

Weekly Macro Outlook: Policy, Data, Crosscurrents

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 26, 2026.

Key Focus This Week:

- *Central banks: Meetings – FOMC, RBNZ, BOC, ECB, BOJ*
 - *Major data: US PCE Inflation & Q3 Prelim GDP, AUS CPI Q3*
 - *Key themes: Middle East conflict developments, US mid-term election countdown, Tech earnings*
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Recap of Last Week

Last week's global inflation data and flash PMIs for October reinforce several key themes as we head into the next round of central bank meetings. Headline inflation continues to build amid pressure from energy prices, while core inflation remains persistent, with signs of firming in some economies. Meanwhile, the PMIs pointed to solid growth momentum at the start of Q4, although activity moderated across several regions. Input costs and selling price inflation also remain elevated, complicating the picture for central banks.

Global CPI Reports: Headline Inflation Firming in September

A common theme across CPI reports from last week was rising headline inflation, led by higher energy prices. Core inflation was more mixed, ranging from relatively contained results to emerging pressure in underlying measures. The exception was NZ CPI, with annual inflation slowing over Q3, as the quarterly reporting cadence was yet to fully reflect the late-quarter rise in energy prices.

- **Canada:** Headline CPI increased to +3.1% in September, from +3% in August, extending its rise over recent months. Underlying inflation measures have remained more subdued: CPI excluding gasoline edged lower back to +2.2%, while the BOC's three preferred measures of underlying inflation have continued to edge lower, averaging 2% down from +2.2% in the previous months. Despite this more contained core inflation picture, expectations for a hike by the BOC have emerged ahead of the meeting this week. The latest BOC Business Outlook Survey showed a clear shift in sentiment and inflation expectations after the breakdown in trade talks with the US, against a backdrop of new tariffs and higher energy prices.
- **UK:** Headline CPI increased to +3.5% in September, up from +3.1% in August, also extending its rise from +2.6% in June. While much of this headline increase was led by higher prices for motor fuels, pressure in core CPI is also emerging. Core CPI increased to +2.8% in September, up from +2.6% in August – with both goods and services inflation contributing.

- NZ: Headline CPI came in slightly lower than expected in Q3, slowing to +3.7%, from +4.1% in Q2. Domestic-led non-tradable inflation remained little changed at +3.4%. However, price increases broadened further during Q3, with “more than 85% of the CPI basket increasing in price in the 12 months to the September 2026 quarter. In contrast, about 13 percent of the basket fell in price – the lowest proportion since the December 2023 quarter” (Source: [Stats NZ](#)).
- Japan: Headline CPI increased to +2.1% in September from +1.9% in August. The BOJ preferred measure of underlying inflation ex fresh food increased to +2.1%, from +1.7% in August, while core excluding fresh food and energy accelerated to +2.4% in September from +1.9% in August. The acceleration was led by several components, including culture and recreation, fuel and utilities, household goods, and food excluding fresh food. Government subsidies continue to affect the reported inflation measures, while the BOJ's series excluding institutional factors has shown a more consistent firming in core inflation.

Overall, the CPI reports show that higher energy prices are lifting headline inflation across many economies, while the extent of pressure in underlying inflation differs. That distinction may matter for central banks as they assess the inflation outlook and upside risks.

Prelim S&P PMIs – October

While the prelim PMIs for Oct reflect solid Q4 growth momentum, regional data moderated compared to September's firming. The US expansion remains the strongest of the key regions in the prelim survey, while there was a notable slowdown in Australia.

Overall, the manufacturing expansion was little changed, remaining at a moderate pace of expansion.

- US manufacturing continued to expand solidly, while the UK recorded a notable improvement.
- Eurozone and Japanese manufacturing remained at a moderate pace of expansion.
- Australian manufacturing activity remained in slight contraction.

Services activity was more mixed:

- US services continued to expand solidly, although growth slowed.
- Japan and the UK recorded faster expansion.
- Eurozone services slowed to a more moderate pace, led by falls in France and a slowdown in Germany.
- Australia shifted from a modest expansion into a sharper contraction in October.

The inflation signals from the PMIs remain important alongside the activity data. Higher energy prices and supply disruptions continued to lift input costs, while firms reported passing more of these increases through to selling prices. The US, Australia and Eurozone surveys pointed to a broader incidence of selling-price increases, suggesting that inflation pressures could remain elevated in the near term.

The Week Ahead: What We Are Watching

The next two weeks will be particularly important for the global macro-outlook, with major central bank decisions and key data releases coinciding with mega-cap tech earnings, the lead-up to the US mid-term election, and ongoing geopolitical risks.

This week, persistent inflation and resilient growth will frame the policy debate as the FOMC, ECB, BOJ, BOC and RBNZ reassess their policy settings and outlooks. US Q3 GDP and PCE inflation, alongside Australia's Q3 CPI, will provide further evidence on underlying growth and inflation momentum.

Central Bank Meetings – RBNZ, FOMC, BOC, ECB, BOJ

While domestic policy challenges will differ among these central banks, one common concern is likely to be the headline inflation pressure stemming from a global energy shock that has lasted longer than expected. Policymakers are expected to remain alert to the risk that persistently higher energy prices feed more broadly into core inflation, complicating the path back to inflation targets.

- RBNZ: expected to hike by 25bps to 3%
- FOMC: expected to stay on hold at 3.75-4%
- BOC: may hike by 25bps to 2.5%
- ECB: expected to stay on hold at 2.5%
- BOJ: expected to stay on hold at 1.25%

US PCE Inflation - September

The Fed's preferred PCE inflation measure is expected to increase again this month, after the firmer CPI and PPI reports for September. This will be released after the FOMC meeting.

- Headline PCE inflation is expected to increase by +0.5% over the month in September from +0.3% in August. Annual headline PCE inflation is expected to accelerate to +3.6% in September, from +3.4% in August.
- Core PCE inflation is expected to increase by +0.3% in September, from +0.2% in August. Annual core PCE inflation is expected to edge higher to +3.1%, from +3% in August.

US Growth Q3

This week will provide a range of inputs into Q3 growth and the release of the advance estimate of Q3 GDP.

- GDP for Q3 (advance estimate) is expected to increase to +3.2% annualized, up from +2.2% in Q2.
- Durable Goods Orders are expected to increase by +0.6% in September, up from -0.1% in August.
- New Home Sales in September are expected to slow to an annualized pace of 649k, from 684k in August.
- The prelim goods trade balance (deficit) for September is expected to narrow to -\$130bn (from -\$132bn in August).
- Personal income is expected to increase by +0.3% in Sept from +0.2% in August.
- Personal spending is expected to increase by +0.6% in September, from +0.9% in August.

Australia CPI Q3

The Aus quarterly CPI will be an important input into next weeks RBA meeting. The odds of a rate hike next week are now elevated, and closer to 50-50 (source: [ASX Rate Tracker](#)) after RBA Assistant Governor Hauser noted in a speech that the inflation backdrop had “materially worsened” since the August projections.

- Headline CPI for Q3 is expected to increase by +1.3% over the quarter, from +0.5% in Q2. Annual headline CPI is expected to slow to +3.9% from +4% in Q2.
- Trimmed mean CPI is expected to increase by +1% over Q3, from +0.8% in Q2. Annual trimmed mean inflation is expected to be unchanged at +3.6% over the year.

US Treasury Issuance: 26 - 30 October 2026

This week, the US Treasury will auction and settle approx. \$642bn in T-Bills and TIPS, raising approx. \$107bn in new money. The US Treasury will also auction the 2-year FRN and the 2-year, 5-year, and 7-year Notes this week – to settle next week. Approx. \$50bn 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 %
26 Oct - 30 Oct	22-Oct	27-Oct	4 week bill	110			Actual 3.945%	4.000%
	22-Oct	27-Oct	8 week bill	105			Actual 4.015%	4.050%
	21-Oct	27-Oct	17-week bill	75			Actual 4.155%	4.195%
				290	249	41		
	26-Oct	29-Oct	13 week bill	95			Announced	4.095%
	26-Oct	29-Oct	26 week bill	82			Announced	4.220%
	27-Oct	29-Oct	6-week bill	95			Announced	3.975%
	27-Oct	29-Oct	52 week bill	54			Announced	4.400%
				326	286	40		
	22-Oct	30-Oct	5-Yr TIPS	26			Actual 2.367%	1.995%
				26	0	26		
			Total - securities settling this week	642	535	107		
			Net New Cash Raised Qtr to Date	2756	2446	310		
			<i>Estimated Net Cash to be Raised Q4</i>			<i>628</i>		
			Face value of US Federal Reserve SOMA securities maturing	\$B				
			Maturing & reinvestment					
		27-Oct	T-Bills	20.9				
		29-Oct	T-Bills	29.0				
				49.9				
			Upcoming Auctions	\$B				
	28-Oct	02-Nov	2-Yr FRN	30				
	29-Oct	02-Nov	7-Yr Note	44				
	26-Oct	02-Nov	2-Yr Note	69				
	27-Oct	02-Nov	5-Yr Note	70				
				213				

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](#).

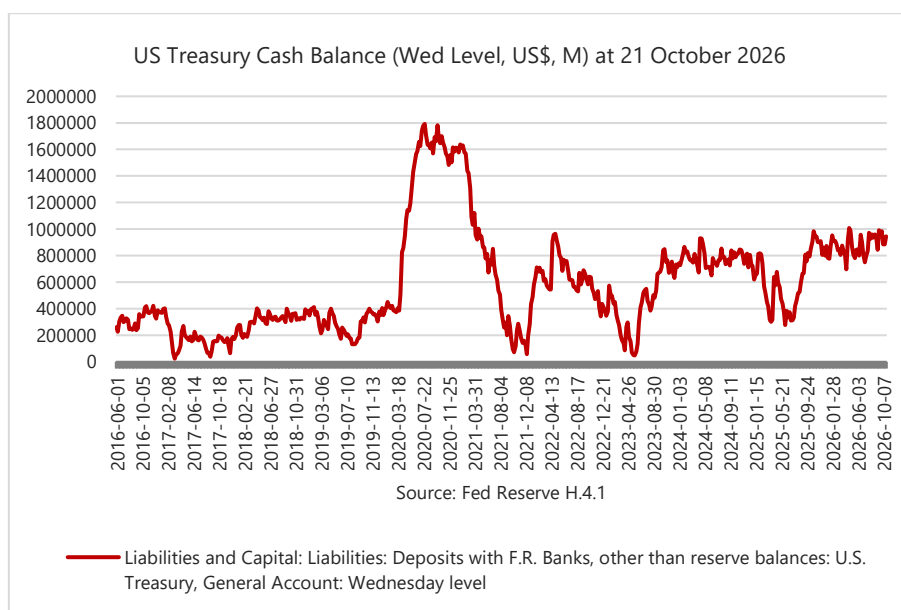
Updated Q3 2026 borrowing requirement: The US Treasury expects to borrow \$739 billion in privately-held net marketable debt, assuming an end-of-September cash balance of \$950 billion. The borrowing estimate for Q3 is \$68 billion higher than announced in May 2026, primarily due to lower projected net 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 21 October 2026, the level of the TGA increased to \$945bn (+\$59bn compared to the week prior). The TGA balance is now approx. \$40bn *higher* than the same week a year ago. (Source: [US Fed](#))



CALENDAR W/C 26 October 2026

MONDAY 26 OCTOBER (US Eastern Time, unless stated otherwise)

US	Dallas Fed Manufacturing Index (Oct)
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TUESDAY 27 OCTOBER

US	Durable Goods Orders (Sep), S&P Case-Shiller House Price Index (Aug), New Home Sales (Sep), Richmond Fed Manufacturing Index (Oct)
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Australia	CPI Q3 , RBA Governor Bullock Senate Appearance
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NZ	RBNZ Monetary Policy Meeting
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WEDNESDAY 28 OCTOBER

US	MBA Mortgage Applications wk ending 24 Oct, Goods Trade Balance Prelim (Sep) FOMC Monetary Policy Meeting
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Canada	BOC Monetary Policy Meeting
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THURSDAY 29 OCTOBER

US	Initial Jobless Claims wk ending 24 Oct, GDP Q3 – Advance Est, PCE Price Index (Sep) , Personal Spending & Income (Sep)
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Europe	ECB Monetary Policy Meeting
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Japan	Tokyo CPI (Oct), Industrial Production – Prelim (Sep), Retail Sales (Sep) BOJ Monetary Policy Meeting
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FRIDAY 30 OCTOBER

Europe	GDP Q3 – prelim
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US	Employment Cost Index Q3, Chicago PMI (Oct)
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China	NBS Manufacturing & Non-Manufacturing PMI (Oct)
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