

Weekly Macro Outlook: FOMC Minutes

This Weekly Macro Outlook highlights the key economic data releases, central bank events & speeches, and macro themes shaping global markets for the week of October 5, 2026.

Key Focus This Week:

- *Central banks: FOMC Minutes, Fed Waller speech*
 - *Major data: US ISM Services PMI Sept & limited US growth inputs, Final Global S&P PMIs Sept*
 - *Key themes: Middle East conflict developments, US mid-term election countdown*
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Recap of Last Week

Last week, Fed communications and US data pushed market expectations for the next rate hike from October to December. Several key Fed speeches signalled a preference for more time to assess data, but without ruling out further tightening. The subsequent data update broadly reinforced this more patient approach: manufacturing momentum moderated from the stronger 'flash' reading, labour market conditions remained relatively firm despite slower payroll growth, and economic growth remained solid. However, inflation remains a constraint on that patience as headline and core PCE inflation were elevated and little changed over the last three months following the methodology update, while risks remain to the upside. This backdrop provides the Fed with some flexibility to wait for further evidence, easing the near-term urgency for tightening without taking further hikes off the table.

Globally, the inflation backdrop remains more challenging. The RBA hiked for a fourth time this year as inflation risks materialised, while headline inflation accelerated in the Euro area, Australia, and Tokyo.

Fed Speeches Push Out Hike Expectations

NY Fed President Williams' speech early in the week pushed back on expectations for an October hike, despite markets having recently priced in at least two further hikes this year. Williams reiterated the importance of a data-dependent approach, noting a preference for more time to assess data in the intermeeting period. Vice Chair Jefferson expressed a similar view, noting that they may want more time before raising rates again. In contrast, [Dallas Fed President Logan](#) favoured at least another 50bps, "or more" of hikes to balance the outlook and risks for the dual mandate goals. She noted that while market participants expect higher rates, she will continue to monitor the recent rise in US yields for its tightening implications. The divergence in views highlights the uncertainty of the timing of further tightening, something we'll find out more about in this week's FOMC meeting minutes.

Data Dependence

The US data update last week broadly supported a more patient approach to further tightening, although inflation pressures remain elevated and some indicators point to further upside risks.

US Manufacturing PMIs September

- The final US S&P manufacturing PMI was revised lower to 55.9 from the more exuberant 57 flash reading. This was still a notable improvement in momentum from 53.9 in August.
- The ISM manufacturing PMI report for September remained little changed at 54.5, consistent with continued robust expansion. This was underpinned by a still moderate expansion in orders and output, resulting in continued lengthening in supplier delivery lead-times. The prices index increased more sharply, rising from an already elevated 71.1 in August to 77.9 in September, indicating higher prices were more widespread in September.

US PCE Inflation (August): Changes to the PCE inflation methodology resulted in inflation rates lowered by approx. 0.3% pts. Following the revisions, both annual headline and core PCE inflation have been little changed over the last three months, but remain elevated.

- Headline PCE inflation was unchanged at +3.4% over the year in August, increasing by +0.3% over the month. Core PCE inflation was unchanged at +3%, rising by +0.25% over the month.
- Both of these measures are still well above a year ago, indicating firming inflation pressures, led in part by higher energy prices.
- In contrast, the annual PCE trimmed mean and PCE median inflation rates have continued to ease, to +2.2% and +2.6%, respectively. This suggests that underlying inflation pressures have not broadened to the same degree as headline and core PCE inflation.

US GDP Growth: Despite the persistence of the energy price shock, US growth has remained solid through the first half of 2026, while Q3 growth tracking (incomplete) is also pointing to a robust pace of growth.

- The final estimate for Q2 growth was revised higher to +2.2% annualized (+0.7% pts from the prior estimate), reflecting upward revisions to consumer, investment, and government spending. The Q2 growth rate remained just below the Q1 annualized growth rate of +2.5%.
- The [Atlanta Fed Q3 GDP nowcast](#) remains elevated, but shifted lower to an annualized pace of +3.7% due mostly to a wider-than-expected goods trade deficit for August and a smaller contribution from personal spending. The run-rate estimate will continue to evolve as September data are released.

US Jobs Report (September): The jobs report showed continued resilience, despite the slower-than-expected payrolls growth.

- Non-farm payrolls increased by only 29k (expecting 98k), while the prior two months were revised lower by 60k. Smoothing through monthly volatility, payroll growth is averaging +50k over the last three months and +66k over the last six months, consistent with a slower pace of hiring.
- Labor income components also showed signs of slowing. While aggregate and average weekly hours worked remain elevated, growth in average hourly earnings continues to slow, now down to +3% over the year and negative in real terms.

- The household survey showed the unemployment rate increasing to 4.2% from 4.1% as more people entered the labor force. Broadly, the employment-to-population ratio remains stable at around 59.2%.
- *Importantly, conditions among the core working age group of 25-54 years were firmer.* The unemployment rate remained at a low 3.6%, while the employment-to-population ratio increased to 80.7% from 80.4% in August, just below the recent peak of 80.9%. Rising participation alongside stronger employment suggests that labor demand in this important group continued to absorb increased labor supply.

Markets have continued to digest this broad update to US growth, inflation, and the labor market. Expectations for the next hike have been pared back and pushed out to December, with markets continuing to price further hikes through mid-2027 (Source: [CME FedWatch](#))

Outside of the US, the inflation backdrop remains challenging, as headline inflation accelerated across the Euro area, Tokyo, and in Australia. The RBA hiked as expected.

RBA Hikes

The RBA hiked rates for the fourth time this year by 25bps to 4.60% - a new high for the current cycle. The unanimous decision was based on some of the upside risks to inflation materialising since the previous meeting. While this includes broader pass-through from higher energy prices and the Middle East conflict, it also reflects inflationary effects from capacity pressures in the domestic economy. The Board judged that a further tightening in financial conditions is warranted to help bring inflation back to the target band "in a reasonable period", and kept the door open to further increases in the cash rate if needed.

Higher Headline CPI – Euro area, Tokyo, and Australia

The Aus monthly CPI for August, released after the RBA meeting, showed headline inflation accelerated to +4% from +3.5% in July. While measures of core inflation (the trimmed mean and median) were unchanged at +3.6% and +3.7%, respectively, they remained elevated and above the RBA's target band.

Euro area (flash) headline CPI for September accelerated to +3.8% over the year, up from +3.2% in August, led by higher energy prices. Core CPI is expected to edge slightly higher to +2.5%.

The Tokyo-area CPI, a gauge of the broader National measure, also accelerated in September. Headline CPI increased to +2.7%, from +1.9% in August, partly reflecting base effects from a -0.6% fall in the month a year ago. However, the Core CPI ex fresh food and energy measure also increased from +2% in August to +3% in September. The monthly pace of this core inflation measures has been running at around +0.4% over the last three months, pointing to some near-term inflation momentum beyond the headline and base effect acceleration.

The Week Ahead: What We Are Watching

The key focus in the week ahead is the FOMC Minutes.

The Minutes will be important for what they reveal about the assessment of inflation persistence, growth resilience, the rationale behind last month's hike, and the conditions that could warrant further tightening.

Fed Governor Waller will also give a speech on the “Economic Outlook” – providing an important perspective for the policy outlook.

It will generally be a quiet week for data releases, but will include the ISM Services PMI and the remainder of the global suite of S&P PMIs for September.

FOMC Minutes & Fed Speeches

The Fed Minutes will be the key release this week, providing more detail on the decision to hike rates in September.

There will also be several Fed speeches this week. The most notable will be Fed Governor Waller on the “Economic Outlook”.

US Growth Data

- The ISM Services PMI for September will be released and is expected to edge higher to 55.7 from 55.4 in August.
- The final trade balance data for August will provide a further update to the current growth tracking for Q3.

Canada Jobs Report – September

- Employment is expected to increase by +9k, after a -41k fall in August.
- The unemployment rate is expected to edge higher to 6.5% from 6.4 % in August.

Final Suite of Global PMIs – September

The remainder of the S&P PMIs for September will be released this week.

US Treasury Issuance: 5 – 9 October 2026

This week, the US Treasury will auction and settle approx. \$542bn in T-Bills, raising approx. \$25bn in new money. The US Treasury will also auction the 3-year Note, 10-year Note, and 30-year Bond this week – all to settle next week. Approx. \$34bn 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	Amount Maturing \$B	New Money or (Paydown) \$B	Actual	Prior Auction High Rate %
5-9 Oct 2025	01-Oct	06-Oct	4 week bill	100			Actual 3.890%	3.850%
	01-Oct	06-Oct	8 week bill	95			Actual 3.990%	3.990%
	30-Sep	06-Oct	17-week Bill	75			Actual 4.115%	4.135%
				270	259	11		
	05-Oct	08-Oct	13 week bill	95			Announced	4.110%
	05-Oct	08-Oct	26 week bill	82			Announced	4.285%
	06-Oct	08-Oct	6-week bill	95			Announced	3.970%
				272	258	14		
			Total - securities settling this week	542	517	25		
			Net New Cash Raised Qtr to Date	858	821	37		
			<i>Estimated Net Cash to be Raised Q4</i>			628		
			Face value of US Federal Reserve SOMA securities maturing	\$B				
			Maturing & reinvestment					
		06-Oct	ST Bills	13.7				
		08-Oct	ST Bills	20.5				
				34.2				
			Upcoming Auctions	\$B				
	06-Oct	15-Oct	3yr Note	58				
	07-Oct	15-Oct	10yr Note	39				
	08-Oct	15-Oct	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 – September & October 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 & Q4 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](#).

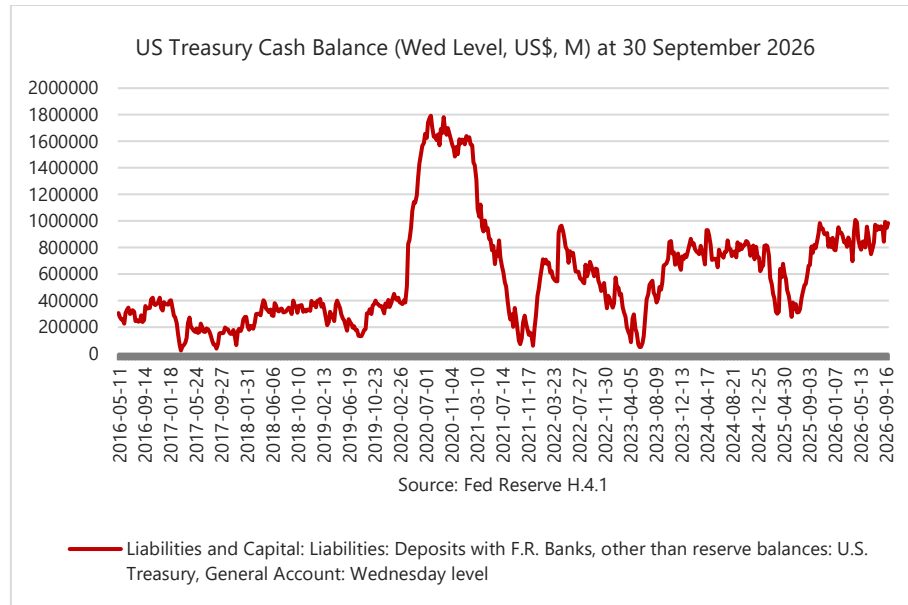
Updated Q3 2026 borrowing requirement: The US Treasury expects to borrow \$739 billion in privately-held net marketable debt, assuming an end-of-September cash balance of \$950 billion. The borrowing estimate for Q3 is \$68 billion higher than announced in May 2026, primarily due to lower projected net 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 30 September 2026, the level of the TGA increased to \$984bn (+\$36bn compared to the week prior). The TGA balance is now approx. \$164bn *higher* than the same week a year ago. (Source: [US Fed](#))



CALENDAR W/C 5 October 2026

MONDAY 5 OCTOBER (US Eastern Time, unless stated otherwise)

Europe	Eurozone PPI (Aug)
US	ISM Services PMI (Sep) , S&P Services PMI – Final (Sep), CB Employment Trends Index (Sep)
Australia	Westpac Consumer Sentiment (Sep)

TUESDAY 6 OCTOBER

Europe	Eurozone Retail Sales (Aug), Germany Factory Orders (Aug)
US	Trade Balance – Final (Aug), Fed speeches: Bowman, Logan, Williams

WEDNESDAY 7 OCTOBER

Europe	Germany Industrial Production (Aug)
US	MBA Mortgage Applications wk ending 3 Oct, NY Fed Inflation Expectations (Sep), Consumer Credit Change (Aug), FOMC Minutes

THURSDAY 8 OCTOBER

US	Initial Jobless Claims wk ending 3 Oct, Wholesale Inventories (Aug), Fed speeches: Waller (Economic Outlook)
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FRIDAY 9 OCTOBER

Canada	Jobs Report (Sep)
US	Michigan Consumer Sentiment – Prelim (Oct), Fed speeches: Collins
