Weekly Macro Outlook: More 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 November 2, 2026.

Key Focus This Week:

- *Central banks: Meetings – BOE, RBA, Fed speeches - Williams*
- *Major data: US payroll & labor report, US ISM surveys, Euro area CPI, S&P Global PMIs*
- *Macro Backdrop: Middle East conflict developments, US mid-term elections*

Recap of Last Week

The persistence of the global energy shock continues to present a common inflation challenge for central banks, which has prompted a shift towards tighter policy settings over recent months. However, the shock is also sharpening the policy trade-off, as policymakers weigh the risk of broader inflation pass-through against the need to preserve economic growth against an uncertain geopolitical backdrop. Across last week's key central bank decisions, the balance of these risks varied across economies, with policy responses reflecting differing domestic conditions and stages of policy adjustment.

FOMC PAUSE – The Monetary Medicine

After hiking in September to remove a dose of policy accommodation, the FOMC stayed on hold as expected, while the inflation and growth backdrop continued to firm through Q3.

Decision: As widely expected, the FOMC stayed on hold, though the decision was not unanimous, with Hammack and Cook preferring a follow-up hike at this meeting. Chair Warsh described an "overwhelming consensus" that the "monetary medicine is starting to work some", while acknowledging that "there's no firm conclusions". He pointed to the tightening in financial conditions as the dominant channel through which policy restraint is being transmitted.

Backdrop: The backdrop remains positive, despite the geopolitical uncertainty. The jobless rate is lower than a year ago, and labor market conditions are positive. Growth is strengthening, and even broadening, but, according to Warsh, not in a way that is causing inflation and making the Fed's job harder. However, inflation is too high. The task of the Fed is to ensure that inflation doesn't broaden out across the economy and that inflation expectations remain anchored.

The Mandate Trade-Off: What was notable about the decision was that the Fed wasn't using the economic resilience to justify a more aggressive policy response to address persistent inflation.

Instead, Chair Warsh expressed confidence that price stability can be restored in a timely manner, without slowing the economy or weakening the labor market. The broader policy goal was to ensure a longer, more durable period of economic growth alongside price stability.

"We aren't going to throw sand in the gears of the economy and throw people out of work. I don't think we have to do that". US Fed Chair Warsh, Press Conference, 28 October 2026

Outlook: The Fed is looking for an accumulation of information on how the removal of policy restraint is translating into financial conditions, rather than relying on a single inflation data point between meetings, to assess its next policy step. While Chair Warsh prefers to avoid forward guidance, speeches during the intermeeting period helped reinforce the view that policy remains focused on gradually removing accommodation.

US Data: PCE Inflation & Q3 Growth Firming

While Chair Warsh acknowledged that inflation remained "too high" and reiterated the objective of returning it to the 2% target in a timely manner, he was encouraged by early signs that policy restraint was beginning to transmit. The subsequent increase in September PCE inflation, however, offered little evidence of progress towards that objective.

Headline PCE inflation increased to +3.7% in September, up from +3.4% in August. This was led higher by a further increase in energy goods and services inflation, rising to +21.3% in September. Core PCE inflation also firmed, rising to +3.1% in September, up from +3% in August. Core goods inflation remained elevated at +2%, while core services increased to +3.5%.

Measures of underlying inflation have remained broadly contained, but did increase slightly in September from the near-term low in August. Annual PCE trimmed mean inflation increased to +2.3% from +2.2% in August, while the annual median PCE inflation rate increased to +2.7% from +2.6% in August. Together, these measures suggest that the increase in headline and core inflation has not yet been matched by a broadening in underlying price pressures.

Meanwhile, US GDP growth came in slightly higher than expected in Q3 at +3.4% annualized, and up from +2.2% in Q2, despite a larger drag from net exports. The data reinforced the picture of resilient economic activity alongside persistent inflation.

Market Expectations

By the end of the week, markets scaled back expectations for further tightening by the Fed, and several hikes were removed from the policy path. For now, a further hike is priced in for the December meeting (but down to a 72% probability), while the next hike (a third in this cycle) has been pushed out to April 2027. (Source: CME FedWatch).

Global Central Bank Decisions

Outside of the US, central bank decisions reflect the difficulty of navigating an energy-driven inflation shock, with policymakers weighing the risk of broader price pressures against the potential cost of further tightening to economic growth. While economies have so far proved resilient, uncertainty around the duration and wider economic effects of the shock has made the policy response increasingly difficult to calibrate.

BOC – A Risk Management Hike

The BOC unexpectedly increased its policy rate after eight meetings on hold amid the impact from US tariffs. This decision was framed as a move to "reduce the risk that elevated energy prices could spill over and become generalized inflation." While keeping the door open to further tightening, the Bank noted it would proceed carefully against the backdrop of an expected growth recovery.

RBNZ – Hold to Assess

The RBNZ surprised with a narrow 4-3 decision to stay on hold - markets were expecting a hike. The decision allows the RBNZ more time to assess the effect of the two prior hikes, balancing the risk of inflation becoming entrenched against the need to protect a nascent economic recovery. The three members favouring a further hike emphasised the importance of "guarding against sustained inflation pressures in the future."

ECB – Well Positioned to Hold

The ECB held rates as expected, following hikes in June and September. Underlying inflation remained contained, while long-term financing costs had tightened during the intermeeting period. Against an uncertain geopolitical backdrop, the Governing Council unanimously judged that policy was "well positioned" to wait for further information, with a "measured approach" remaining appropriate.

BOJ – Hold, But Consensus on Underlying Inflation

The BOJ continues to navigate a longer-term transition towards policy normalisation, with underlying inflation now broadly consistent with its target. With financial conditions remaining accommodative, the BOJ reiterated that it would continue raising its policy rate to "adjust the degree of accommodation," though the timing and pace of adjustment remain conditional on the likelihood of achieving its baseline outlook.

The Week Ahead: What We Are Watching

This is the second of two important weeks for the macro-outlook, with two further key central bank meetings, US labour market and activity data, and the US mid-term elections.

Decisions by the BoE and RBA will continue to reflect the difficulty of navigating an energy-driven inflation shock, with policymakers weighing the risk of broader price pressures against the potential cost of further tightening to economic growth.

Key US labour market and activity data for October will provide further evidence on the resilience of the US economy, while the broader suite of global S&P PMIs will offer a timely update on the strength of global growth.

Central Banks - BOE & RBA Meetings, Fed Speeches

While domestic policy challenges will differ among these central banks, one common concern is likely to be the inflation pressure stemming from a global energy shock that has lasted longer than expected.

RBA - Hike

The RBA is somewhat of an outlier in the central bank group. The RBA had already begun hiking the cash rate in February 2026 before the onset of the energy price shock in March 2026, in response to persistent inflation pressures. During the post-Covid global hiking cycle, the RBA had not hiked as far as other central banks, and the removal of policy accommodation through 2025 contributed to a stronger recovery and a resurgence in inflation. The RBA has hiked four times so far this year, with the most recent hike at the last meeting in September and also recently noted the "worsening trade-off between inflation and growth". Before last week's Q3 CPI report, there were expectations for a pause, or even an extended pause at this 4.6% cash rate level. However, the higher-than-expected inflation results in Q3 have increased expectations for another hike in the cash rate at this week's meeting. While a hike is expected, it is likely to be a finely balanced decision.

BOE – Hike

Markets are expecting a 25bps hike at this meeting. Guidance at the last meeting (hold) noted that with inflation risks tilted further to the upside than at the previous meeting, the longer volatility in energy prices persists, the more likely the Bank Rate will need to increase. The latest headline inflation continued to accelerate, rising to +3.5% in September, led by rising energy costs. Core CPI is also beginning to move in the wrong direction, now rising further to +2.8%. Recent labour market data has stabilized.

US Fed Speeches

There will be a number of Fed speeches this week, including NY Fed President Williams. We continue to expect these speeches will gain significance in the absence of clear forward guidance.

US Non-Farm Payrolls & Labor Market Conditions

The October US labour market update will provide an important gauge of whether the stronger growth backdrop is translating into broader labour market gains.

- Non-farm payroll growth is expected to remain modest at +63k in October, up from +29k in September. Revisions to the two prior months will be important.
- The unemployment rate is expected to remain unchanged at 4.2%.
- Average weekly hours are expected to be unchanged at 34.4hrs/week.
- Average hourly earnings are expected to remain at +0.3% over the month, but slow to +2.9% over the year.
- The JOLTS survey for September is expected to show job openings rising to 7.11m.

US Activity

- The ISM surveys for October are expected to show continued growth momentum. The manufacturing PMI is expected to increase to 54.7 from 54.5, while the services PMI is expected to remain at 54.9
- Factory orders (expecting +1.2%) and the trade balance (expecting a further widening in the trade deficit to -$107bn) for September will provide further input confirming the Q3 annualized growth run rate of +3.4%.

Euro area Inflation – Prelim October

- Headline CPI is expected to increase to +4% in October, up from +3.8% in September.
- Core CPI is expected to remain unchanged at +2.5% in October.

S&P Global PMIs October

The full suite of global PMIs will be released this week.

US Treasury Issuance: 2 – 6 November 2026

This week, the US Treasury will auction and settle approx. $790bn in T-Bills, Notes, and FRNs, raising approx. $36bn in new money. There is a larger-than-usual balance toward T-Bill issuance this week. Approx. $56bn in T-Bills, Notes, Bonds, and FRNs 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) $B	Actual	Prior Auction High Rate %
2-6 Nov	29-Oct	03-Nov	4 week bill	115			Actual 3.910%	3.945%
	29-Oct	03-Nov	8 week bill	110			Actual 4.020%	4.015%
	28-Oct	03-Nov	17 week bill	75			Actual 4.140%	4.155%
				300	255	45		
	02-Nov	05-Nov	13 week bill	95			Announced	4.050%
	02-Nov	05-Nov	26 week bill	82			Announced	4.210%
	03-Nov	05-Nov	6 week bill	100			Announced	3.950%
				277	269	8		
	28-Oct	02-Nov	2-Yr FRN	30			Actual 0.038%	0.040%
	29-Oct	02-Nov	7-Yr Note	44			Actual 4.894%	5.085%
	26-Oct	02-Nov	2-Yr Note	69			Actual 4.708%	4.787%
	27-Oct	02-Nov	5-Yr Note	70			Actual 4.845%	5.033%
				213	230	-17		
			Total - securities settling this week	790	754	36		
			Net New Cash Raised Qtr to Date	***3546***	***3200***	***346***		
			Estimated Net Cash to be Raised Q4			*628*		
		Face value of US Federal Reserve SOMA securities maturing		**$B**				
		Maturing & reinvestment						
		03-Nov	T-Bills	15.3				
		05-Nov	T-Bills	17.2				
		02-Nov	Notes & Bonds	23.2				
		02-Nov	FRN	0.51				
				56.2				

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 Q4 (final) and Q1 2027 (estimate) will be announced this week. This will include an update to the buyback schedule. Details can be found on the US Treasury website here.

The prior quarterly refunding announcement showed:

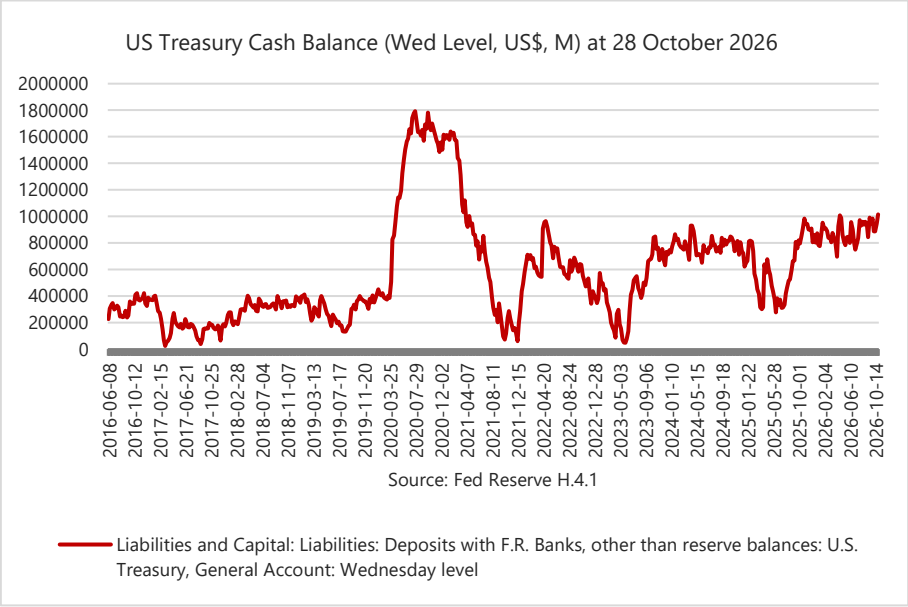
Q3 2026 borrowing requirement (final): The US Treasury expects to borrow $739 billion in privately-held net marketable debt, assuming an end-of-September cash balance of $950 billion. The borrowing estimate for Q3 is $68 billion higher than announced in May 2026, primarily due to lower projected net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

Estimated Q4 2026: 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 28 October 2026, the level of the TGA increased to $1,015bn (+$70bn compared to the week prior). The TGA balance is now approx. $32bn *higher* than the same week a year ago. (Source: US Fed)



CALENDAR W/C 2 November 2026

MONDAY 2 NOVEMBER (US Eastern Time, unless stated otherwise)	
US	**ISM Manufacturing PMI (Oct),** S&P Manufacturing PMI final (Oct), Construction Spending (Sep), Senior Loan Officer Survey Q3, Fed speeches: Goolsbee
Australia	**RBA Monetary Policy Meeting**

TUESDAY 3 NOVEMBER	
US	Factory Orders (Sep), JOLTS (SEP), Vehicle Sales (Oct)
NZ	Labour Market Report Q3

WEDNESDAY 4 NOVEMBER	
Europe	**Euro area CPI – Prelim (Oct)**
US	MBA Mortgage Applications wk ending 31 Oct, ADP Employment Change (Oct), Trade Balance – Final (Sep), **ISM Services PMI (Oct),** S&P Services PMI Final (Oct)

THURSDAY 5 NOVEMBER	
Europe	Euro area PPI (Sep), Germany Factory Orders (Sep)
UK	**BOE Monetary Policy Meeting**
US	Initial Jobless Claims wk ending 31 Oct, Challenger Job Cut Announcements (Oct), Non-Farm Productivity & Unit Labor Costs (Q3), Fed speeches: Barkin, Logan

FRIDAY 6 NOVEMBER	
Europe	Euro area Retail Sales (Sep), Germany Industrial Production (Sep)
US	**Non-farm Payrolls & Labor Market Report (Oct),** Michigan Consumer Sentiment Prelim (Nov), Consumer Credit Change (Sep), Fed speeches: **Williams**, Bowman
Canada	Labour Market Report (Oct)
Japan	BOJ Governor Ueda speech