up from -0.4% in July. Both housing permits and new starts (housing starts contribute to GDP) came in lower than expected, though new starts were slightly above the July result – with no material change in contribution to the GDP nowcast.

This week:

- New Home Sales for August are expected to be little changed at 0.619m (annualized), up from 0.609m in July.
- Durable Goods Orders for August are expected to fall by -0.3% after a more solid +1.1% increase in July.

Aussie Labour Market – August

Labour market conditions are expected to be fairly stable in August, providing the RBA with room to continue to prioritize upside inflation risks.

- Employment is expected to increase by +21k in August, from -15.8k in July.
- The unemployment rate is expected to be little changed at 4.5%.

RBA Governor Bullock will speak at a CEDA event early in the week.

US Treasury Issuance: 21 - 25 September 2026

This week, the US Treasury will auction and settle approx. $521bn in T-Bills and FRNs, with a paydown of $13bn. The US Treasury will also auction the 2-year, 5-year, and 7-year Notes this week and will settle at the end of the month. Approx. $37.6bn in T-Bills will mature on the Fed's balance sheet and will be reinvested.

WEEK	Auction Date	Settlement Date	Marketable Securities	Auction Amount $B (TBAC)	Amount Maturing $B	New Money $B		Prior Auction High Rate %
21-25 Sep	17-Sep	22-Sep	4 week bill	90			Actual 3.820%	3.775%
	17-Sep	22-Sep	8 week bill	85			Actual 3.920%	3.845%
	16-Sep	22-Sep	17-week Bill	72			Actual 4.030%	3.895%
				247	274	-27		
	21-Sep	24-Sep	13 week bill	92			Announced	3.970%
	21-Sep	24-Sep	26 week bill	79			Announced	4.060%
	22-Sep	24-Sep	6-week Bill	75			Announced	3.850%
				246	260	-14		
	23-Sep	25-Sep	2yr FRN (r)	28			Announced	0.055%
				28		28		
			Total - securities settling this week	521	534	-13		
			QTR to date totals	**7,614**	**6,852**	**762**		
			Estimated Net Cash to be Raised Q3 ($ Bn)			*739*		
	Face value of US Federal Reserve SOMA securities maturing			**$B**				
		Maturing & reinvestment						
		22-Sep	T-Bills	21.0				
		24-Sep	T-Bills	16.6				
				37.6				
	Upcoming Auctions			**$B**				
	22-Sep	30-Sep	2yr Note	69				
	23-Sep	30-Sep	5yr Note	70				
	24-Sep	30-Sep	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 – September 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: Q3 2026

The latest update on US Treasury borrowing requirements for Q3 (final) and Q4 2026 (estimate) was released w/c 3 August and can be found on the US Treasury website here.

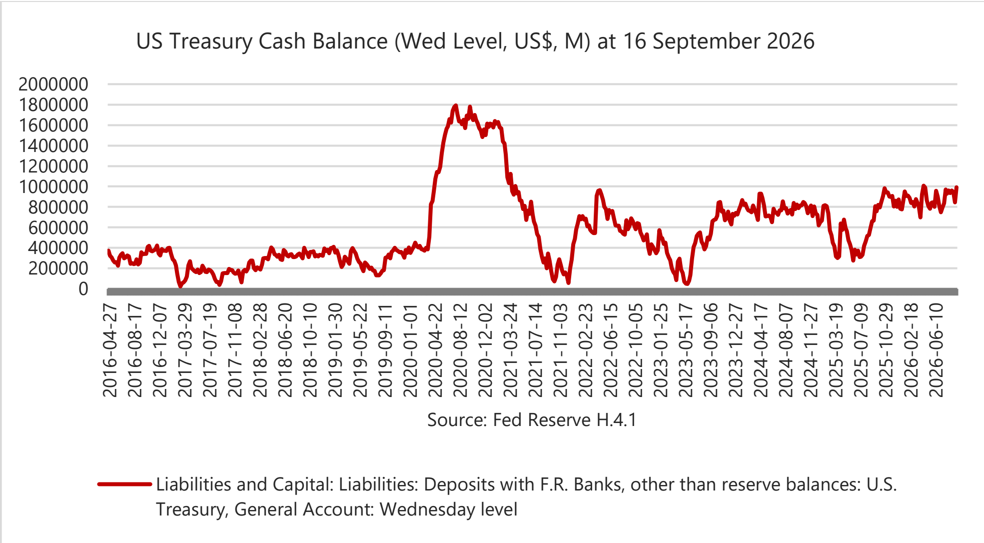
Updated Q3 2026 borrowing requirement: The US Treasury expects to borrow $739 billion in privately-held net marketable debt, assuming an end-of-September cash balance of $950 billion. The borrowing estimate for Q3 is $68 billion higher than announced in May 2026, primarily due to lower projected net cash flows, partially offset by the higher-than-assumed beginning-of-quarter cash balance.

Estimated Q4: Treasury expects to borrow $628 billion in privately-held net marketable debt, assuming an end-of-December cash balance of $850 billion.

Buybacks – A further change to the buyback schedule was announced on 19 August. The US Treasury announced it would increase the size of "liquidity support buyback operations" for longer-dated nominal coupon securities (the 10-year to 20-year sector and the 20-year to 30-year sector). The current maximum size of $2 billion per operation will be at least $4 billion per operation. This will come into effect from 9 September 2026.

US Treasury Cash Levels (TGA)

As of Wed 16 September 2026, the level of the TGA increased to $992bn (+$148bn compared to the week prior). The TGA balance is now approx. $184bn *higher* than the same week a year ago. (Source: US Fed)



CALENDAR W/C 21 September 2026

MONDAY 21 SEPTEMBER (US Eastern Time, unless stated otherwise)	
Canada	BoC Governor Macklem speech
Australia	RBA Governor Bullock speech (at CEDA)

TUESDAY 22 SEPTEMBER	
US	Richmond Fed Manufacturing Index (Sep), Fed speeches: Williams, Jefferson, Barkin
Australia	S&P Manufacturing & Services PMI – Prelim (Sep)

WEDNESDAY 23 SEPTEMBER	
Europe	Eurozone S&P Manufacturing & Services PMI – Prelim (Sep)
UK	S&P Manufacturing & Services PMI – Prelim (Sep)
US	MBA Mortgage Applications wk ending 19 Sep, S&P Manufacturing & Services PMI – Prelim (Sep), Fed speeches: Barr
Japan	S&P Manufacturing & Services PMI – Prelim (Sep)
Australia	Labour Market Survey (Aug)

THURSDAY 24 SEPTEMBER	
US	Initial Jobless Claims wk ending 19 Sep, New Home Sales (Aug), Kansas City Fed Manufacturing Index (Sep), Fed speeches: Williams

FRIDAY 25 SEPTEMBER	
US	Durable Goods Orders (Aug), Michigan Consumer Sentiment – Final (Sep), Fed speeches: Williams.