

Weekly Macro Outlook: Global CPI Reports

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 19, 2026.

Key Focus This Week:

- *Central banks: FOMC blackout period*
 - *Major data: global CPI data September – Canada, the UK, NZ, & Japan, S&P Prelim PMIs Oct*
 - *Key themes: Middle East conflict developments, US mid-term election countdown*
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Recap of Last Week

The latest US data reinforce the Fed's assessment that inflation remains elevated and continues to make insufficient progress toward the 2% target. US CPI and particularly PPI came in hotter than expected, while business surveys point to persistent and widespread price pressures, with further increases expected in the months ahead. Meanwhile, the growth backdrop remains resilient. Fed speakers continued to signal little urgency for consecutive hikes at the October meeting, and markets continued to price the next hike for December.

US Inflation – Falling short of the “Sufficient Progress” Threshold

The latest Fed Minutes highlighted that the assessment of US inflation drew on several perspectives – from measured inflation data to surveys and anecdotal reports providing a view of firms' pricing intentions. Using this broad framework, data and surveys released last week show that inflation continued to fall short of the progress threshold, marked by accelerating headline inflation, stalled progress at a core level, and a rising share of firms increasing prices.

CPI: The important top-tier CPI release for September showed headline inflation accelerated by more than expected, core CPI progress has stalled, and underlying inflation measures suggest broadening pressure not just from energy prices.

- **Headline CPI Accelerated:** Headline CPI increased by +3.7% (expecting +3.6%), from +3.3% in Aug. Over the month, the increase was firmer than expected at +0.65% (expecting an already high +0.5% over the month), from +0.4% in Aug.
- **The acceleration in headline CPI in September was mostly due to higher energy prices.** Energy prices increased by +5.2% over the month, and accelerated to +20% over the year. There were several contributors within energy; gasoline prices increased by +9% over the month and by +34% over the year, while household energy prices increased by +0.6% over the month and by +6.2% over the year. There is no signal yet that the conflict in the Middle

East has been resolved, so this element of inflation retains a high level of upside risk for the Fed.

- Progress on Core CPI Disinflation has Stalled: Core CPI increased to +2.6% over the year (expecting +2.4%), from +2.45% in Aug. Over the month, core CPI increased by +0.33% (expecting +0.2%), and was little changed from +0.3% in Aug. Both core goods & core services CPI firmed over the month. So far, core CPI has not tracked the higher trajectory of headline inflation – and remains below the year-ago rate of +3%. *However, the trajectory has shifted sideways, pointing to stalled progress on disinflation.* Fed Committee members had raised concerns over this sideways momentum at the last meeting.
- Firmer Trimmed Mean and Median CPI Measures: These firmer measures point to somewhat higher inflation momentum across a broader range of categories this month. The annual trend for both measures also shifted into a sideways trajectory, but at +2.7% and +2.6%, respectively, both measures remain below a year ago.

PPI: The PPI report surprised to the upside in September, reflecting a broad range of input and consumer price pressures adding further evidence of price pressures across goods and services.

- Headline PPI increased by +1.3% over the month (from +0.5%) and accelerated to +6.4% over the year in September (from +5.6% in August). This is the highest monthly rate since March 2022 and the highest annual rate since December 2022.
- Most of the key PPI measures are *tracking well ahead of a year ago, and annual rates remain on an upward trajectory*. One exception is the final demand food index, which is tracking at 0% over the year, down from +3.8% a year ago.
- Higher energy prices were a key driver of the PPI result in September, increasing by +11% over the month, and by +35% over the year. The PPI data also highlights the broadening effect from persistently higher energy prices, reflected in both goods and also services PPI. For example, final demand services recorded the second largest increase of the YTD at +0.8% over the month, and increased to +4.9% over the year (from +4.7% in August) – led by the indexes for truck transportation of freight, food and alcohol wholesaling, traveller accommodation services, food retailing, and airline passenger services.

PCE Forecast – A Further Acceleration

Of interest to the FOMC will be how the CPI and PPI feed into the PCE inflation estimate for September. Based on the current [Cleveland Fed inflation nowcast](#) for September, PCE inflation may also reinforce the Fed's assessment of insufficient progress toward the 2% target. Headline PCE inflation is expected to increase by +0.5% over the month in September, which would result in annual headline PCE inflation accelerating to +3.6% in September from +3.4% in August. Core PCE inflation is expected to increase by +0.3% over the month in September, resulting in an increase in the annual core PCE rate to +3.1% over the year, up from +3% in August.

Business Surveys – Price Increases Remain Widespread

Fed Beige Book: Overall, commentary from the [latest Fed Beige Book](#) continued to track the current narrative - resilient growth, stable labor markets, and elevated inflation. Commentary around prices shows a similar divergence among districts in characterising price growth, ranging from "robust" (Cleveland, St. Louis, and Dallas) and "moderate" (eight districts), to "modest" (Boston). The Beige Book noted that four districts reported a lift in the pace of price increases from the last report.

NFIB Small Business Survey: The survey continued to show that an elevated 31% of small businesses reported raising average selling prices in September (versus a historical average of 14% of firms). Over the next three months, a net 31% of firms plan to increase selling prices, also well above the 22% historical average. Importantly, the survey showed that 20% of business owners now cite inflation as their single most important business problem, making it the second top issue facing small businesses.

What these surveys don't show is the degree to which firms are raising or likely to raise prices. Similar to the PMI surveys, they provide a guide as to *how widespread* price increases, and intention to increase prices, have become among firms.

US Growth Tracking - Resilient So Far Through Q3

After the retail sales and inflation reports for September, US GDP growth tracking remains solid so far in Q3. The latest [Atlanta Fed GDP nowcast](#) shows the US growth run rate remaining at +3.6% annualized so far through Q3.

US Market Outlook

Despite some shifts throughout last week, markets continue to broadly price the next Fed rate hike for December (source: [CME Fed-Watch](#)), suggesting the latest data have reinforced the case for further tightening, but without materially changing timing expectations.

RBA Minutes & Aus Labour Market September

The RBA Minutes reinforced the broader concern around persistent global inflation pressures, while highlighting the complication of policy trade-off risks. The Minutes show that the September hike was driven primarily by upside inflation risks identified in August that had begun to materialise – a resurgence in the Middle East conflict leading to higher energy prices. Amid persistent global inflation drivers, RBA members “acknowledged that the trade-off between inflation and full employment had deteriorated”. At the same time, the Aussie unemployment rate edged higher to 4.7%, still low historically, but moving higher, as net employment fell, while participation declined, reinforcing the risk of a worsening trade-off for the RBA.

The Week Ahead: What We Are Watching

The key focus in the week ahead is the global inflation story and the first view of private sector growth momentum going into Q4.

This week will see a range of global inflation data from Canada, the UK, Japan, and New Zealand ahead of upcoming policy decisions. With elevated energy prices and resilient growth keeping inflation risks elevated, this latest round of CPI figures will provide an important input for central banks' assessment.

There will also be housing data for US Q3 growth tracking, as well as the flash PMIs for developed markets at the start of Q4.

The Fed enters its communication blackout period ahead of its monetary policy meeting next week.

Global Inflation Reports September – Canada, the UK, NZ, and Japan

Global inflation reports have mostly tracked higher headline figures driven by rising energy costs, while core inflation has remained more persistent.

- Canada: Headline CPI is expected to increase by +0.2% over the month, up from -0.1% in August. Annual CPI is expected to be little changed from +3% in August. CPI ex gasoline has been edging higher in recent months; however, the BOC measures of underlying CPI – Common, Trimmed, and Median – are expected to be unchanged from +2.6%, +1.9%, and +2%, respectively in September.
- UK: Headline CPI is expected to increase to +3.4% in September, from +3.1% in August. Core CPI is expected to increase to +2.8% in September from +2.6% in August.
- NZ: CPI in Q3 is expected to slow to +0.8% over the quarter, from +1.5% in Q2. The annual rate is expected to ease from +4.1% in Q2.
- Japan: The BOJ's preferred measure of core CPI ex fresh food is expected to increase to +2.2% over the year in September from +1.7% in August.

US Growth Update - Housing

There will be several key housing reports this week – housing has remained one of the weaker sectors amid rising mortgage rates.

- US building permits for September are expected to be little changed at a 1.39m annualized pace in September, from 1.4m in August.
- Housing starts for September, which will feed into Q3 GDP, are expected to increase to a 1.3m annualized pace, from 1.275m in August.
- Pending home sales are expected to fall by 0.4% in September, from +0.3% in August.

S&P Global Flash PMIs - October

The flash S&P PMIs for October will be released this week for key developed markets, providing an early insight into private sector growth momentum at the start of Q4.

US Treasury Issuance: 19-23 October 2026

This week, the US Treasury will auction and settle approx. \$575bn in T-Bills and Bonds, raising approx. \$76bn in new money. The US Treasury will also auction the 5-Year TIPS this week – to settle next week. Approx. \$38.7bn in T-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 %
19-23 Oct	15-Oct	20-Oct	4 week bill	110			Actual 4.000%	3.980%
	15-Oct	20-Oct	8 week bill	105			Actual 4.050%	3.980%
	14-Oct	20-Oct	17-week bill	75			Actual 4.195%	4.105%
				290	258	32		
	19-Oct	22-Oct	13 week bill	95			Announced	4.085%
	19-Oct	22-Oct	26 week bill	82			Announced	4.200%
	20-Oct	22-Oct	6-week bill	95			Announced	3.980%
				272	242	30		
	21-Oct	23-Oct	20-Year Bond (r)	13			Announced	5.420%
				13	0	13		
			Total - securities settling this week	575	499	76		
			Net New Cash Raised Qtr to Date	2114	1911	203		
			<i>Estimated Net Cash to be Raised Q4</i>			<i>628</i>		
			Face value of US Federal Reserve SOMA securities maturing	\$B				
			Maturing & reinvestment					
		20-Oct	ST Bills	19.5				
		22-Oct	ST Bills	19.2				
				38.7				
			Upcoming Auctions	\$B				
	22-Oct	30-Oct	5-Yr TIPS	26				

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](#).

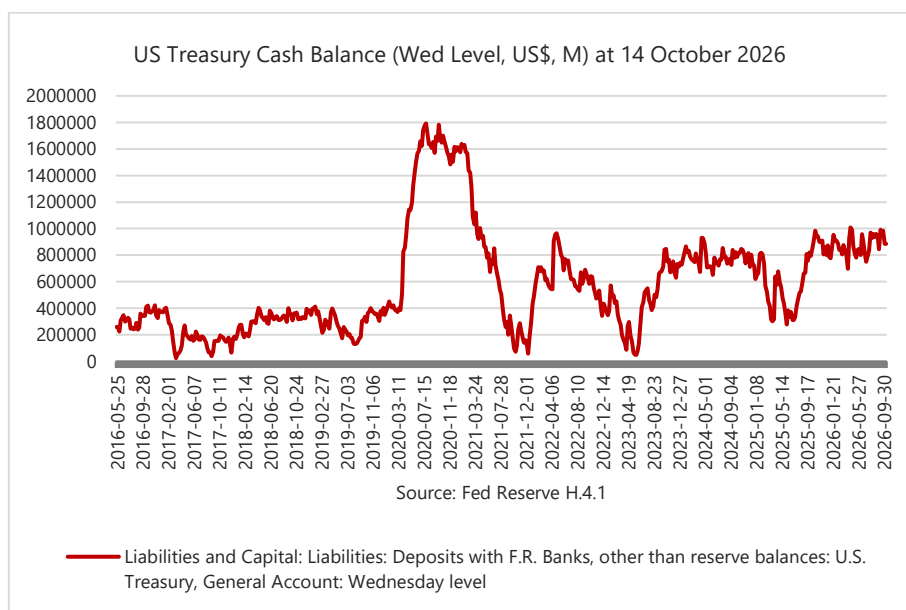
Updated Q3 2026 borrowing requirement: The US Treasury expects to borrow \$739 billion in privately-held net marketable debt, assuming an end-of-September cash balance of \$950 billion. The borrowing estimate for Q3 is \$68 billion higher than announced in May 2026, primarily due to lower projected net 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 14 October 2026, the level of the TGA was unchanged at \$886bn compared to the week prior. The TGA balance is now approx. \$34bn *higher* than the same week a year ago. (Source: [US Fed](#))



CALENDAR W/C 19 October 2026

MONDAY 19 OCTOBER (US Eastern Time, unless stated otherwise)

China	GDP Q3, Fixed Asset Investment, Industrial Production, & Retail Sales (Sep)
Canada	CPI (Sep), BOC Business Outlook Survey
US	NAHB Home Builder Sentiment Index (Oct)

TUESDAY 20 OCTOBER

UK	Labour Market (3mth Aug)
US	Building Permits & Housing Starts (Sep), Pending Home Sales (Sep)
Japan	Trade Balance, Exports, & Imports (Sep)

WEDNESDAY 21 OCTOBER

UK	CPI (Sep)
US	MBA Mortgage Applications wk ending 17 Oct
NZ	CPI Q3

THURSDAY 22 OCTOBER

US	Initial Jobless Claims wk ending 17 Oct, Kansas City Fed Manufacturing Index (Oct)
Australia	S&P Prelim Manufacturing & Services PMI (Oct)
Japan	National CPI (Sep), S&P Prelim Manufacturing & Services PMI (Oct)

FRIDAY 23 OCTOBER

Europe	S&P Eurozone Prelim Manufacturing & Services PMI (Oct)
UK	S&P Prelim Manufacturing & Services PMI (Oct), Retail Sales (Sep)
US	S&P Prelim Manufacturing & Services PMI (Oct), Michigan Consumer Sentiment – Final (Oct)
