

Weekly Macro Outlook: Sufficient Inflation Progress?

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 12, 2026.

Key Focus This Week:

- *Central banks: RBA Minutes, Fed Chair Warsh IMF discussion, US Fed Beige Book*
 - *Major data: US – CPI, PPI, & Retail Sales, Aus Labour Market*
 - *Key themes: Middle East conflict developments, US mid-term election countdown*
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Recap of Last Week

The September FOMC Minutes provided further insight into the Committee's decision to raise the FFR, with risk management emerging as a central rationale for the hike. While most participants viewed another hike this year as appropriate, recent Fed communications have emphasised flexibility over timing, with little urgency for consecutive hikes. This measured approach comes against a backdrop of persistent inflation risks and strengthening growth. This week's US inflation data will provide a key input to the upcoming Fed meeting, helping policymakers assess the latest inflation trends against the "sufficient progress" threshold.

FOMC Minutes – Risk Management Hike

A shift in the balance of risks was the key driver of the unanimous decision to raise the FFR by 25 bps. Almost all participants assessed that inflation risks remained tilted to the upside, while labour market risks had diminished and become "broadly balanced".

Inflation remained elevated, with "insufficient progress" on lowering inflation in recent months. Labor market conditions were seen as stable and viewed as close to full employment, although dynamism remained "unusually low". Importantly, the growth backdrop was more resilient than expected, and underlying economic momentum appeared to have increased, led by robust business investment and resilient consumer spending, while financial conditions remained "supportive" of growth.

- **Rationale for the Hike:** Committee members provided a range of reasons for the hike; however, "risk management" emerged as a central rationale for many participants:

*"Many participants emphasised that a higher path for the target range would be **"prudent"** on **risk-management** grounds, providing **"insurance"** against inflation remaining persistently above target due to stronger-than-expected demand or further adverse supply shocks."* Source:

[FOMC Minutes](#), Sept 2026

At the time of the decision, the hike was framed as “reducing accommodation”. The Minutes reinforce this measured framing by emphasising prudence, risk management, and insurance against unanchoring inflation expectations. The decision reflects an effort to contain persistent inflation risks without signalling a shift towards a more urgent or aggressive tightening cycle at this stage.

- **Policy Guidance** - While most participants viewed another hike this year as appropriate, the timing remained conditional on incoming data. Some “flexibility” over the timing for the next hike has been signalled in post-meeting speeches from Williams, Jefferson and, last week, Waller. Waller reiterated that while inflation is too high, and further hikes would be needed to support a timelier return of inflation to 2%, he noted that they need not occur at consecutive meetings, provided they were delivered within an acceptable period.

Market Signals

Market expectations for the path of rates have shifted since the September FOMC meeting. Current market pricing appears to be settling around a quarterly cadence of hikes through mid-2027, so far implying more cumulative tightening than the Fed’s current SEP for 2027 (Source: [CME FedWatch](#)). This suggests markets see some probability that further hikes may be required.

US & Global Data Backdrop

The Fed’s measured approach comes against a backdrop of persistent inflation and strengthening growth momentum. While it was a quiet data week, survey and PMI data continued to point to persistent price pressures alongside resilient activity – not only in the US, but also globally.

The US ISM PMI reports continued to point to notably more widespread price increases in September, while output and order activity continued to expand at a moderate pace. The [NY Fed Short- & Medium-term Inflation Expectations](#) Survey (Sep) recorded a further increase in median inflation expectations over the one- and three-year horizons. The year ahead inflation expectations increased by +0.3% pts to +3.9% and three-years ahead increased by +0.1% pt to +3.3%. Both of these reports will factor into the Fed’s broader inflation assessment to varying degrees.

Globally, the S&P Global PMIs showed composite output expanding at its fastest rate for over three years, led by both services and manufacturing sectors. At the same time, input price inflation continued to increase, with firms again passing on some of these higher prices.

The Week Ahead: What We Are Watching

The key focus in the week ahead is US inflation and growth.

So far, the data reinforce the broader inflation risks and strengthening growth backdrop facing the Fed. This week, the CPI, PPI and Beige Book will provide further evidence for the Committee to assess whether inflation is making sufficient progress towards its 2% target.

US spending and output data will also provide an update on Q3 growth momentum, as September releases begin to firm the growth estimate for the quarter.

US Inflation – CPI & PPI

In the latest Fed Minutes, the assessment of US inflation was made from many different angles – from measured inflation data to surveys and anecdotal reports. The important top-tier CPI and PPI reports for September will be the next key input for the upcoming Fed meeting. Together, these will provide an estimate of the preferred PCE inflation measure. While headline pressures will be important, the Fed has also noted caution around trends in core inflation, core goods inflation, and core services inflation ex-housing metrics.

Headline CPI is expected to increase more notably this month, while core CPI is expected to be unchanged.

- Headline CPI is expected to increase by +0.5% over the month in September, up from +0.4% in August. Based on this, annual headline CPI is expected to accelerate to +3.6% in September, from +3.35% in August.
- Core CPI is expected to increase by +0.2% over the month in September, from +0.3% in August. Based on this, annual core CPI is expected to be +2.43% in September, slightly lower than the +2.45% in August.
- Headline PPI is expected to increase by +0.5% over the month in September from +0.4% in August. Despite the higher monthly growth, annual PPI is expected to slow to +5.3% from +5.4% in August.
- Similarly, core PPI is expected to increase by +0.3% over the month, from +0.2% in August. Annual core PPI is expected to slow to +4.4% in September from +4.6% in August.

Fed Beige Book

Ahead of the next Fed meeting at the end of October, the latest Fed Beige Book will provide anecdotes from regional business contacts on growth and activity, spending, employment, and inflation.

US Growth Update - Retail Sales & Output

- US retail sales for September are expected to increase by +0.3% over the month, down from +1.2% in August. The control measure (the categories that feed into the GDP spending calculation) is also expected to moderate from the more robust +1.4% in August.
- US industrial production for September is expected to increase by +0.4%, from 0% in August.
- Also feeding into the Atlanta Fed GDP nowcast for Q3 growth will be export & import prices and business inventories.

Fed Speeches – Fed Chair Warsh

There will be a range of Fed speeches this week – the final week of speeches ahead of the blackout period next week. The next FOMC meeting is on 27-28 October.

The key speech this week will be Fed Chair Warsh in a discussion at the IMF meetings.

Australia – RBA Minutes & Labour Market

- The Minutes of the latest RBA meeting will be released – and should provide further insight into the deliberations and decision to hike the cash rate for a fourth time this year.

- The September Labour Market report is expected to show continued moderate employment growth of +20k, down from +39k in August. The unemployment rate is expected to be unchanged at 4.6%.

US Treasury Issuance: 12-16 October 2026

This week, the US Treasury will auction and settle approx. \$681bn in T-Bills, Notes, and Bonds, raising approx. \$91bn in new money.

WEEK	Auction Date	Settlement Date	Marketable Securities	Auction Amount \$B	Amount Maturing \$B	New Money or (Paydown) \$B	Actual	Prior Auction High Rate %
Columbus Day 12 Oct								
12-16 Oct	08-Oct	13-Oct	4 week bill	110			Actual 3.980%	3.890%
	08-Oct	13-Oct	8 week bill	105			Actual 3.980%	3.990%
24,646	07-Oct	13-Oct	17-week Bill	75			Actual 4.105%	4.115%
				290	253	37		
	13-Oct	15-Oct	13 week bill	95			Announced	4.050%
15,473	13-Oct	15-Oct	26 week bill	82			Announced	4.165%
	13-Oct	15-Oct	6-week bill	95			Announced	3.945%
				272	250	22		
	06-Oct	15-Oct	3yr Note	58			Actual 4.932%	4.474%
	07-Oct	15-Oct	10yr Note	39			Actual 5.300%	4.834%
2,826	08-Oct	15-Oct	30yr Bond	22			Actual 5.618%	5.308%
				119	86	33		
			Total - securities settling this week	681	590	91		
			Net New Cash Raised Qtr to Date	1539	1411	128		
			<i>Estimated Net Cash to be Raised Q4</i>			<i>628</i>		
			Face value of US Federal Reserve SOMA securities maturing	\$B				
			Maturing & reinvestment					
		13-Oct	T-Bills	24.6				
		15-Oct	T-Bills	15.5				
		15-Oct	TIPS	2.8				
				42.9				

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

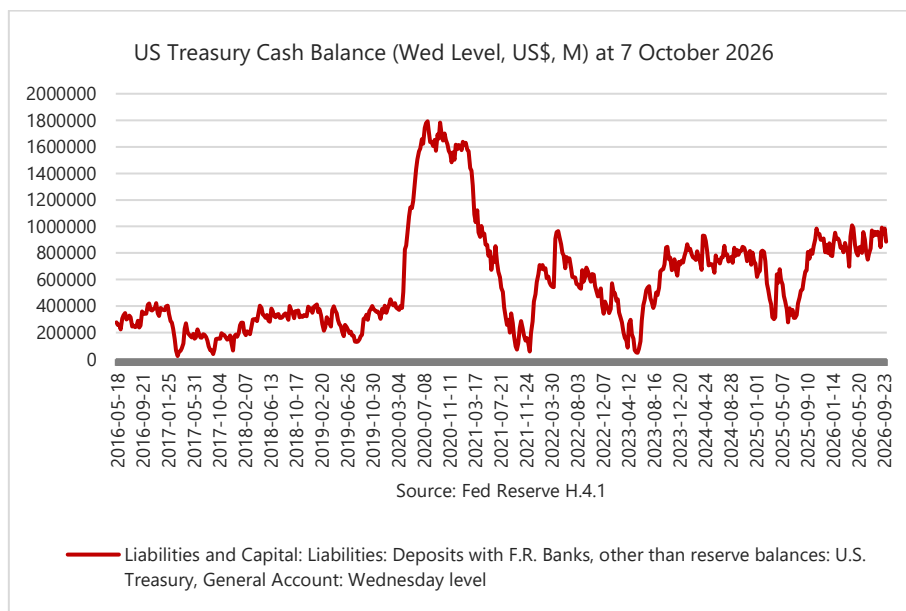
estimate for Q3 is \$68 billion higher than announced in May 2026, primarily due to lower projected net cash flows, partially offset by the higher-than-assumed beginning-of-quarter cash balance.

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 7 October 2026, the level of the TGA decreased to \$886bn (-\$98bn compared to the week prior). The TGA balance is now approx. \$91bn *higher* than the same week a year ago. (Source: [US Fed](#))



CALENDAR W/C 12 October 2026

MONDAY 12 OCTOBER (US Eastern Time, unless stated otherwise)

Japan	PPI (Sep)
Australia	RBA Minutes , NAB Business Confidence & Conditions Survey (Sep)

TUESDAY 13 OCTOBER

US	NFIB Small Business Optimism Index (Sep), Existing Home Sales (Sep), Fed speeches: Waller, Collins
China	CPI & PPI (Sep)

WEDNESDAY 14 OCTOBER

US	MBA Mortgage Applications wk ending 10 Oct, CPI (Sep) , Fed Beige Book , Fed speeches: Bowman, Barkin
China	Trade Balance, Exports, & Imports (Sep)
Australia	Labour Market Survey (Sep)

THURSDAY 15 OCTOBER

UK	Monthly GDP (Aug)
Europe	Industrial Production (Aug)
US	Initial Jobless Claims wk ending 10 Oct, PPI (Sep) , Retail Sales (Sep) , NY Empire State Manufacturing Index (Oct), Philadelphia Fed Manufacturing Index (Oct), Business Inventories (Aug), Fed Chair Warsh – IMF Discussion

FRIDAY 16 OCTOBER

Europe	Euro area CPI – Final (Sep)
US	Export & Import Price Indexes (Sep), Industrial Production (Sep)
