

## Global Economics Weekly

# AI in a world of overlapping shocks

The energy supply shock and fiscal worries amid robust growth signals have driven long-term yields to multi-decade highs. But equity markets remain resilient. This reflects AI's ongoing investment boom and its promise of a positive supply shock overriding the other negative shocks.

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In addition to higher energy prices, elevated core inflation is clouding the rates outlook. Still, central banks retain a broadly balanced-to-dovish stance. We expect the NBP and NBR to remain on hold, while the SARB signals a wait-and-see mode and the CBT is likely to deliver further cuts.

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## Global Synthesis

# AI in a world of overlapping shocks

The energy supply shock and fiscal worries amid robust growth signals have driven long-term yields to multi-decade highs. But equity markets remain resilient. This reflects AI's ongoing investment boom and its promise of a positive supply shock overriding the other negative shocks.

## AI shock dominates in a world of overlapping shocks

*'We are living in a world of overlapping shocks, affecting both the demand and the supply sides of our economies'*, ECB Board member Isabelle Schnabel explained in her speech this week in Luxembourg ('Monetary policy in a world of overlapping shocks'). It can be seen as a response to the simplistic but persistent criticism that the ECB faces an adverse supply shock (ie, lack of oil supply), which economic textbooks prescribe central banks to 'look through'. The speech lays out why the nature of the shock does not alter the direction of an optimal policy choice (ie, hiking, in this context) but rather the speed with which inflation should be brought back to target. Moreover, the speech highlighted that in reality, central banks do not face a single shock but a sequence of overlapping ones, eg, a new supply shock, while the effects of a previous demand shock still work themselves through an economy.

### Adverse supply shocks and puzzling growth resilience

Overlapping shocks are in principle not new. What has changed in recent years, and what the ECB has pointed out before, is the frequency of negative supply shocks. COVID, the Ukraine war, the tariff war, and the Iran war all happened within just a few years, in large part reflecting the increased geopolitical tensions and fragmentation amid the dissolution of the old post-WWII world order. The second novelty is how well global growth is holding up in the recent global environment of high geopolitical uncertainty, soaring energy prices and rapidly rising real interest rates (to multi-decade highs).

This week was another example: while rising government bond yields made the headlines, growth indicators came in strong. Both Q1 and Q2 US GDP was revised higher, US ISM manufacturing momentum was robust, Japan's Tankan business survey showed improved business conditions and strong profit forecasts, European Commission business confidence improved and the global manufacturing PMI rose, with strong growth in new export orders.

This continuing economic strength, combined with persistent high energy prices, has been the key driver of the upward pressure in interest rates. But the increase in long-term government bond yields seems to have had no negative feedback on equity valuations. Typically, economic indicator releases are considered inherently backward looking, while the tightening of financial conditions through higher real long-term rates implies reduced growth.

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But this effect seems absent today. Indeed, on the day the Tankan survey results boosted expectations for faster BoJ hikes – we added a hike in December and now predict a terminal rate at 2.0% – and 10y JGB yields reached 3.1% for the first time in 30 years, the Japan's Nikkei equity index jumped higher regardless. That seems to defy the common logic of what such an interest rate shock, ie, the discount factor used for equity valuations, should do to equity markets.

### **AI as positive demand and supply shock**

What explains this unusual behaviour? The current 'world of overlapping shocks' includes a new and different one: AI. It is an exogenous shock, not triggered by any government policy but private sector-led scientific innovation, which is a positive demand and a positive supply shock. It has created large investment demand, especially in the US, which helped revive the global manufacturing cycle, adding to export demand in other regions. In addition, it is expected to create a massive positive supply shock for the global economy over the longer term. However, while the demand boost already shows up in real growth data today, the positive aggregate productivity boost is a future promise captured in today's equity valuations.

This could further complicate policy makers' world of overlapping shocks in the future. For now, they need to navigate geopolitical uncertainty from energy prices, including this week's G7 decision to release diesel reserves, and the looming fiscal threats associated with elections (eg, France) amid still resilient signals of global demand.

But market optimism about a coming positive AI supply shock could eventually turn into a large negative demand shock: if the promise of AI as an unprecedented boost to productivity does not materialise (or just takes longer than expected), today's valuations would have to adjust. The associated wealth effects would reverse, credit problems arise and sentiment plummet. The same way that today the positive AI shock seems to dominate all others, the negative AI shock would dominate all others then.

## **When growth is strong and inflation high...**

### **More signs that global growth remains resilient**

Amid the backdrop of higher inflation and higher yields, growth remains resilient. Global manufacturing PMI for September increased to 53.0, a 55-month high, driven by strength in output (53.8) and new orders (53.6). The strength owes partially to AI boom. Korea exports growth also continue to show solid growth, expanding 84% y/y in September (vs. 69% y/y in August).

In the US, the BEA's third estimate placed [Q2 real GDP](#) growth at 2.2% saar, 0.7pp faster than the second estimate. Consumer spending growth was revised to show more robust growth, alongside monthly estimates suggesting continued strong growth during Q2. The estimates imply an even faster Q2 increase in private domestic purchases (PDFP), the Fed's bellwether of underlying activity. Ultimately, the revisions boosted the trajectory of household income, indicating that consumer spending fundamentals have been more supportive than prior estimates had suggested.

The [ISM manufacturing PMI](#) for September was consistent with solid expansion. The headline was little changed at 54.5, reflecting a mix of influences. The index also showed cost pressures intensifying amid the renewed oil price strength and AI capex boom, with the prices paid index moving up to 77.9, the highest since May.

In Japan, the [BoJ's quarterly Tankan survey](#) for September 2026 showed improvement in business conditions for large manufacturers, along with sharp profit forecasts. In the inflation

outlook for general prices (% y/y; all sizes, all sectors), expectations continue to be well above 2%, with 2.6% for both one year and three years ahead and 2.5% for five years ahead.

Meanwhile, corporate financial conditions also remained accommodative, with the financial position diffusion index (pp; easy minus tight) and the lending attitude of financial institutions DI (pp; accommodative minus severe), a focus in relation to rate hikes, remaining broadly unchanged.

**FIGURE 1. Global manufacturing PMI improved**



Source: S&P Global, Haver Analytics, Barclays Research

**FIGURE 2. Korea exports posted solid growth**



Source: KCS, Haver, Analytics, Barclays Research

### Inflation remains firm amid methodology changes in US

In the **US**, **core PCE** inflation for August rose to 0.25% m/m, in line with our translation, but the annual rate was revised 0.4pp lower, to 3.0% y/y, a more substantive downward revision than we had estimated (Barclays: -20bp downward revision to annual core PCE inflation). The latest revision, which applies to the data going back to 2021, stems largely from methodological changes in price measures for portfolio management and investment advisory services, computer software and accessories, which had been key drivers of inflation this year.

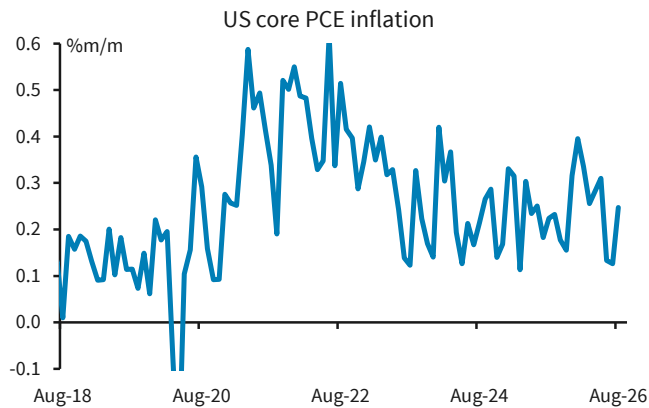
All told, the revisions lowered our Q4/Q4 core PCE forecast this year to 3.0% (from 3.3%), while our forecast for next year stands unchanged at 2.3%. More broadly, the data paint a more benign view of the economy, particularly when viewed through the lens of the 3m annualized measure that is reported to have come down from 4.3% in February 2026 to 2.0% in August. That said, the FOMC chairman has stated his preference for looking at inflation over longer horizons, such as the 12m rate, which remains above the Fed target at 3.0%. In our view, the confluence of lower revisions, coupled with the Chairman's emphasis on longer-term measures of inflation, strengthens the conviction behind our call for an October hold, followed by one more hike in December.

Considering that diesel prices are up 80% YTD, we believe that their effect is unlikely to remain confined to the energy line items of **US inflation**, since it fuels the movement of goods and services across the economy. Ultimately, persistence will be crucial. For shorter-lived shocks, pass-through to consumer prices is often incomplete, due to margins, inventories and sourcing adjustments. However, if the rise is sustained, the roughly 80% YTD increase in diesel prices could add 20-30bp to headline inflation and 15-20bp to core inflation.

In the **euro area**, **flash headline inflation** accelerated to 3.8% y/y in September from 3.2% y/y in August, driven largely by a renewed increase in energy inflation, which rose to 18.8% y/y. Within the non-energy components, food, alcohol and tobacco (FAT) inflation increased 0.3pp, to 1.4%

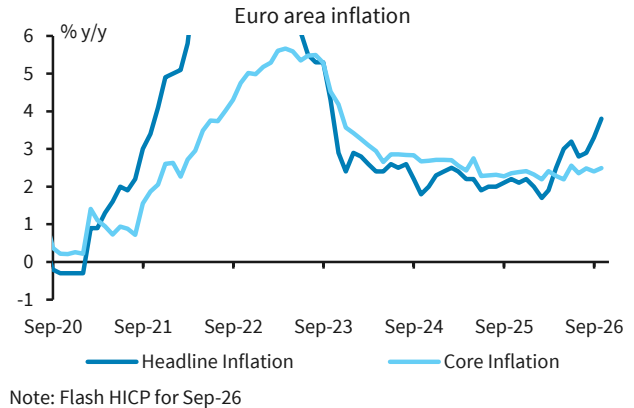
y/y, while core inflation edged up 0.1pp, to 2.5% y/y. The latter reflected a rebound in services inflation (+0.2pp, to 3.2% y/y), which more than offset a modest easing in core goods inflation (-0.1pp, to 1.1% y/y).

**FIGURE 3. US core PCE inflation for August rose further...**



Source: BEA, Haver Analytics, Barclays Research

**FIGURE 4. ...and euro area flash HICP for September inflation accelerated**



Source: Eurostat, Haver Analytics, Barclays Research

## ... a softer US labour market implies relief...

### US employment report softer than expected

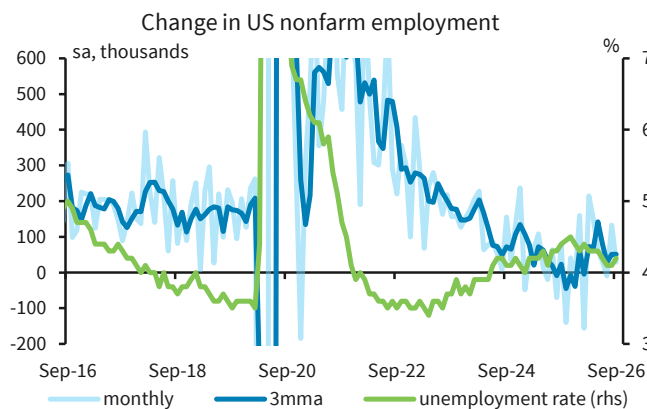
[September payrolls data](#) surprised to the downside, with the BLS reporting a 29k gain in nonfarm payrolls (Barclays: 50k; consensus: 90k), accompanied by a cumulative 60k downward revision to the prior two months' data. Revised seasonal adjustments played a large role in the swing in job gains from August (+133k) to September (+29k).

In addition to weak job gains, the unemployment rate increased 3bp, now rounding up to 4.2% in September. This reflects labour force gains (+485k) outpacing gains in household employment (+406k). Along with this volatility in labour supply, September's data also implies a moderation in private payroll income, which rose 4.1% annualised, still enough to surpass inflation, but slower than the prior month.

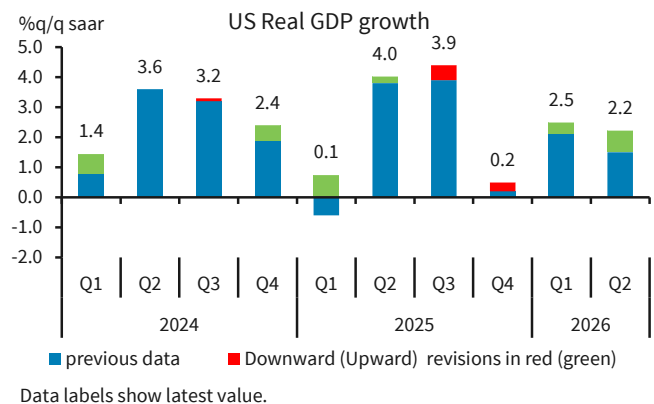
### Reduced urgency for Fed hike

The FOMC is likely to smooth through the noise and focus on the 3mma, which is running at 51k/m, still surpassing our estimate of the "breakeven" pace (circa 0k). The estimates push back against the re-acceleration narrative that had emerged in August, following a surge in payroll employment, and imply less urgency for the Fed to hike rates. It reinforces the case to stay on hold in October, on the heels of earlier communications by FOMC members favoring patience.

This week's FOMC communication largely reinforced that view. Markets moved sharply after FOMC Vice Chair Williams argued that there was no need for urgency and that one further rate hike might be appropriate later this year. That message was reinforced by Fed Vice Chair Jefferson's suggestion that the Committee may need more time before determining its next move, together with similarly patient signals from Bowman. The market-implied probability of an October hike fell from roughly 65% last week to below 25% at the time of writing.

**FIGURE 5. US Non- farm payrolls surprised to the downside**

Source: BLS, Haver Analytics, Barclays Research

**FIGURE 6. US final Q2 GDP growth was stronger than expected**

Source: BEA, Haver analytics, Barclays Research

## ...but bond market turbulence continues

### Only a temporary relief rally

After the US employment data provided a brief relief rally, hopes for a more sustained bond market reprieve quickly subsided, however, as the broad global bond market selloff continued to take hold. The 10-year US Treasury yield peaked at 5.29% on Friday, as markets take stock of elevated oil prices, signs of activity acceleration, and a higher policy path. Market gyrations are no longer confined to coupon Treasuries, but have also started to spread to T-bills.

In European bond markets, French OAT spreads to the German Bund widened to over 150 basis points on Friday, its widest point since the sovereign debt crisis. Italian bonds also suffered, with the ten-year spread rising to over 130 basis points against the Bund on Friday, reflecting the broad-based nature of these movements.

### France budget in the spotlight

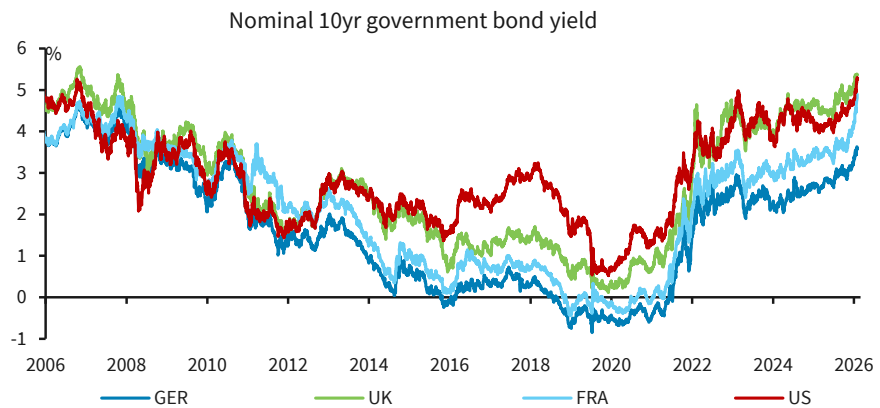
Such moves partly reflect persistent concerns about France's fiscal outlook, against a backdrop of weak nominal growth, rising interest expenditure and a large primary deficit. It is in this context that the government's presentation this week of its 2027 draft finance bill and social security financing bill attracted considerable attention. The budget targets a reduction in the public deficit from 5.4% of GDP in 2026 to 5.0% in 2027, supported by a fiscal package worth €43bn, equivalent to 1.4pp of GDP.

Attention will now shift to the parliamentary debate, which is due to begin in the National Assembly in mid-October and is likely to run at least until mid-December. Our baseline remains that the government will ultimately succeed in securing the adoption of the 2027 budget, though not through a parliamentary vote, given the absence of majority in the lower house. We think it is more likely that the prime minister will resort to Article 49-3 of the Constitution, but we do not rule out the use of budgetary ordinances to ensure the passage of the bills. Ultimately, the outcome is likely to hinge on the government's ability to secure the support, or at least the abstention, of one of the two pivotal opposition forces: Marine Le Pen's RN or the Socialist Party.

Even if the budget is ultimately adopted, we continue to forecast a public deficit of 5.5% of GDP in 2027, above the government's 5.0% target. Our more cautious assessment reflects three factors. First, we view the government's 2027 growth assumption of 1.0% as optimistic (Barclays: 0.8%). Second, the government's fiscal projections do not incorporate the recent rise

in long-term sovereign yields, which is likely to push interest expenditure higher and further widen the deficit. Third, securing the budget's passage may require concessions to opposition parties, potentially diluting part of the planned fiscal adjustment.

**FIGURE 7. Global bond market sell-off continued this week**



Source: Treasury, BoE, Bbk, TPI, Haver Analytics, Barclays Research

## Diesel drama takes centre stage in energy crisis

The US-Iran deal continues to be in a limbo, with Qatar mediating talks between the two countries to end the conflict.<sup>1</sup> Moreover, fuel supply disruption concerns due to a possible US ban on diesel exports,<sup>2</sup> a shortage of diesel supplies because of Russia and Ukraine attacking each other's energy facilities and Russia extending a ban on diesel exports till end of October,<sup>3</sup> and China suspending fuel exports<sup>4</sup> have complicated matters further, with more energy price pressures. As a consequence, diesel prices across US and Europe surged this week.

The latest developments suggest that the US president has asked Germany and France to release their diesel stocks to ease diesel prices or face a US diesel export ban.<sup>5</sup> This comes as the US midterm elections are near and the Trump administration has come under pressure on rising fuel prices. On Friday, it was announced that the G7 economies had agreed to release 100 million barrels from their diesel stocks, following pressure from the Trump administration. In a joint statement, the G7 leaders announced they would implement a coordinated release through the IEA to begin immediately over a four-month period, with a planned front-loaded diesel release within 20 days.<sup>6</sup> Details of the agreement remain sparse, with little clarity on which countries will participate in the drawdown. Underscoring the uncertainty surrounding the arrangement, Trump characterised the initiative as European led, suggesting that Europe will bear primary responsibility for its implementation.<sup>7</sup>

Meanwhile, Brent oil prices remain above \$100 per barrel. According to [our analyst](#), the gradual recovery in oil flows through the Middle East Gulf (including pipeline bypass) has picked up pace of late, but that has so far not affected the strength in physical market fundamentals, as near-term cargoes continue to command strong premiums over forwards. It is unclear at this time

<sup>1</sup> Reuters, 29 September 2026, "Qatari mediators press peace deal between US and Iran".

<sup>2</sup> Reuters, 1 October 2026, "Trump says he is still considering diesel export ban".

<sup>3</sup> Reuters, 30 September 2026, "Russia extends diesel export ban until end of October".

<sup>4</sup> Reuters, 1 October 2026, "Oil prices rise \$3 as China suspends fuel exports".

<sup>5</sup> Reuters, 1 October 2026, "US tells France and Germany to release diesel stocks or face US export ban, sources say".

<sup>6</sup> Elysee, 2 October 2026, "G7 Leaders' Statement on global energy security and market stability".

<sup>7</sup> Reuters, 2 October 2026, "G7 countries agree on release of diesel and oil stocks after US pressure".

how much of this strength is being driven by a coincidental increase in demand. We mark to market Q3 prices and increase our Q4 26 Brent forecast to \$115 per barrel, to take the full-year 2026 Brent forecast to \$100 per barrel, while keeping the 2027 Brent forecast unchanged (\$85 per barrel) at this time.

The developments remain fluid. At the time of writing, the oil price fell, but remains above \$100, while EU diesel prices fell.

## We expect a Bank of Japan hike in December and 2.0% terminal rate

The BoJ's Summary of Opinions this week gave no indication of a consecutive rate hike in October. However, apart from two members who opposed a hike, there was no sign of reluctance to raise rates at the three-month intervals. The comments suggested a hawkish tone, with policy makers expressing concerns about inflation risk rather than growth risk and the accelerated pace of tightening because of more resilient economic conditions than expected. Given this and government officials' caution about further hikes, the JPY depreciated, both developments in line with our expectations. With concerns over JPY weakness elevated and markets pricing an increasingly aggressive BoJ tightening path, the cost of waiting appears to be rising.

Together with the strong [quarterly Tankan survey](#) results, this makes us bring forward our [BoJ rate hike call](#) to December 2026 (vs. January 2027) and we see additional 25bp hikes next year in March and July. This would take the policy rate to 2%. In our close-call risk scenario, we look for hikes in December and April, with a terminal rate of 1.75%. The key factors distinguishing the two scenarios are the trajectory of inflation expectations and external political pressure related to FX.

[Tokyo CPI](#) excluding perishables and energy (core-core) for September were notably stronger at 3.0% y/y (vs 2.0% y/y in August), beating our and consensus expectations (2.5% y/y for both). The acceleration in core-core inflation was due mainly to institutional factors, imputed rent and calendar effects. Overall, the result points to an increase in the nationwide CPI and supports our call for a December BoJ hike.

## Global Forecasts

Data as of 2 October 2026

|                  | Real GDP |                              |       |      |      |      |      |                 |       |      | Consumer prices   |      |      |      |      |                 |      |      |
|------------------|----------|------------------------------|-------|------|------|------|------|-----------------|-------|------|-------------------|------|------|------|------|-----------------|------|------|
|                  | Weight*  | % over previous period, saar |       |      |      |      |      | % annual change |       |      | % over a year ago |      |      |      |      | % annual change |      |      |
|                  |          | 2Q26                         | 3Q26  | 4Q26 | 1Q27 | 2Q27 | 3Q27 | 2025            | 2026  | 2027 | 3Q26              | 4Q26 | 1Q27 | 2Q27 | 3Q27 | 2025            | 2026 | 2027 |
| Global*          | 100.0    | 3.2                          | 2.8   | 3.4  | 3.0  | 2.3  | 2.6  | 3.5             | 3.3   | 3.2  | 2.9               | 3.2  | 3.4  | 2.7  | 2.5  | 2.3             | 2.8  | 2.5  |
| Advanced         | 37.7     | 2.2                          | 1.5   | 1.3  | 1.4  | 1.5  | 1.4  | 1.8             | 1.6   | 1.5  | 3.2               | 3.7  | 3.6  | 2.8  | 2.5  | 2.6             | 3.2  | 2.7  |
| United States    | 17.8     | 2.2                          | ↑ 2.5 | 2.0  | 2.0  | 2.0  | 1.5  | 2.3             | ↑ 2.2 | 2.0  | 3.4               | 3.8  | 3.4  | 2.3  | 2.3  | 2.7             | 3.4  | 2.5  |
| Euro area        | 13.2     | 2.6                          | 1.0   | 0.9  | 1.0  | 1.1  | 1.5  | 1.3             | 1.0   | 1.2  | 3.3               | 3.9  | 3.8  | 3.0  | 2.6  | 2.1             | 3.1  | 2.8  |
| Germany          | 3.6      | 1.3                          | 0.7   | 0.9  | 1.0  | 1.3  | 1.7  | 0.3             | 1.0   | 1.1  | 3.0               | 3.1  | 3.2  | 2.8  | 2.4  | 2.3             | 2.7  | 2.7  |
| France           | 2.6      | 0.1                          | 0.6   | 0.6  | 0.8  | 0.8  | 1.3  | 0.9             | 0.4   | 0.8  | 2.7               | 3.5  | 3.4  | 2.4  | 2.0  | 0.9             | 2.5  | 2.3  |
| Italy            | 2.2      | 0.7                          | 0.4   | 0.4  | 0.6  | 0.6  | 0.8  | 0.7             | 0.9   | 0.6  | 3.4               | 4.6  | 4.1  | 3.1  | 2.6  | 1.6             | 3.1  | 2.9  |
| Spain            | 1.6      | 2.8                          | 2.2   | 1.9  | 1.8  | 1.9  | 1.9  | 2.6             | ↓ 2.5 | 1.9  | 4.5               | 5.1  | 4.8  | 4.0  | 3.0  | 2.7             | 4.0  | 3.5  |
| Japan            | 4.1      | 1.4                          | -1.5  | 0.2  | 1.0  | 1.1  | 1.1  | 1.1             | 1.1   | 0.6  | 1.8               | 2.4  | 3.8  | 3.5  | 2.8  | 3.1             | 1.8  | 3.0  |
| United Kingdom   | 2.6      | 2.1                          | 1.6   | 0.8  | 0.8  | 1.1  | 1.4  | 1.2             | 1.4   | 1.2  | 3.1               | 3.5  | 3.6  | 3.2  | 2.9  | 3.4             | 3.1  | 3.0  |
| Emerging*        | 62.3     | 3.8                          | 3.5   | 4.6  | 4.5  | 3.0  | 3.7  | 4.5             | 4.3   | 4.1  | 2.3               | 2.4  | 3.1  | 2.6  | 2.6  | 1.8             | 2.3  | 2.3  |
| EM ex China*     | 38.6     | 4.2                          | 3.2   | 4.4  | 4.2  | 3.4  | 3.6  | 4.2             | 4.2   | 4.2  | 3.9               | 4.2  | 4.1  | 3.6  | 3.5  | 3.4             | 3.7  | 3.5  |
| Emerging Asia    | 43.5     | 4.1                          | 4.3   | 5.5  | 5.4  | 3.3  | 4.8  | 5.4             | 5.3   | 4.8  | 1.7               | 1.6  | 2.0  | 1.6  | 1.7  | 0.7             | 1.7  | 1.6  |
| EM Asia ex China | 19.7     | 5.3                          | 4.7   | 6.2  | 5.5  | 4.5  | 5.5  | 5.8             | 6.4   | 5.7  | 3.6               | 4.0  | 3.4  | 2.9  | 2.7  | 1.8             | 3.3  | 3.1  |
| China            | 23.8     | 3.1                          | 4.1   | 4.9  | 5.3  | 2.0  | 4.1  | 5.0             | 4.5   | 4.0  | 0.6               | 0.4  | 0.8  | 0.6  | 0.8  | 0.0             | 0.7  | 0.8  |
| India            | 9.9      | 6.8                          | 5.5   | 8.0  | 7.7  | 5.8  | 6.5  | 7.3             | 7.5   | 7.0  | 4.8               | 5.8  | 4.9  | 4.7  | 4.2  | 2.2             | 4.4  | 4.5  |
| Indonesia        | 2.9      | 4.4                          | 5.3   | 5.7  | 5.7  | 6.1  | 3.6  | 5.1             | 5.4   | 5.4  | 3.1               | 3.1  | 3.4  | 2.9  | 2.9  | 1.9             | 3.3  | 2.9  |
| Korea            | 2.0      | 2.6                          | 0.8   | -0.2 | 3.6  | 3.0  | 4.9  | 1.1             | 3.2   | 2.6  | 3.0               | 2.5  | 2.4  | 2.2  | 2.2  | 2.1             | 2.6  | 2.2  |
| Thailand         | 1.1      | -0.7                         | 2.3   | 1.4  | 2.7  | 2.0  | 2.8  | 2.4             | 2.2   | 2.1  | 2.6               | 3.4  | 3.1  | 0.4  | 1.1  | -0.1            | 2.0  | 1.3  |
| Taiwan           | 1.2      | 5.7                          | 5.2   | 9.7  | -0.4 | 2.3  | 11.0 | 8.8             | 12.0  | 5.0  | 2.4               | 2.3  | 2.5  | 2.0  | 1.6  | 1.7             | 2.0  | 1.9  |
| Malaysia         | 0.9      | 10.5                         | 7.0   | 4.1  | 4.8  | 4.8  | 4.8  | 5.2             | 5.6   | 5.2  | 1.8               | 2.0  | 1.9  | 1.4  | 1.4  | 1.4             | 1.8  | 1.5  |
| Philippines      | 0.8      | 2.3                          | 3.2   | 5.7  | 5.3  | 5.3  | 5.3  | 4.4             | 3.0   | 5.0  | 6.3               | 6.5  | 5.6  | 2.7  | 3.4  | 1.7             | 5.6  | 3.8  |
| Singapore        | 0.6      | 5.7                          | 4.1   | 4.1  | 4.1  | 3.6  | 3.6  | 5.0             | 5.5   | 4.0  | 2.3               | 2.2  | 2.7  | 2.0  | 1.7  | 0.9             | 2.0  | 1.9  |
| Hong Kong        | 0.3      | -2.5                         | 1.1   | 4.3  | 9.3  | -2.9 | 1.2  | 3.6             | 4.3   | 2.8  | 1.9               | 1.8  | 1.7  | 1.5  | 1.5  | 1.4             | 1.8  | 1.6  |
| Latin America*   | 7.2      | 2.6                          | 1.2   | 1.1  | 2.8  | 0.7  | 2.0  | 2.2             | 1.8   | 1.9  | 4.1               | 4.5  | 4.6  | 4.0  | 4.2  | 4.3             | 4.3  | 4.2  |
| Brazil           | 2.9      | 1.9                          | 0.8   | 0.0  | 2.8  | -0.9 | 1.4  | 2.3             | 1.8   | 1.3  | 4.4               | 4.7  | 4.9  | 3.9  | 4.3  | 5.0             | 4.5  | 4.3  |
| Mexico           | 2.0      | 5.8                          | 0.4   | 1.6  | 2.5  | 1.2  | 1.7  | 0.5             | 1.5   | 2.0  | 3.3               | 3.8  | 4.1  | 4.0  | 4.5  | 3.8             | 3.8  | 4.1  |
| Argentina        | 0.9      | -2.3                         | 2.8   | 2.8  | 3.2  | 2.8  | 2.4  | 4.5             | 1.8   | 2.5  | 33                | 30   | 25   | 23   | 21   | 32              | 3.0  | 20   |
| Colombia         | 0.7      | 5.2                          | -0.2  | 1.8  | 2.0  | 2.1  | 2.5  | 2.6             | 2.4   | 2.0  | 6.2               | 6.2  | 5.9  | 5.2  | 4.7  | 5.1             | 5.9  | 5.0  |
| Chile            | 0.4      | -0.1                         | 2.4   | 2.4  | 2.4  | 2.0  | 2.8  | 2.5             | 1.0   | 2.1  | 4.2               | 4.3  | 3.8  | 3.7  | 3.3  | 3.4             | 4.3  | 3.5  |
| Peru             | 0.4      | 0.8                          | 6.6   | 0.8  | 5.1  | 0.8  | 6.6  | 3.4             | 3.1   | 3.3  | 4.0               | 4.3  | 3.6  | 2.2  | 2.5  | 1.5             | 3.7  | 2.7  |
| EEMEA*           | 11.6     | 3.1                          | 1.7   | 3.2  | 3.5  | 3.9  | 2.0  | 2.6             | 1.8   | 2.9  | 4.0               | 4.4  | 4.7  | 4.3  | 3.9  | 5.3             | 3.9  | 3.6  |
| Russia           | 4.2      | 8.3                          | 0.2   | 0.1  | 0.7  | 0.9  | 0.8  | 1.0             | 0.8   | 1.1  | 6.2               | 6.6  | 6.4  | 5.7  | 5.2  | 8.7             | 6.1  | 5.5  |
| Turkiye          | 2.2      | 4.0                          | 4.1   | 4.8  | 2.3  | 2.9  | 3.5  | 3.8             | 2.8   | 3.5  | 30.2              | 29.7 | 26.3 | 23.7 | 23.3 | 34.9            | 31.0 | 24.1 |
| Poland           | 1.2      | 4.1                          | 4.4   | 4.4  | 4.0  | 1.9  | 3.1  | 3.6             | 3.4   | 3.6  | 3.3               | 4.1  | 3.2  | 4.0  | 3.2  | 3.8             | 3.1  | 3.4  |
| South Africa     | 0.6      | -1.0                         | 1.0   | 0.8  | 2.2  | 1.9  | 1.9  | 1.1             | 1.0   | 1.5  | 4.5               | 5.7  | 5.9  | 4.4  | 4.1  | 3.2             | 4.5  | 4.4  |
| Hungary          | 0.3      | 2.0                          | 3.4   | 1.8  | 3.3  | 5.5  | 1.5  | 0.4             | 2.1   | 3.0  | 1.8               | 2.2  | 2.3  | 2.7  | 2.8  | 4.4             | 1.9  | 2.7  |
| Israel           | 0.3      | 14.9                         | 3.2   | 3.0  | 3.8  | 4.3  | 4.5  | 3.7             | 4.8   | 4.5  | 1.6               | 1.7  | 2.0  | 1.9  | 1.8  | 3.0             | 1.7  | 1.8  |
| Saudi Arabia     | 1.6      | -17.9                        | -2.8  | 10.9 | 15.7 | 11.4 | -0.8 | 4.6             | -3.0  | 6.5  | 1.9               | 2.0  | 1.8  | 1.3  | 1.5  | 2.0             | 1.9  | 1.5  |
| Nigeria          | 1.3      | 8.9                          | 5.0   | 1.5  | 1.6  | 8.9  | 5.8  | 4.0             | 4.4   | 4.3  | 15.4              | 15.0 | 13.5 | 11.0 | 11.0 | 23.0            | 15.3 | 11.8 |

Note: Arrows appear next to numbers if current forecasts differ from that of the previous week by 0.5pp or more for quarterly annualized GDP, by 0.2pp or more for annual GDP and by 0.2pp or more for Inflation. Weights used for real GDP are based on IMF PPP-based GDP (5y centred moving averages). Weights used for consumer prices are based on IMF nominal GDP (5y centred moving averages)". # IMF PPP-based GDP weights for 2025. Nigeria growth figures are GVA. Russia GDP is using SA series by Haver Analytics. \*Aggregates for CPI exclude Argentina, Turkiye & Nigeria inflation rates.

Source: Barclays Research

## Global Data and Events

## Week ahead

| UNITED STATES     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Period | Prev - 2    | Prev - 1     | Forecast    | Consensus   |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------|--------------|-------------|-------------|
| 03 - 09 Oct       | Events: NY Fed's Williams & Dallas Fed's Logan (Tue); St. Louis Fed's Musalem (Thu)                                                                                                                                                                                                                                                                                                                                                                             |        |             |              |             |             |
| 05 Oct 15:00      | ISM services index                                                                                                                                                                                                                                                                                                                                                                                                                                              | Sep    | 54.1        | 55.4         | 54.5        | 55.2        |
| 06 Oct 13:30      | Trade balance, \$ bn                                                                                                                                                                                                                                                                                                                                                                                                                                            | Aug    | -71.2       | -88.6        | -102.0      | -89.8       |
| 07 Oct 19:00      | FOMC Sep. meeting minutes – We expect the minutes to reveal that participants got increasingly concerned with persistent inflationary pressures amid strong AI-related investment demand, solid GDP growth and a labor market near full employment. The minutes may provide more clarity on the participants' assessment of neutral policy, with several participants likely thinking that the neutral is now higher than previously thought.                   |        |             |              |             |             |
| EURO AREA         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Period | Prev - 2    | Prev - 1     | Forecast    | Consensus   |
| 03 - 09 Oct       | Events: ECB's Lane, Schnabel, Austria NB Gov. Kocher, Ireland CB Dep. Gov. Donnery, Bundesbank President Nagel & Spain CB Gov. Escrivá (Mon); ECB's Elderson, Cipollone, Ireland CB Dep. Gov. Donnery & HNB Gov. Žigman (Tue); ECB's Cipollone & Vujčić (Wed); Eurogroup & ECB minutes (Thu); ECB's Lagarde, Cipollone, Lane, SNB Vice Chairman Martin & HNB Gov. Žigman (Thu); ECB's Lagarde, Cipollone, Schnabel & Belgian NB Gov. Wunsch (Fri); ECOFIN (Fri) |        |             |              |             |             |
| 05 Oct 09:00      | EA21: Composite PMI, index                                                                                                                                                                                                                                                                                                                                                                                                                                      | Sep F  | 52.0        | 53.1 P       | 53.1        | 53.1        |
| 05 Oct 10:00      | EA21: PPI, % m/m (y/y)                                                                                                                                                                                                                                                                                                                                                                                                                                          | Aug    | -0.3 (4.6)  | 1.6 (5.8)    | -           | 1.9 (6.7)   |
| 06 Oct 07:00      | Germany: Factory orders, % m/m (y/y)                                                                                                                                                                                                                                                                                                                                                                                                                            | Aug    | 3.7 (7.4)   | 2.5 (13.0)   | -1.0        | -1.3 (13.1) |
| 06 Oct 07:45      | France: IP, % m/m (y/y)                                                                                                                                                                                                                                                                                                                                                                                                                                         | Aug    | -0.1 (-0.1) | -0.4 (-0.5)  | 0.2 (1.2)   | 0.2 (1.2)   |
| 06 Oct 08:00      | Spain: IP, % m/m (y/y)                                                                                                                                                                                                                                                                                                                                                                                                                                          | Aug    | -0.7 (1.1)  | 0.6 (2.3)    | -0.5 (2.4)  | -0.5 (2.4)  |
| 06 Oct 10:00      | EA21: Retail sales, % m/m (y/y)                                                                                                                                                                                                                                                                                                                                                                                                                                 | Aug    | 0.2 (1.4)   | -0.6 (0.6)   | -           | 0.4 (1.2)   |
| 07 Oct 07:00      | Germany: IP, % m/m (y/y)                                                                                                                                                                                                                                                                                                                                                                                                                                        | Aug    | 0.0 (-0.4)  | -1.1 (-1.6)  | 0.5         | 0.5 (0.7)   |
| 09 Oct 09:00      | Italy: IP, % m/m (y/y)                                                                                                                                                                                                                                                                                                                                                                                                                                          | Aug    | -1.1 (-0.5) | 0.7 (-0.1)   | 0.0         | 0.0         |
| UK                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Period | Prev - 2    | Prev - 1     | Forecast    | Consensus   |
| 03 - 09 Oct       | Events: BoE's Mann (Tue); BoE's Bailey, Greene, Pill & Lombardelli (Thu)                                                                                                                                                                                                                                                                                                                                                                                        |        |             |              |             |             |
| 05 Oct 09:30      | Composite PMI, index                                                                                                                                                                                                                                                                                                                                                                                                                                            | Sep F  | 52.5        | 51.7 P       | 51.7        | 51.7        |
| JAPAN             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Period | Prev - 2    | Prev - 1     | Forecast    | Consensus   |
| 05 Oct -          | BoJ indicators on output gap, potential growth and labor supply-demand (Q2) – One focus will be the output gap, which could impact on future rate hikes if it fluctuates significantly.                                                                                                                                                                                                                                                                         |        |             |              |             |             |
| 06 Oct 07:35      | BoJ Governor Ueda speaks at national securities convention – The speech typically follows the September meeting statement closely, but may also refer to the Tankan results released shortly before.                                                                                                                                                                                                                                                            |        |             |              |             |             |
| 07 Oct 00:30      | Nominal / Real wages per worker, % y/y                                                                                                                                                                                                                                                                                                                                                                                                                          | Aug    | 4.0 / 2.2   | 4.3 / 2.0    | 3.9 / -     | 3.7 / 1.6   |
| 09 Oct 00:30      | Real household spending, % y/y                                                                                                                                                                                                                                                                                                                                                                                                                                  | Aug    | -3.3        | -3.6         | -           | -3.6        |
| 08 Oct -          | BoJ branch managers meeting – Branch manager reports warrant attention as they provide insight into the BoJ's assessment of economic conditions, including wage trends and corporate pricing behavior.                                                                                                                                                                                                                                                          |        |             |              |             |             |
| CHINA             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Period | Prev - 2    | Prev - 1     | Forecast    | Consensus   |
| 07 Oct -          | Foreign reserves, \$ bn; to edge down, largely due to negative valuation effects as EUR & GBP weakened modestly against USD.                                                                                                                                                                                                                                                                                                                                    | Sep    | 3418.8      | 3438.3       | 3428.0      | 3425.0      |
| 09 - 15 Oct       | TSF stock, CNY trn; TSF stock growth to ease to 7.1% y/y in September from 7.2% in August.                                                                                                                                                                                                                                                                                                                                                                      | Sep    | 463.3       | 464.8        | 468.1       | -           |
| REST OF THE WORLD |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Period | Prev - 2    | Prev - 1     | Forecast    | Consensus   |
| 07 Oct -          | Poland: Repo rate, %; NBP to remain on hold for the rest of the year.                                                                                                                                                                                                                                                                                                                                                                                           | Oct    | 3.75        | 3.75         | 3.75        | 3.75        |
| 07 Oct 05:30      | India: RBI repo rate, %; MPC to hike, amid upside risks to the domestic inflation trajectory from higher global oil prices while growth has stayed remarkably resilient.                                                                                                                                                                                                                                                                                        | Oct    | 5.25        | 5.25         | 5.50        | 5.50        |
| 08 Oct 08:00      | Mexico: CPI inflation, % m/m (y/y); to post an increase, with core at 0.22% – probably another benign core inflation print.                                                                                                                                                                                                                                                                                                                                     | Sep    | 0.03 (3.12) | 0.20 (3.26)  | 0.42 (3.45) | 0.42 (3.45) |
| 08 Oct 16:00      | Mexico: Banxico Sep. meeting minutes – We think investors will focus on the significant changes to the forward guidance, which provide a much clearer description of Banxico's reaction function and suggest that future decisions will be driven primarily by domestic conditions rather than by a mechanical response to Fed actions.                                                                                                                         |        |             |              |             |             |
| 09 Oct 13:00      | Brazil: IPCA inflation, % m/m (y/y); to rise, explained by a rebound in electricity bills due to reversal of the so-called "Itaipu bonus" discount.                                                                                                                                                                                                                                                                                                             | Sep    | 0.07 (4.44) | -0.32 (4.22) | 0.71 (4.46) | 0.72 (4.47) |

Note: For details, refer to corresponding Data Review and Preview sections. Events and speeches that do not show the time are in local timezone. Rest are reported in BST.  
Consensus data are from Bloomberg.  
Source: Barclays Research

## US Outlook

# Save it for later

The annual NIPA revision delivered substantially softer inflation estimates, while September employment data downplayed earlier signs of growing momentum. Recent FOMC communications point toward an October hold, but leave unresolved whether conditions are in place to sustain 2% inflation.

- The annual NIPA revision delivered substantially better inflation news than expected, helping solidify expectations of an October hold. Core PCE inflation was revised down to 3.0% y/y, while the 3m annualized pace fell to 2.0%. Recent FOMC communications suggest that moderates now favor awaiting additional data before the next move, with September inflation still forthcoming.
- Incoming data reinforced our view that earlier August readings had overstated the economy's momentum. Job gains slowed to 29k, prior months were revised lower, and the unemployment rate edged up to 4.2%. While job gains still exceed our estimate of breakeven payroll growth, the report reinforces recent signals that growth remains solid, but is not obviously accelerating.
- The same revisions that lowered inflation strengthen the case that demand remains unusually resilient. GDP growth in H1 was revised higher, PDGP accelerated to 4.6% q/q saar, and disposable income was boosted nearly \$300bn. Although inflation revisions and data reduce the urgency to tighten, cost pressures still fuel doubts that conditions are in place to sustain 2% inflation.

## Methodological changes push inflation toward the target

The annual NIPA revision delivered substantially softer inflation estimates than we had expected. Although August's 0.25% m/m increase in the core PCE price index aligned with our thinking (Barclays: 0.26%; consensus: 0.3%), the % y/y rate, at 3.0%, was 0.2pp below what we had forecast after accounting for the effects of the BEA's methodological revisions. The downward revision was twice as large as we had anticipated, reflecting larger-than-expected changes to portfolio management services and computer software and accessories. After incorporating the revisions, we now expect core PCE price inflation to end this year at 3.0% Q4/Q4, 0.3pp lower than under the prior methodology. Given the September SEP's central tendency for core PCE price inflation of 3.3-3.4% Q4/Q4 in 2026, we suspect many FOMC participants will be surprised by the magnitude of the revision as well.

Strikingly, the revisions lowered the %3m saar pace of core PCE inflation to just 2.05% in August ([Figure 1](#)), notably below the 2.6% pace implied by the prior vintage. Our decomposition indicates that the downward revisions were concentrated in portfolio management services, particularly in recent months ([Figure 2](#)). This comes as a surprise to us. Our [earlier work](#) had indicated that the revised methodology would primarily alter the timing of inflation, rather than

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materially affect the price level. Instead, the BEA not only made the monthly inflation trajectory for the category very flat, but also attributed a considerably larger share of recent increases in nominal spending to increases in the quantity of portfolio management services consumed. Whether or not this treatment proves appropriate, the new vintage of estimates paints a noticeably more benign inflation picture than policymakers and investors believed only a few weeks ago.

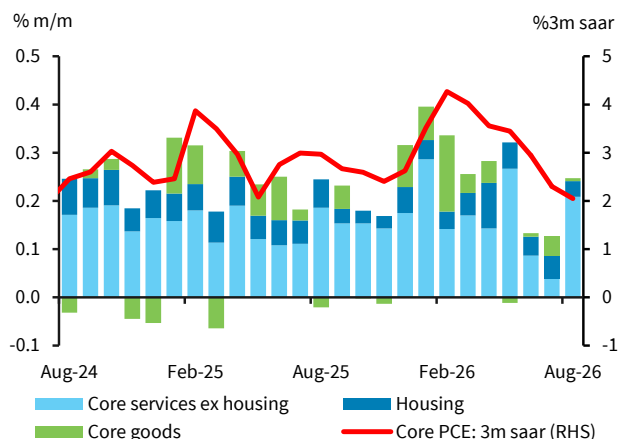
### Less urgency, not less concern

Notwithstanding messaging from FOMC participants, these revisions materially reduce the urgency for a hike. Together with September's softer employment report and recent signals from moderate FOMC participants, the data increasingly point toward the October pause embedded in our baseline.

However, we doubt the revisions fundamentally alter the broader policy debate. Chairman Warsh has repeatedly emphasized inflation measures over longer horizons, and even after the revisions, annual core PCE inflation remains 1pp above target. Nor do they eliminate concerns about pipeline inflation pressures. September's ISM manufacturing survey featured a large increase in the prices-paid index, alongside repeated references to tariffs, supplier constraints, energy costs, and AI-related bottlenecks. Combined with the resilient growth backdrop described below, these signals remain difficult to reconcile with a rapid and sustained return of inflation to 2%.

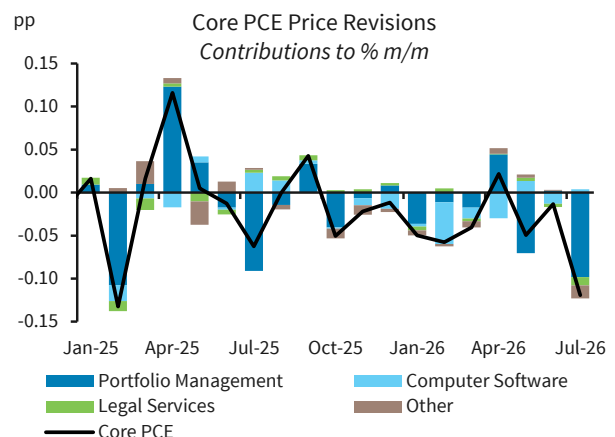
The revisions therefore reduce the urgency for immediate action without materially increasing confidence that conditions are in place to sustain 2% inflation. That distinction lies at the heart of the current policy debate and helps explain why policymakers appear increasingly comfortable saving the next move for later.

**FIGURE 1. After methodological revisions, core PCE price inflation approached 2% 3m saar in August...**



Source: BEA, Haver Analytics, Barclays Research

**FIGURE 2. ...reflecting unexpectedly large downward revisions to the portfolio management component**



Source: BEA, Haver Analytics, Barclays Research

### Payrolls return to the earth's orbit

September's employment report largely [reinforced our view](#) that August had overstated the economy's momentum. Payroll employment increased 29k (Barclays: 50k; consensus: 90k), while revisions lowered the prior two months a cumulative 60k. The resulting 3mma of payroll growth slowed to 51k, still above our estimate of the breakeven pace, but well below rates from which one might infer a meaningful re-acceleration in labor demand ([Figure 3](#)).

The details point in a similar direction. Much of the swing from August's downwardly revised 133k gain to September's 29k appears attributable to revised seasonal adjustment factors, which amplified August's strength and depressed September's estimate. The FOMC is likely to place greater weight on the 3mma measure, which smooths through much of this volatility. September's unusually low survey response rate (53%) also suggests that meaningful revisions remain likely.

On the surface, the household survey also suggests softer labor market conditions. The unemployment rate ticked up from 4.14% to 4.18%, rounding to 4.2%. But this increase appears less worrisome than the headlines suggest, with the notoriously noisy flows data showing a 485k increase in the labor force more than offsetting a 406k upswing in household employment. The jump in the labor force was driven by a second consecutive 0.2pp increase in participation, which, at 61.8%, has recovered 0.4pp of the 0.7pp decline recorded between January and July (Figure 4).

We continue to view labor supply as the key variable. The recent improvement in participation helps ease concerns that declines in within-group participation rates were pushing the breakeven pace of payroll growth materially below zero, a possibility we highlighted in our [labor force study from the latest Global Outlook](#). To be sure, much of the increase reflected a 1.7pp rebound in participation among 16-24 year-olds during the past two months, which may partly reflect seasonal-adjustment challenges associated with summer job market entry. Even so, this upswing is likely to prove short-lived. The broader picture remains one in which population aging and slower immigration continue to weigh on monthly gains in the labor force. As a result, we still expect modest job gains to place gradual downward pressure on the unemployment rate over time.

**FIGURE 3. The latest data reinforce the message that job gains remain slow and steady**



Source: BLS, Haver Analytics, Barclays Research

**FIGURE 4. September's uptick in the unemployment rate mostly reflects a rebound in participation**



Source: BLS, Haver Analytics, Barclays Research

### Solid and sustainable growth, but not an accelerating economy

In recent weeks, we argued that markets were likely over-interpreting signs of acceleration in the August activity data. Incoming evidence this week largely moved in that direction. September's employment report downplayed earlier signs of re-acceleration, while trade and inventory data reduced the Atlanta Fed GDPNow estimate from 5.0% q/q saar last week to 3.7%. By contrast, our own Q3 GDP tracking estimate is little changed at 2.4% q/q saar, broadly consistent with the pace we have been projecting for several weeks. With plenty of Q3 source data still to come, particularly for international trade and inventories, we remain comfortable showing steady growth through the remainder of 2026 and well into 2027.

PMIs continue to point to solid expansion, but the broader flow of trade, inventory, and labor-market data increasingly argues against the notion that activity is re-accelerating. Taken together, the incoming evidence is more consistent with steady growth than with a meaningful pickup in momentum.

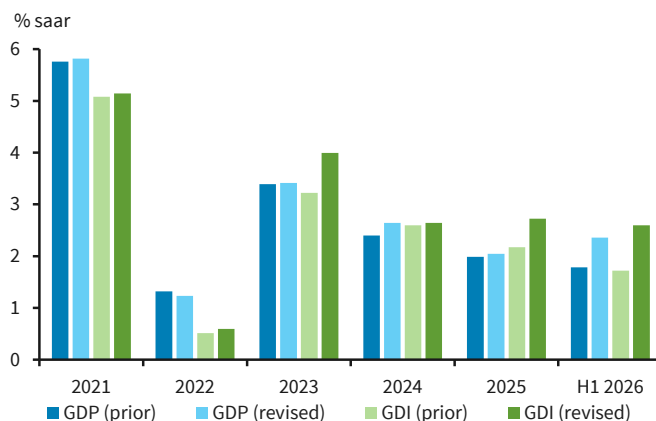
### The annual revision reinforced the resilient demand narrative

The annual revision nevertheless delivered a [stronger picture of underlying demand](#) than what many had likely gleaned from the prior vintage of estimates. GDP growth in the first half of 2026 was revised higher, while consumer spending and business investment proved more resilient than previously reported. Most notably, private domestic final purchases (PDFP), the Fed's preferred measure of underlying demand, accelerated to 4.6% q/q saar in Q2, its strongest pace since early 2023.

The income side of the accounts tells a similarly supportive story, with gains in GDI revised up throughout H1 26. Revisions boosted disposable income nearly \$300bn, largely reflecting stronger estimates of interest income, while the household saving rate was revised materially higher. These revisions repeats a pattern seen throughout the post-pandemic expansion ([Figure 6](#)). This reinforces our long-standing view that household spending fundamentals have been more supportive than prevailing estimates of income and saving tend to suggest. Indeed, they help explain why consumer spending repeatedly outperforms the expectations of many observers.

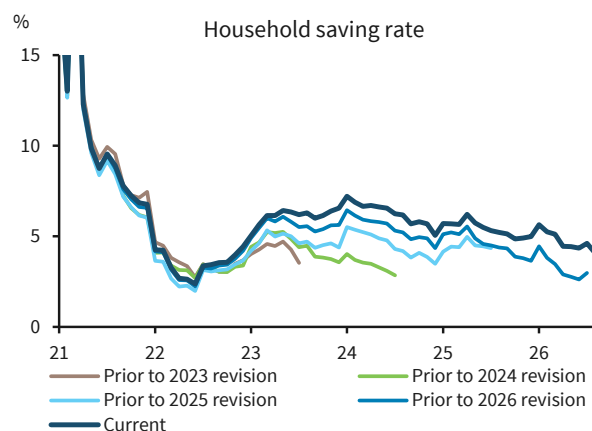
Although the revisions downplay inflation concerns, they reinforce tensions in the FOMC's labor market outlook. GDP growth, household income, and private demand all appear stronger than suggested by the prior vintage of data. Relative to the September SEP, this creates some upside risk that the above-trend growth expected by the median participant translates into more labor-market tightening than participants currently expect, thereby making wage growth more of a potential concern. As discussed in our recent labor supply work, that risk may be amplified if labor force growth remains constrained by demographics and slower immigration.

**FIGURE 5. With the annual revision, GDI and GDP are sending consistent signals of above-trend growth**



Note: Annual figures are %Q4/Q4, H1 26 is %2Q saar.  
Source: BEA, Haver Analytics, Barclays Research

**FIGURE 6. Upward revisions to income and the saving rate seem more supportive for household spending**



Source: BEA, Haver Analytics, Barclays Research

### We expect the Fed to save it for later

The week's communications largely reinforced the direction implied by the data. Markets moved sharply after FOMC Vice Chair Williams (New York) argued that there was no need for urgency and that one further rate hike might be appropriate later this year. That message was

reinforced by Fed Vice Chair Jefferson's suggestion that the Committee may need more time before determining its next move, together with similarly patient signals from Bowman. The implied probability of an October hike fell from roughly 65% last week to below 25% following those comments, the inflation revisions, and the softer employment report.

The more interesting discussion now concerns the destination, rather than the timing. Governors Barr and Cook, and Fed Presidents Kashkari (Minneapolis), Williams ) all highlighted factors that could keep policy rates elevated, including resilient demand, recurring supply shocks, AI-related investment pressures, and higher estimates of the neutral rate. Those concerns fit naturally with the stronger growth, PDPF, income, and saving estimates produced by the annual revision.

While the urgency for an October hike has faded, doubts about whether conditions are in place to sustain 2% inflation remain very much alive. Indeed, Logan (Dallas) argued that additional rate increases may be needed to unwind last year's risk-management cuts and move policy into modestly restrictive territory. That view appears increasingly distant from the October decision itself, but remains highly relevant as we look to the medium-term path of policy.

### **Diesel's long haul to the US consumer**

One reason policymakers remain hesitant to declare victory is the persistence of cost pressures flowing through supply chains. Our recent work on diesel prices provides a useful example of how recurring supply disturbances can continue to affect inflation even as traditional inflation measures improve.

Our latest thematic study, [Diesel's long haul to the US consumer](#), examines one such risk by tracing how higher diesel costs pass through transportation networks and supply chains into consumer prices. Rather than relying on simple correlations, we combined transportation-margin estimates with BEA input-output tables to identify categories most exposed to freight-related cost pressures. Food, vehicles, household furnishings, apparel, recreational goods, airlines, and delivery services emerge as the most vulnerable categories.

The key conclusion is that persistence matters more than the peak. Transportation costs account for only a small share of final prices; diesel accounts for only part of freight costs; and pass-through is attenuated by margins, inventories, contracts, and sourcing decisions. Even so, if current diesel prices persist long enough to work through inventories and supply chains, we estimate 15-20bp upside to core inflation next year. While not large enough to alter our baseline inflation forecast, the results help explain why policymakers are increasingly reluctant to dismiss recurring supply shocks as temporary and why cost pressures still fuel doubts that conditions are in place to sustain 2% inflation.

## US Q3 GDP TRACKING AT 2.4%

Colin Johanson, BCI, US | Jonathan Millar, BCI, US

We began our tracking with the release of the third estimate of Q2 26 GDP, as well as August estimates of the goods trade balance, wholesale inventories, and personal income and saving. Combined, these data points reduced our tracker 0.2pp, putting it at 2.3% q/q saar. The decline was driven by a reduction in our PCE tracker, as August data were slightly softer than expected, and a reduction in the contribution of net exports, as trade data widened more than expected. These were partially offset by moves in other component trackers, mainly equipment investment. August construction spending estimates then increased our GDP tracker 0.1pp, to 2.4% q/q saar, due to stronger-than-anticipated data lifting our residential, structures and government spending trackers. Then, the combination of September vehicle sales, the September employment report and the August factory orders data maintained our tracker at 2.4% q/q saar.

FIGURE 7. The effect of incoming data on our GDP tracking model

| Details of Q3 2026 GDP tracking estimate (% q/q saar, unless indicated) |                                                                                                         |            |             |            |             |             |            |            |             |             |             |                     |              |
|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------|-------------|------------|-------------|-------------|------------|------------|-------------|-------------|-------------|---------------------|--------------|
| Date                                                                    | Data release                                                                                            | GDP        | Final sales | PCE        | Res. inv.   | Equip       | Struct     | IPP        | Gov         | Exports     | Imports     | Net exports (level) | CPI (level)  |
| Sep-30                                                                  | Q2 GDP (3rd estimate), Personal Income and Spending, Advance Goods Trade Balance, Wholesale Inventories | <b>2.3</b> | <b>3.3</b>  | <b>2.9</b> | <b>-3.8</b> | <b>17.4</b> | <b>2.9</b> | 9.0        | <b>0.0</b>  | <b>0.8</b>  | <b>12.4</b> | <b>-1209.5</b>      | <b>-30.7</b> |
| Oct-1                                                                   | Construction Spending                                                                                   | <b>2.4</b> | <b>3.4</b>  | 2.9        | <b>-2.2</b> | 17.4        | <b>4.3</b> | 9.0        | <b>0.1</b>  | 0.8         | 12.4        | -1209.5             | -30.7        |
| Oct-2                                                                   | Vehicle Sales, Employment report, Factory Orders                                                        | 2.4        | <b>3.3</b>  | <b>2.8</b> | <b>-1.2</b> | <b>16.3</b> | <b>3.9</b> | 9.0        | <b>0.4</b>  | 0.8         | 12.4        | -1209.5             | <b>-30.2</b> |
|                                                                         | <b>Current quarter tracking</b>                                                                         | <b>2.4</b> | <b>3.3</b>  | <b>2.8</b> | <b>-1.2</b> | <b>16.3</b> | <b>3.9</b> | <b>9.0</b> | <b>0.4</b>  | <b>0.8</b>  | <b>12.4</b> | <b>-1209.5</b>      | <b>-30.2</b> |
|                                                                         | <i>Contribution to GDP growth (pp)</i>                                                                  |            | 3.3         | 1.9        | 0.0         | 0.9         | 0.1        | 0.5        | 0.1         |             |             | -1.6                | 0.6          |
|                                                                         | <b>Barclays official forecast</b>                                                                       | <b>2.5</b> | <b>3.3</b>  | <b>3.0</b> | <b>-3.0</b> | <b>15.5</b> | <b>5.0</b> | <b>9.0</b> | <b>-0.5</b> | <b>-0.5</b> | <b>9.0</b>  | <b>-1188.1</b>      | <b>-35.4</b> |

Note: Our GDP tracking estimate is distinct from our official published GDP forecast. It reflects the mechanical aggregation of monthly activity data that feed directly into the BEA's GDP calculation. Where data releases have implications for the tracking components, cells have been bolded  
Source: Barclays Research

## US DATA REVIEW &amp; PREVIEW

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## Review of last week's data releases

| Main indicators                             | Period | Previous    | Barclays  | Actual    | Comments                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------|--------|-------------|-----------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FHFA purchase-only HPI, % m/m (y/y)         | Jul    | 0.0 (2.3)   | 0.1 (2.5) | 0.3 (2.6) | The S&P Cotality 20-City House Price Index (0.32% m/m) and FHFA Index (0.3% m/m) both increased in July. Current data suggest price relief in the housing market remains limited. Without sustained such relief, housing demand will struggle to pick up materially.                                        |
| S&P Cotality CS 20-City HPI, % m/m (y/y)    | Jul    | 0.3 (2.2) R | 0.2 (2.2) | 0.3 (2.5) |                                                                                                                                                                                                                                                                                                             |
| Conference Board Consumer confidence index  | Sep    | 88.6 R      | 86.2      | 81.9      | The Conference Board's consumer confidence index declined 6.7pts in September, to 81.9. The drop reflects more pessimistic assessments of future economic activity and current conditions. Concerns about sustained inflation, high gas prices, and job scarcity likely contributed to the overall decline. |
| JOLTS, k job openings                       | Aug    | 7335 R      | 7200      | 7079      | Job openings were 7.08mn in August, down from a July reading that was revised up to 7.33mn, but still well within the usual range of monthly variation. August's readings lean against the narrative that the economy has picked up steam, with little indication of appreciable labor-market tightening.   |
| ADP private employment, chg., k             | Sep    | 36 R        | -         | 90        | Private employers added 90k jobs in September, up from a revised 36k in August and the first pickup in hiring since May, led by consumer-facing services.                                                                                                                                                   |
| Personal income, % m/m                      | Aug    | 0.3 R       | 0.4       | 0.2       | Consumer spending outpaced income growth in August, with PCE rising 0.9% m/m, against a 0.3% increase in disposable income, and the saving rate at 4.1%. Gains in spending were led by goods, with services also higher.                                                                                    |
| Personal spending, % m/m                    | Aug    | 0.1 R       | 1.0       | 0.9       | The BEA's methodology changes to three PCE price index categories lowered y/y core PCE inflation 0.4pp, to 3.0% y/y in August, even as the monthly print matched our translation. The 3m saar rate dropped to 2.0%. The revisions lowered our Q4/Q4 core PCE forecast to 3.0% this year (from 3.3%).        |
| PCE price index, % m/m (y/y)                | Aug    | 0.1 (3.4) R | 0.3 (3.8) | 0.3 (3.4) |                                                                                                                                                                                                                                                                                                             |
| Core PCE price index, % m/m (y/y)           | Aug    | 0.1 (3.0) R | 0.3 (3.4) | 0.2 (3.0) | Incoming data raised the Q2 GDP growth estimate 0.7pp, to 2.2% q/q saar, alongside upward revisions to Q1, mostly reflecting upgrades to private spending. The updated estimates also imply a more supportive trajectory of household income, boosting July's saving rate 1.5pp.                            |
| Final Real GDP, % q/q saar                  | Q2     | 1.5 P       | 1.9       | 2.2       | The goods trade deficit widened further in August, to \$132.6bn from \$118.9bn in July. The move reflects a sharp \$17.4bn rise in imports that more than offset a modest \$3.7bn gain in exports.                                                                                                          |
| Final Real consumer spending, % q/q saar    | Q2     | 3.4 P       | 4.0       | 3.8       |                                                                                                                                                                                                                                                                                                             |
| Final GDP price index, % q/q saar           | Q2     | 6.4 P       | -         | 6.1       | Wholesale inventories rose 0.7% m/m in August, slowing from an unrevised 1.3% gain in July, and were up 6.6% y/y.                                                                                                                                                                                           |
| Advance trade balance for goods, \$ bn      | Aug    | -118.9      | -120.9    | -132.6    | The Chicago PMI rebounded to 58.8 in September from 47.1, back in expansion at its highest since May, led by production and new orders, while employment declined.                                                                                                                                          |
| Wholesale inventories-p, % m/m              | Aug    | 1.3         | 0.4       | 0.7       | Initial claims fell to 197k from an upwardly revised 198k, while continued claims decreased to 1,701k from a downwardly revised 1,712k.                                                                                                                                                                     |
| Chicago PMI index                           | Sep    | 47.1        | -         | 58.8      |                                                                                                                                                                                                                                                                                                             |
| Initial jobless claims, k (4wma)            | 26-Sep | 198 (203)   | 200       | 197 (200) | The final manufacturing PMI rose to 55.9 in September, from 53.9 in August, the highest since May 2022, as output and new orders grew faster.                                                                                                                                                               |
| Insured unemployment (continued claims), k  | 19-Sep | 1712 R      | -         | 1701      |                                                                                                                                                                                                                                                                                                             |
| "Final" S&P Global manufacturing PMI, index | Sep    | 57.0 P      | -         | 55.9      |                                                                                                                                                                                                                                                                                                             |

| Main indicators                          | Period | Previous  | Barclays  | Actual    | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------|--------|-----------|-----------|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ISM manufacturing index                  | Sep    | 54.6      | 54.5      | 54.5      | The ISM manufacturing PMI was little changed in September at a level consistent with solid growth. Input cost pressures appear to be intensifying amid renewed oil price strength and strains from the AI capex boom.<br>Construction spending rose 0.9% m/m in August, after declining in the prior month. Home improvement within private residential spending drove the gain in the greater residential spending category. Current data increased our Q3 GDP tracker 0.1pp, to 2.4% q/q saar.<br>Vehicle sales fell to 16.0mn saar in September from 16.8mn in August. |
| Construction spending, % m/m             | Aug    | -0.1 R    | 0.0       | 0.9       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Vehicle sales, mn saar                   | Sep    | 16.8      | 16.3      | 16.0      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Nonfarm payrolls, chg., k                | Sep    | 133 R     | 50        | 29        | Payrolls rose 29k in September, after a combined 60k downward revision to July and August, and the unemployment rate increased to 4.2%. Wage growth stayed soft, with average hourly earnings up 0.1% m/m and 3.0% y/y.                                                                                                                                                                                                                                                                                                                                                   |
| Private payrolls, chg., k                | Sep    | 89 R      | 50        | 46        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Unemployment rate, %                     | Sep    | 4.1       | 4.1       | 4.2       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Average hourly earnings, % m/m (y/y)     | Sep    | 0.3 (3.1) | 0.3 (3.2) | 0.1 (3.0) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Average weekly hours                     | Sep    | 34.4      | 34.3      | 34.4      | Factory orders rose 0.1% m/m in August, after a 0.8% gain in July. Shipments edged down after eight straight monthly increases, while unfilled orders and inventories rose.                                                                                                                                                                                                                                                                                                                                                                                               |
| Factory orders, % m/m                    | Aug    | 0.8 R     | 0.2       | 0.1       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Durable goods orders-f, % m/m            | Aug    | 0.0 P     | 0.0       | -0.1      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Durable goods ex transportation-f, % m/m | Aug    | 0.3 P     | 0.3       | 0.3       | Durable goods orders were virtually unchanged in August, after a 0.9% gain in July, as lower transportation equipment orders offset a 0.3% increase in orders excluding transportation.                                                                                                                                                                                                                                                                                                                                                                                   |
| Core capital goods orders-f, % m/m       | Aug    | 1.6 P     | 1.6       | 1.6       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

## Preview of upcoming data

| Monday 05 October                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                   | Period | Prev - 3  | Prev - 2  | Prev - 1  | Forecast | Consensus |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------|-----------|-----------|----------|-----------|
| 09:45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | "Final" S&P Global services PMI, index                                                                                                            | Sep    | 54.6      | 56.5      | 58.7 P    | -        | 58.7      |
| 09:45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | "Final" S&P Global composite PMI, index                                                                                                           | Sep    | 54.5      | 56.0      | 58.4 P    | -        | -         |
| 10:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | ISM services index                                                                                                                                | Sep    | 54.0      | 54.1      | 55.4      | 54.5     | 55.2      |
| Tuesday 06 October                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                   | Period | Prev - 3  | Prev - 2  | Prev - 1  | Forecast | Consensus |
| 08:30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Trade balance, \$ bn                                                                                                                              | Aug    | -75.8     | -71.2     | -88.6     | -102.0   | -89.8     |
| 09:05                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | New York Fed President Williams (FOMC voter) will serve as moderator for a discussion with Caryn Seidman Becker, Chair and CEO of CLEAR, New York |        |           |           |           |          |           |
| 19:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Dallas Fed President Logan (FOMC voter) moderates a Q&A with Agustin Carstens, Federal Reserve Bank of Dallas, San Antonio Branch, Texas          |        |           |           |           |          |           |
| Wednesday 07 October                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                   | Period | Prev - 3  | Prev - 2  | Prev - 1  | Forecast | Consensus |
| 14:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Minutes of FOMC meeting                                                                                                                           | Sep-16 |           |           |           |          |           |
| September FOMC minutes: We expect the minutes to reveal that participants became increasingly concerned with persistent inflationary pressures amid strong AI-related investment demand, solid GDP growth and a labor market near full employment. We think that a majority of participants judged that financial conditions were not restrictive and that they supported removing some accommodation by raising policy rates 25bp at the September meeting. Many participants likely also supported raising rates further before the end of the year, consistent with the Summary of Economic Projections, to facilitate a "timelier" return of inflation to the 2% target. The minutes may provide more clarity on the participants' assessment of neutral policy, with several likely thinking that neutral is now higher than previously thought. |                                                                                                                                                   |        |           |           |           |          |           |
| Thursday 08 October                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                   | Period | Prev - 3  | Prev - 2  | Prev - 1  | Forecast | Consensus |
| 08:30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Initial jobless claims, k (4wma)                                                                                                                  | 03-Oct | 198 (204) | 198 (203) | 197 (200) | 200      | -         |
| 08:30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Insured unemployment (continued claims), k                                                                                                        | 26-Sep | 1717      | 1712      | 1701      | -        | -         |
| 10:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Wholesale inventories-f, % m/m                                                                                                                    | Aug    | 0.4       | 1.3       | 0.7 P     | 0.7      | -         |
| 13:40                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | St. Louis Fed President Musalem (FOMC non-voter) speaks at Bloomberg event on U.S. economy and monetary policy, Bloomberg Headquarters, New York  |        |           |           |           |          |           |
| Friday 09 October                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                   | Period | Prev - 3  | Prev - 2  | Prev - 1  | Forecast | Consensus |
| 10:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | "Flash" U. of Michigan consumer sentiment, index                                                                                                  | Oct    | 55.2      | 51.7      | 48.1      | 46.5     | 48.0      |

|       |                                              |     |     |     |     |   |   |
|-------|----------------------------------------------|-----|-----|-----|-----|---|---|
| 10:00 | "Flash" U. of Michigan 1 Yr. inflation, %    | Oct | 4.2 | 4.0 | 4.6 | - | - |
| 10:00 | "Flash" U. of Michigan 5-10 Yr. inflation, % | Oct | 3.3 | 3.3 | 3.4 | - | - |

Note: Consensus data from Bloomberg.  
Source: BEA, BLS, Bloomberg, Census Bureau, Federal Reserve, ISM, University of Michigan, S&P Global, Haver Analytics, Barclays Research

**US SNAPSHOT**

Marc Giannoni BCI, US | Jonathan Millar BCI, US | Pooja Sriram BCI, US | Colin Johanson BCI, US

|                                    | 2025 |       |      |      | 2026 |      |      |      | 2027 |      |      |      | Calendar year average |        |        |
|------------------------------------|------|-------|------|------|------|------|------|------|------|------|------|------|-----------------------|--------|--------|
| % Change q/q saar                  | Q1   | Q2    | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | 2025                  | 2026   | 2027   |
| Real GDP (% q/q saar)              | 0.1  | 4.0   | 3.9  | 0.2  | 2.5  | 2.2  | 2.5  | 2.0  | 2.0  | 2.0  | 1.5  | 1.5  | 2.3                   | 2.2    | 2.0    |
| Real GDP (% y/y)                   | 2.3  | 2.4   | 2.6  | 2.0  | 2.6  | 2.2  | 1.9  | 2.3  | 2.2  | 2.1  | 1.9  | 1.8  | ...                   | ...    | ...    |
| Private consumption                | 0.6  | 2.1   | 3.7  | 1.9  | 0.7  | 3.8  | 3.0  | 2.0  | 2.0  | 2.0  | 1.5  | 1.5  | 2.6                   | 2.3    | 2.1    |
| Public consump and invest          | -0.6 | 2.3   | 1.6  | -5.7 | 4.7  | -0.1 | -0.5 | 1.5  | 0.5  | 0.5  | 0.5  | 0.5  | 1.6                   | 0.4    | 0.5    |
| Gross private investment           | 23.5 | -11.9 | 0.7  | 1.1  | 7.2  | 4.6  | 10.9 | 5.4  | 5.2  | 5.2  | 2.8  | 2.8  | 3.1                   | 3.8    | 5.4    |
| Residential investment             | -2.7 | -4.3  | -6.3 | -1.8 | -7.6 | 2.8  | -3.0 | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | -2.7                  | -3.2   | -0.2   |
| Nonresidential investment          | 10.7 | 7.6   | 3.8  | 2.1  | 9.9  | 9.0  | 10.8 | 7.2  | 6.8  | 6.8  | 3.9  | 3.9  | 5.4                   | 7.3    | 6.9    |
| Equipment                          | 20.4 | 7.2   | 8.9  | 6.9  | 15.5 | 13.4 | 15.5 | 9.0  | 8.0  | 8.0  | 4.0  | 4.0  | 8.8                   | 11.7   | 8.6    |
| Intellectual property              | 8.0  | 16.3  | 5.7  | 4.4  | 15.6 | 9.2  | 9.0  | 7.0  | 5.0  | 5.0  | 4.0  | 4.0  | 6.8                   | 9.6    | 5.9    |
| Structures                         | 0.9  | -5.3  | -7.7 | -9.8 | -9.4 | 0.1  | 5.0  | 4.0  | 8.0  | 8.0  | 3.5  | 3.5  | -2.2                  | -4.8   | 5.5    |
| Ch. inventories (contr to GDP, pp) | 2.5  | -3.2  | -0.1 | 0.0  | 0.2  | -0.5 | 0.5  | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1                  | -0.2   | 0.0    |
| Net exports (contr to GDP, pp)     | -4.0 | 4.5   | 1.0  | -0.3 | 0.0  | -1.1 | -1.3 | -0.6 | -0.4 | -0.4 | -0.1 | -0.1 | -0.3                  | -0.1   | -0.5   |
| Exports                            | 2.5  | -2.0  | 9.4  | -4.2 | 13.9 | 5.0  | -0.5 | 2.5  | 2.5  | 2.5  | 2.5  | 2.5  | 2.1                   | 4.6    | 2.3    |
| Imports                            | 34.7 | -27.8 | 0.1  | -1.5 | 11.5 | 12.6 | 9.0  | 6.0  | 4.5  | 4.5  | 2.5  | 2.5  | 3.6                   | 4.1    | 5.4    |
| Final sales to domestic purchasers | 1.6  | 2.6   | 2.9  | 0.5  | 2.3  | 3.8  | 3.3  | 2.6  | 2.4  | 2.4  | 1.6  | 1.6  | 2.6                   | 2.6    | 2.6    |
| Industrial production (% y/y)      | 0.7  | 0.5   | 1.7  | 1.6  | 0.8  | 1.5  | 2.4  | 3.6  | 3.8  | 4.5  | 3.8  | 3.7  | 1.1                   | 2.1    | 3.9    |
| GDP price index                    | 3.1  | 2.1   | 3.4  | 3.4  | 3.2  | 6.1  | 2.1  | 3.3  | 2.5  | 2.1  | 2.2  | 2.7  | 2.6                   | 3.6    | 2.7    |
| Nominal GDP                        | 3.3  | 6.2   | 7.4  | 3.7  | 5.8  | 8.5  | 4.6  | 5.4  | 4.6  | 4.2  | 3.8  | 4.2  | 5.0                   | 5.9    | 4.8    |
| Employment (avg mthly chg, K)      | 20   | 34    | 23   | -39  | 73   | 81   | 51   | 50   | 25   | 0    | 0    | 0    | 10                    | 64     | 6      |
| Unemployment rate (%)              | 4.1  | 4.2   | 4.3  | 4.5  | 4.3  | 4.3  | 4.1  | 4.0  | 4.0  | 3.9  | 3.8  | 3.8  | 4.3                   | 4.2    | 3.9    |
| CPI inflation (% y/y)              | 2.7  | 2.4   | 2.9  | 2.7  | 2.7  | 3.9  | 3.4  | 3.8  | 3.4  | 2.3  | 2.3  | 2.0  | 2.7                   | 3.4    | 2.5    |
| Core CPI inflation (% y/y)         | 3.1  | 2.8   | 3.1  | 2.7  | 2.5  | 2.7  | 2.5  | 2.7  | 2.6  | 2.5  | 2.5  | 2.4  | 2.9                   | 2.6    | 2.5    |
| PCE price index (% y/y)            | 2.5  | 2.5   | 2.7  | 2.7  | 3.0  | 3.6  | 3.4  | 3.5  | 3.1  | 2.3  | 2.3  | 2.1  | 2.6                   | 3.4    | 2.4    |
| Core PCE price index (% y/y)       | 2.7  | 2.8   | 2.8  | 2.8  | 3.0  | 3.1  | 3.0  | 3.0  | 2.6  | 2.4  | 2.4  | 2.3  | 2.8                   | 3.0    | 2.4    |
| Current account (% GDP)            | -5.8 | -3.3  | -3.4 | -2.8 | -2.7 | -3.0 | -3.5 | -3.7 | -3.9 | -4.0 | -4.1 | -4.1 | -3.8                  | -3.2   | -4.0   |
| Federal budget bal. (\$bn)         | ...  | ...   | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -1,775                | -2,102 | -2,113 |
| Federal budget bal. (% GDP)        | ...  | ...   | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -5.8                  | -6.5   | -6.2   |
| Government debt (% GDP)            | ...  | ...   | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | 124.8                 | 124.2  | 126.3  |
| Federal funds target range         |      |       |      |      |      |      |      |      |      |      |      |      |                       |        |        |
| Upper bound (%)                    | 4.50 | 4.50  | 4.25 | 3.75 | 3.75 | 3.75 | 4.00 | 4.25 | 4.25 | 4.25 | 4.25 | 4.00 | ...                   | ...    | ...    |
| Lower bound (%)                    | 4.25 | 4.25  | 4.00 | 3.50 | 3.50 | 3.50 | 3.75 | 4.00 | 4.00 | 4.00 | 4.00 | 3.75 | ...                   | ...    | ...    |

Note: % q/q saar unless indicated. The budget balance is fiscal year.

Source: BEA, BLS, FRB, US Treasury, Barclays Research

## Euro Area Outlook

## Back to domestic risks

French fiscal and political developments cloud the euro area outlook, with fiscal fundamentals remaining weak and unlikely to reach an inflection point before next year's presidential election. With inflation on the rise, we continue to expect the ECB to deliver a third hike in December.

- The French government has presented its 2027 draft finance bill and social security financing bill, setting out the contours of its €43bn (1.4% of GDP) package aimed at reducing the public deficit from 5.4% of GDP this year to 5.0% of GDP in 2027. While [our baseline](#) is that a budget will ultimately be adopted in the coming months, we doubt the government will be able to meet its 2027 fiscal targets.
- Rassemblement National candidate Marine Le Pen has outlined the deficit "golden rule" she intends to enshrine in the French Constitution. Next Tuesday, focus will turn to the presentation of her €125bn multi-year consolidation package.
- Euro area headline inflation accelerated by 0.6pp to 3.8% y/y in September, driven by higher energy prices, while core inflation remained broadly contained, edging up by 0.1pp to 2.5% y/y.
- Energy price developments will continue to shape the euro area inflation outlook. In [All eyes on gas prices](#), we assess the risks around gas prices over the coming months. In particular, our analysis shows that gas supply shocks are transmitted more widely than oil supply shocks, with effects extending to a broader range of inflation subcomponents across food, non-energy industrial goods and services.
- ECB speakers continue to view the current shock as falling within the "middle path" set out in the 2025 strategy review, calling for a calibrated response of monetary policy. We continue to expect the ECB to raise rates a final time in December, taking the deposit rate to a terminal level of 2.75%.

### France's fiscal challenge takes centre stage with the presentation of the 2027 budget draft...

With the 10y OAT-Bund spread reaching its widest level since the euro sovereign debt crisis in 2011, developments surrounding France's public finances remained firmly in focus this week. The government unveiled its 2027 draft finance bill and social security financing bill, outlining its strategy to reduce the public deficit from 5.4% of GDP in 2026 to 5.0% of GDP in 2027. To achieve this 0.4pp reduction in the headline deficit, the government estimates that €43bn (1.4% of GDP) of new budgetary measures will be required in 2027, broadly split between spending restraint and revenue-raising measures.

Looking ahead, with the budget bills now before the National Assembly, plenary discussions are set to begin on 13 October, with the budget process likely to extend into early December at the

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earliest. Our baseline is that the government will ultimately succeed in passing the 2027 budget, though not through a parliamentary vote. We see a high likelihood that the Prime Minister will invoke Article 49-3 of the Constitution. While the government may initially prioritise reaching a compromise with the Socialist Party, we see a possibility that, unlike during the 2025 and 2026 budget negotiations, it could ultimately have no choice but to rely on RN support, given the more conciliatory stance adopted by Marine Le Pen in recent weeks.

We nevertheless remain sceptical about the government's ability to bring the deficit down to its 5.0% target and maintain our forecast of a public deficit of 5.5% of GDP in 2027. Our projections remain more pessimistic than those of the government for three main reasons. First, we view the government's 2027 growth assumptions as optimistic. Second, its fiscal scenario does not incorporate the impact of the recent rise in government bond yields, which is likely to put additional upward pressure on interest expenditure and the deficit. Third, any concessions made to opposition parties during the parliamentary process could dilute the planned fiscal effort.

### ...and with the unveiling of Marine Le Pen's fiscal plans next week

In an [op-ed published in \*L'Opinion\*](#), Marine Le Pen unveiled the broad contours of the fiscal "golden rule" she intends to enshrine in the Constitution. In practical terms, the proposal would imply:

- **A budget deficit systematically below the debt-stabilising threshold:** Until public debt falls below 60% of GDP, the authorised deficit would have to remain at least 0.5pp below the level consistent with debt stabilisation.
- **A gradual adjustment path when public finances are significantly off track:** Whenever the deficit in year N-1 exceeds by more than 1pp of GDP the deficit target consistent with debt stabilisation, the budget for year N would be required to deliver a minimum fiscal adjustment of 0.5pp of GDP.
- **Independent monitoring and enforcement:** Compliance with the rule would be assessed by the High Council of Public Finances, while Parliament would only be permitted to vote on budget legislation that complies with the rule's requirements.
- **Strict escape clauses:** Departing from the rule in a given year would require a three-fifths majority in Parliament, while consecutive deviations would be permitted only through a referendum.

In our view, these proposals, if implemented, would be supportive of an improvement in France's fiscal outlook. However, the key test of their credibility will be Marine Le Pen's presentation, due next Tuesday, of the €125bn multi-year consolidation plan intended to underpin these commitments. Based on RN's previous policy proposals and counter-budgets, we expect the plan to include a reduction in non-contributory social benefits for non-French citizens, a simplification of France's territorial organisation, cuts to the number and operating costs of state agencies, a reduction in subsidies supporting the deployment of renewable energy, and a cap on France's net contribution to the EU budget.

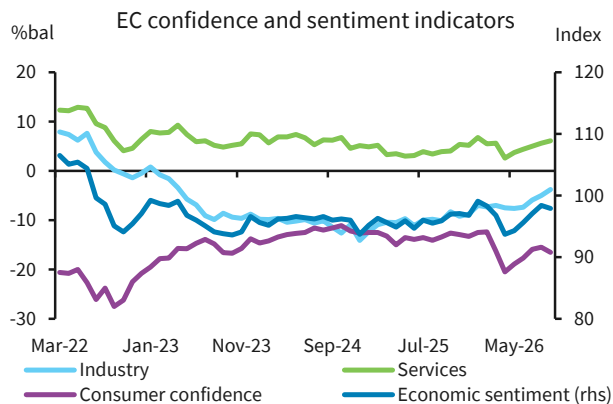
Ultimately, the key challenge for Marine Le Pen and RN will be to demonstrate that these deficit-reduction measures can be implemented both rapidly and on a sufficiently large scale to more than offset the cost of other flagship commitments, notably on pensions and on cutting taxes on energy and production, which remain central elements of the party's platform.

## Mixed signals from September soft data

The September European Commission sentiment survey painted a more nuanced picture than last week's flash PMIs. The headline Economic Sentiment Indicator (ESI) edged down by 0.4pt to 97.9, masking divergent developments across the four largest euro area economies. Sentiment improved in Spain (+3.4pt to 105.5) and Germany (+0.6pt to 95.0), but weakened in France (-1.7pt to 96.2) and Italy (-0.8pt to 99.8). Importantly, the decline in the aggregate index was driven largely by households rather than firms. Consumer confidence fell by 1.0pt to -16.5, reflecting a more pessimistic assessment of the economic outlook and weaker intentions to make major purchases.

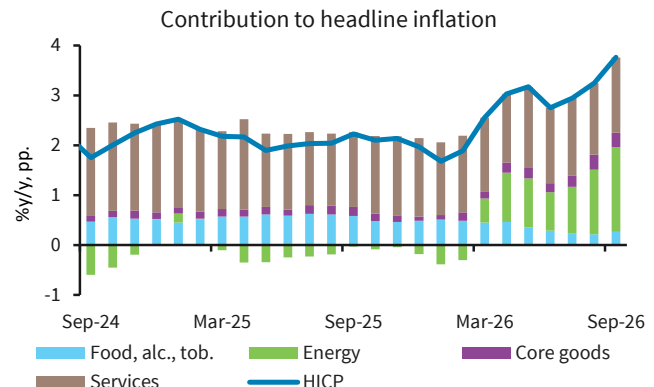
By contrast, business sentiment continued to improve, with confidence rising in both manufacturing (+1.2pt to -3.8) and services (+0.5pt to 6.1), broadly echoing the signal from the PMIs. Firms appeared increasingly upbeat about demand prospects, suggesting that the recent softening in sentiment remains concentrated among consumers rather than extending to the corporate sector (Figure 1).

**FIGURE 1. Weaker consumer confidence contrasted with a further improvement in manufacturing and services sentiment**



Source: European Commission, Haver Analytics, Barclays Research

**FIGURE 2. Energy was again the main driver of the pick-up in inflation in September but food and core inflation also edged higher**



Source: Eurostat, Haver Analytics, Barclays Research

## Energy drove euro area inflation to 3.8% y/y in September

**Euro area headline inflation** accelerated sharply to 3.8% y/y in September from 3.2% y/y in August, driven largely by a renewed rise in energy inflation (Figure 2). Within the non-energy components, food inflation picked up by 0.3pp to 1.4% y/y but remained subdued overall, while core inflation rose by 0.1pp to 2.5% y/y as the rebound in services inflation (+0.2pp to 3.2% y/y) more than offset a modest easing in core goods inflation (-0.1pp to 1.1% y/y).

This week also brought a number of important developments that will help inform the near-term outlook for euro area inflation. In the energy complex, the week initially began with renewed concerns over a potential US diesel export ban, but sentiment improved on Friday following the G7's announcement that 100mn barrels of diesel would be released over the next four months. Further relief came from additional government support measures. After Germany's announcement last week, [Spain](#) extended its fuel tax relief through year-end, maintaining a €0.20/litre rebate on diesel and petrol in October and phasing it out only gradually over November and December. Spain also introduced a safeguard mechanism under which VAT on electricity and gas would be reduced from 21% to 10%, and the electricity tax from 5.1% to 0.5%, should inflation in the relevant energy categories exceed 15%. In Italy, existing cuts to diesel excise duties will be replaced from 6 October by a "mobile excise"

mechanism, under which additional VAT revenues generated by higher oil prices are used to reduce fuel excise taxes ([Figure 3](#)).

Beyond energy, business surveys continued to provide early indications of the extent to which indirect effects may build in the coming months. The European Commission's September survey pointed to a renewed increase in industrial selling price expectations (+3.4pt to 20.3), echoing the signal from the PMIs, while price signals from retailers and service-sector firms remained more subdued. Looking ahead, next week's euro area PPI release should provide a more comprehensive assessment of pipeline price pressures. Based on the national releases available so far, we expect a further acceleration in headline producer prices, driven primarily by energy but also by some incremental firming in intermediate goods prices. By contrast, price pressures should continue to appear relatively contained further downstream, with only modest movements in consumer goods prices at this stage.

**FIGURE 3. Fiscal responses across countries**

| Country        | Latest measure                                                                                                                                                                                                                                                                                                                                                                      | Estimated fiscal cost (€bn) since March 2026 | Official duration of latest measure | Full-month estimated HICP impact | % of GDP |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------------------------|----------------------------------|----------|
| <b>Italy</b>   | Until 17 September, diesel benefited from a 17c/litre discount (VAT included). The latest measure lowered this to a 12.2c/litre discount, was reduced to 6.1c/litre on 25 September before expiring in October, when the mobile-excise mechanism takes over.                                                                                                                        | c.€2.4bn                                     | Until 5 October                     | For the latest measure: <0.1pp   | 0.1      |
| <b>Spain</b>   | Fuel tax cuts renewed on a sliding scale: 20c/litre (petrol & diesel) in October, falling to 13c in November and 6c in December, with a "reactivation clause" allowing cuts to return to 20c if prices spike by more than 15%. A separate safeguard clause would reduce VAT on gas and electricity and a special electricity tax if inflation for those categories exceeds 15% y/y. | c.€12bn                                      | Oct-Dec                             | c.0.3pp                          | 0.7      |
| <b>France</b>  | Targeted measures so far, focused on the most exposed sectors/households.                                                                                                                                                                                                                                                                                                           | c.€1.7bn                                     | Until 31 December                   | -                                | 0.1      |
| <b>Germany</b> | In response to renewed increases in fuel prices, the government reinstated the 17c/litre tax reduction on both petrol and diesel.                                                                                                                                                                                                                                                   | c.€4.1bn                                     | Oct-Dec                             | c.0.25pp (Oct)                   | 0.1      |

Source: Barclays Research

### ECB remaining firm on the "middle path"

This week's ECB communication reinforced our view that the Governing Council continues to see the current shock as fitting the intermediate case outlined in the 2025 strategy review, calling for a calibrated policy response to what is still regarded as a predominantly supply-side inflation shock. In a hearing before the European Parliament's Committee on Economic and Monetary Affairs, [President Lagarde](#) argued that the ECB remains on the "middle path" for monetary policy, with the current shock warranting a "measured response" to keep inflation in check. She noted that there was still little evidence that higher energy prices were feeding through to wages, while the rise in long-term interest rates since the September meeting could weigh on growth and dampen the pass-through from higher energy prices relative to the ECB's September baseline. Concurring with this assessment, Slovak [Governor Kazimír](#) echoed those

remarks, arguing that while the ECB "*[needs] full flexibility in order to be able to decide*", the Governing Council "*had enough time*" in the current situation and would also "*need enough information to know when to act, if that becomes necessary*".

Taking stock of recent ECB communication and the latest inflation developments, we continue to expect the ECB to remain on hold at its October meeting before delivering a final 25bp rate hike in December, bringing the deposit rate to a terminal level of 2.75%. We continue to see risks skewed towards additional tightening beyond December should the energy outlook fail to improve in the coming months. At the same time, we do not believe the recent developments in French bond markets have the potential to derail the ECB's response to the current inflation shock or its ongoing balance sheet run-off. Along similar lines, we do not think the conditions for activating the Transmission Protection Instrument (TPI) are currently met in France, particularly given the challenges the government faces in credibly delivering its fiscal consolidation plans. Indeed, in the absence of credible consolidation efforts, it would be challenging for the ECB to assess French public debt as being on a sustainable path. This assessment is a prerequisite for the Governing Council for the activation of the TPI. However, the ECB could activate TPI to avoid contagion to other jurisdictions.

### **The week ahead**

On the data front, our focus will be on the Euro area PPI release (Monday), the final September S&P Global Composite and Services PMIs for Italy, Spain, France, Germany and the Euro area (Monday), Euro area retail sales (Tuesday), and industrial production releases for France and Spain (Tuesday), Germany (Wednesday) and Italy (Friday).

Besides data releases, we will monitor interventions from Executive Board member Schnabel and Chief Economist Lane (Monday), Executive Board member Cipollone (Tuesday), Vice-President Vujčić (Wednesday). Chief Economist Lane and Executive Board Member Schnabel are due to speak again on Thursday and Friday, respectively.

## EURO AREA DATA REVIEW &amp; PREVIEW

Silvia Ardagna, Barclays, UK | Saadalla Nadra-Yazji, BBI, Paris | Carola Giannini, Barclays. Note: All times reported are in BST. Consensus figures are taken from Bloomberg.

## Review of last week's data releases

| Main indicators                                               | Period | Previous    | Barclays   | Actual     | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------|--------|-------------|------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| France: Hshld consum. goods, % m/m (y/y)                      | Aug    | 0.4 (1.3) R | -          | -0.5 (0.8) | French household consumption fell by 0.5% m/m in August, driven by declines in both energy and food consumption.                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Spain: Preliminary HICP, % m/m (y/y)                          | Sep    | 0.6 (4.5)   | 0.7 (5.0)  | 0.6 (5.0)  | Euro area headline inflation accelerated to 3.8% y/y in September (3.2% y/y in August). Across the largest euro area countries, HICP inflation accelerated on a year-on-year basis in France (+0.7pp, to 3.4% y/y), Germany (+0.3pp, to 3.3% y/y), Spain (+0.4pp, to 5.0% y/y), Italy (+0.9pp, to 4.1% y/y), and in the Netherlands (+0.2pp to 3.0% y/y). Across components, the acceleration in headline inflation was driven primarily by rising energy prices and, to a lesser extent, by a re-acceleration in food and core inflation. |
| France: Preliminary HICP, % m/m (y/y)                         | Sep    | 0.7 (2.6)   | -0.5 (3.2) | -0.4 (3.4) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Italy: Preliminary HICP, % m/m (y/y)                          | Sep    | 0.1 (3.2)   | 1.9 (3.9)  | 2.0 (4.1)  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Germany: Preliminary HICP, % m/m (y/y)                        | Sep    | 0.2 (2.9)   | 0.5 (3.2)  | 0.6 (3.3)  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| EA21: "Flash" HICP, % m/m (y/y)                               | Sep    | 0.4 (3.2)   | 0.5 (3.7)  | 0.6 (3.8)  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| EA21: "Eurostat" core (HICP x fd, alc, tob, ene), % m/m (y/y) | Sep    | 0.2 (2.4)   | 0.3 (2.5)  | 0.2 (2.5)  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| EA21: "Final" Manufacturing PMI, index                        | Sep    | 52.7 P      | 52.7       | 52.9       | Euro area final manufacturing PMI was revised up by 0.2pt to 52.9 in September, confirming that the sector continues to show resilience despite headwinds from the war.                                                                                                                                                                                                                                                                                                                                                                    |

## Preview of upcoming data

| Monday 05 October  |                                                                                                                                                                                                            | Period | Prev - 3  | Prev - 2    | Prev - 1    | Forecast   | Consensus   |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------|-------------|-------------|------------|-------------|
| -                  | EA21: OeNB Governor Kocher and Central Bank of Ireland Deputy Governor Donnelly speak at OeNB-SUERF-JVI-Yale Conference in Vienna, Austria                                                                 |        |           |             |             |            |             |
| 08:45              | Germany: Bundesbank President Nagel delivers keynote address at Day-1 of Global Precious Metals Conference in Sorrento, Italy                                                                              |        |           |             |             |            |             |
| 09:00              | EA21: ECB Chief Economist Lane delivers keynote speech at ECB Conference on Monetary Policy 2026: bridging science and practice in Frankfurt, Germany                                                      |        |           |             |             |            |             |
| 10:00              | EA21: ECB Executive Board Member Schnabel participates in meeting with "Ausschuss für Wirtschafts- und Währungspolitik" of the Association of German Banks in Frankfurt, Germany                           |        |           |             |             |            |             |
| 10:00              | Spain: Banco de España Governor Escrivá speaks at financial education event in Madrid, Spain                                                                                                               |        |           |             |             |            |             |
| 01:01              | Ireland: Services PMI, index                                                                                                                                                                               | Sep    | 54.2      | 55.2        | 55.4        | -          | -           |
| 07:30              | Sweden: Services PMI, index                                                                                                                                                                                | Sep    | 56.6      | 54.3        | 55.8        | -          | -           |
| 08:15              | Spain: Services PMI, index                                                                                                                                                                                 | Sep    | 54.2      | 58.3        | 57.8        | -          | 58.0        |
| 08:45              | Italy: Services PMI, index                                                                                                                                                                                 | Sep    | 50.2      | 52.5        | 55.2        | -          | 55.3        |
| 08:50              | France: "Final" Services PMI, index                                                                                                                                                                        | Sep    | 49.6      | 48.0        | 51.4 P      | -          | 51.4        |
| 08:50              | France: "Final" Composite PMI, index                                                                                                                                                                       | Sep    | 49.4      | 48.5        | 51.2 P      | -          | 51.2        |
| 08:55              | Germany: "Final" Services PMI, index                                                                                                                                                                       | Sep    | 49.8      | 49.7        | 52.9 P      | -          | 52.9        |
| 08:55              | Germany: "Final" Composite PMI, index                                                                                                                                                                      | Sep    | 51.3      | 51.8        | 53.8 P      | -          | 53.8        |
| 09:00              | EA21: "Final" Services PMI, index                                                                                                                                                                          | Sep    | 51.7      | 51.6        | 53.0 P      | 53.0       | 53.0        |
| 09:00              | EA21: "Final" Composite PMI, index                                                                                                                                                                         | Sep    | 52.0      | 52.0        | 53.1 P      | 53.1       | 53.1        |
| 10:00              | EA21: PPI, % m/m (y/y)                                                                                                                                                                                     | Aug    | 0.2 (5.9) | -0.3 (4.6)  | 1.6 (5.8)   | -          | 1.9 (6.7)   |
| Tuesday 06 October |                                                                                                                                                                                                            | Period | Prev - 3  | Prev - 2    | Prev - 1    | Forecast   | Consensus   |
| -                  | EA21: ECB Executive Board Member Elderson, Central Bank of Ireland Deputy Governor Donnelly, and HNB Governor Žigman participate in panel discussion at 17th FMA Supervisory Conference in Vienna, Austria |        |           |             |             |            |             |
| 14:00              | EA21: ECB Executive Board Member Cipollone participates in livestreamed MNI Connect video conference on the digital euro                                                                                   |        |           |             |             |            |             |
| 07:00              | Germany: Factory orders, % m/m (y/y)                                                                                                                                                                       | Aug    | 0.3 (4.7) | 3.7 (7.4)   | 2.5 (13.0)  | -1.0       | -1.3 (13.1) |
| 07:45              | France: Budget, year-to date, € bn                                                                                                                                                                         | Aug    | -93.3     | -106.8      | -145.9      | -          | -           |
| 07:45              | France: Industrial production, % m/m (y/y)                                                                                                                                                                 | Aug    | 0.0 (3.2) | -0.1 (-0.1) | -0.4 (-0.5) | 0.2 (1.2)  | 0.2 (1.2)   |
| 08:00              | Spain: Industrial production, % m/m (y/y)                                                                                                                                                                  | Aug    | 1.0 (3.1) | -0.7 (1.1)  | 0.6 (2.3)   | -0.5 (2.4) | -0.5 (2.4)  |

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------|-----------------|-----------------|-----------------|------------------|
| 08:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Switzerland: Unemployment rate (adj), %                                                                                                                                                                                                          | Sep           | 3.1             | 3.1             | 3.1             | -               | 3.1              |
| 10:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | EA21: Retail sales, % m/m (y/y)                                                                                                                                                                                                                  | Aug           | 0.3 (2.0)       | 0.2 (1.4)       | -0.6 (0.6)      | -               | 0.4 (1.2)        |
| <b>Wednesday 07 October</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                  | <b>Period</b> | <b>Prev - 3</b> | <b>Prev - 2</b> | <b>Prev - 1</b> | <b>Forecast</b> | <b>Consensus</b> |
| 06:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>EA21: ECB Executive Board Member Cipollone participates virtually in panel discussion at Reinventing Bretton Woods Committee International Research Fair organised by the Central Bank of the Philippines in Cebu, Philippines</b>            |               |                 |                 |                 |                 |                  |
| 08:20                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>EA21: ECB Vice President Vujčić speaks at the event "The European Commission Bank Competitiveness Report: A Dialogue between EU Policy Makers and the Private Sector" in Brussels, Belgium</b>                                                |               |                 |                 |                 |                 |                  |
| 18:30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>EA21: ECB Vice President Vujčić participates in panel "Beyond The Balance Sheet: How Banks Shape Our Financial System" at event organised by Capitant Leuven in Brussels, Belgium</b>                                                         |               |                 |                 |                 |                 |                  |
| 07:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Sweden: Preliminary CPI, % m/m (y/y)                                                                                                                                                                                                             | Sep           | 0.4 (0.7)       | -0.3 (0.2)      | -0.3 (0.3)      | -               | 1.0 (1.2)        |
| 07:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Sweden: Preliminary CPIF, % m/m (y/y)                                                                                                                                                                                                            | Sep           | 0.3 (1.3)       | -0.3 (0.7)      | -0.2 (0.7)      | -               | 0.9 (1.6)        |
| 07:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Germany: Industrial production, % m/m (y/y)                                                                                                                                                                                                      | Aug           | 0.8 (-0.3)      | 0.0 (-0.4)      | -1.1 (-1.6)     | 0.5             | 0.5 (0.7)        |
| 07:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Norway: Manufacturing production, % m/m (y/y)                                                                                                                                                                                                    | Aug           | 0.8 (2.1)       | -1.0 (0.7)      | 0.7 (1.5)       | -               | -                |
| 07:45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | France: Trade balance, € bn                                                                                                                                                                                                                      | Aug           | -7.7            | -5.8            | -6.7            | -               | -                |
| <b>Thursday 08 October</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                  | <b>Period</b> | <b>Prev - 3</b> | <b>Prev - 2</b> | <b>Prev - 1</b> | <b>Forecast</b> | <b>Consensus</b> |
| -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>EA21: Eurogroup meeting in Luxembourg city, Luxembourg</b>                                                                                                                                                                                    |               |                 |                 |                 |                 |                  |
| -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>EA21: ECB President Lagarde and ECB Executive Board Member Cipollone participate in Eurogroup meeting in Luxembourg City, Luxembourg</b>                                                                                                      |               |                 |                 |                 |                 |                  |
| 09:05                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Switzerland: SNB Vice Chairman Martin presents on "Analysis of the current economic, political and geopolitical challenges" at Rendez-Vous Économique de la Foire du Valais in Martigny, Switzerland</b>                                      |               |                 |                 |                 |                 |                  |
| 09:40                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Croatia: HNB Governor Žigman speaks at conference The Challenge of Change organised by Croatian stock exchange in Porec, Croatia</b>                                                                                                          |               |                 |                 |                 |                 |                  |
| 11:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>EA21: ECB Chief Economist Lane participates in fireside chat and Q&amp;A at Societe Generale Annual Global Markets Conference in London, UK</b>                                                                                               |               |                 |                 |                 |                 |                  |
| 12:30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>EA21: ECB Minutes</b>                                                                                                                                                                                                                         | <b>Sep</b>    |                 |                 |                 |                 |                  |
| 11:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Ireland: "Final" HICP, % m/m (y/y)                                                                                                                                                                                                               | Sep           | 0.0 (3.1)       | 0.7 (3.5)       | 0.2 (3.9) P     | -               | -                |
| <b>Friday 09 October</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                  | <b>Period</b> | <b>Prev - 3</b> | <b>Prev - 2</b> | <b>Prev - 1</b> | <b>Forecast</b> | <b>Consensus</b> |
| -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>EU27: ECOFIN meeting in Luxembourg City, Luxembourg</b>                                                                                                                                                                                       |               |                 |                 |                 |                 |                  |
| -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>EA21: ECB President Lagarde participates in ECOFIN meeting in Luxembourg city, Luxembourg</b>                                                                                                                                                 |               |                 |                 |                 |                 |                  |
| 08:30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Belgium: Banque Nationale de Belgique Governor Wunsch delivers welcome remarks at 'Fiscal-monetary policy interactions in the 21st century' conference organised by Banque Nationale de Belgique in Brussels, Belgium</b>                     |               |                 |                 |                 |                 |                  |
| 11:15                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>EA21: ECB Executive Board Member Cipollone participates virtually in panel discussion at the workshop Algo-trading &amp; DeFi - Algorithmic Trading, Decentralized Finance and Artificial Intelligence in Capital Markets in Milan, Italy</b> |               |                 |                 |                 |                 |                  |
| 14:30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>EA21: ECB Executive Board Member Schnabel presents and participates in panel discussion at Symposium in Honour of Professor Lars Feld in Lucerne, Switzerland</b>                                                                             |               |                 |                 |                 |                 |                  |
| 07:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Norway: CPI, % m/m (y/y)                                                                                                                                                                                                                         | Sep           | -0.2 (2.7)      | 1.0 (3.0)       | -0.3 (3.3)      | (3.5)           | (3.6)            |
| 07:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Norway: CPI-ATE, % m/m (y/y)                                                                                                                                                                                                                     | Sep           | -0.1 (2.7)      | 0.8 (2.7)       | -0.5 (3.0)      | 0.3 (3.1)       | (3.1)            |
| 09:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Italy: Industrial production, % m/m (y/y)                                                                                                                                                                                                        | Aug           | -0.2 (1.2)      | -1.1 (-0.5)     | 0.7 (-0.1)      | 0.0             | 0.0              |
| 10:00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Greece: HICP, % m/m (y/y)                                                                                                                                                                                                                        | Sep           | 0.3 (3.9)       | -1.4 (2.7)      | 0.4 (3.7)       | -               | -                |
| <p>EU27 - ECOFIN meeting: The Council will be invited to agree to its position on the market integration and supervision package - a key element of the EU's savings and investments union. It will exchange views on the Commission report on the competitiveness of the banking sector. As part of a recurring agenda item for the meeting of economic and financial affairs ministers, the Council will discuss the economic and financial impact of Russia's aggression against Ukraine. It will also exchange views on the implementation of the Recovery and Resilience Facility. The Council is expected to take decisions under the stability and growth pact. It will seek to approve conclusions on the biannual revision of the EU list of non-cooperative jurisdictions for tax purposes. The presidency and Commission will debrief the Council on the main outcomes of the recent G20 finance and central bank governors meeting. The Council will also be invited to approve the G20 EU terms of reference and the EU statement to the International monetary and financial committee in view of the upcoming annual G20 and IMF meetings. The Council will aim to approve conclusions on climate finance in view of the 2026 UN climate change conference (COP31).</p> <p>Note: All times reported are in BST. Consensus figures are taken from Bloomberg.<br/>Source: Bloomberg, Haver Analytics, Barclays Research</p> |                                                                                                                                                                                                                                                  |               |                 |                 |                 |                 |                  |

**EURO AREA SNAPSHOT**

Silvia Ardagna Barclays, UK | Saadalla Nadra-Yazji BBI, Paris | Carola Giannini Barclays, UK

|                                            | 2025 |      |      |      | 2026 |      |      |      | 2027 |      |      |      | Calendar year average |       |       |
|--------------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|-----------------------|-------|-------|
| % Change q/q                               | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3E  | Q4E  | Q1E  | Q2E  | Q3E  | Q4E  | 2025                  | 2026E | 2027E |
| Real GDP (% q/q)                           | 0.5  | 0.0  | 0.3  | 0.2  | 0.0  | 0.6  | 0.2  | 0.2  | 0.3  | 0.3  | 0.4  | 0.4  | ...                   | ...   | ...   |
| Real GDP (% q/q saar)                      | 2.0  | 0.1  | 1.3  | 0.9  | 0.0  | 2.6  | 1.0  | 0.9  | 1.0  | 1.1  | 1.5  | 1.6  | ...                   | ...   | ...   |
| Real GDP (% y/y)                           | 1.6  | 1.4  | 1.2  | 1.1  | 0.6  | 1.2  | 1.1  | 1.1  | 1.4  | 1.0  | 1.1  | 1.3  | 1.3                   | 1.0   | 1.2   |
| Private consumption                        | 0.3  | 0.2  | 0.2  | 0.5  | 0.1  | 0.4  | 0.2  | 0.2  | 0.2  | 0.3  | 0.3  | 0.3  | 1.5                   | 1.1   | 1.1   |
| Public consumption                         | -0.2 | 0.6  | 0.7  | 0.5  | 0.5  | 0.2  | 0.3  | 0.3  | 0.3  | 0.2  | 0.3  | 0.3  | 1.5                   | 1.8   | 1.0   |
| Investment                                 | 2.4  | -1.2 | 1.0  | 0.7  | -0.2 | -0.1 | 0.1  | 0.1  | 0.2  | 0.3  | 0.4  | 0.4  | 2.9                   | 0.6   | 0.9   |
| Inventories contribution (pp)              | 0.0  | 0.3  | 0.0  | -0.4 | 0.4  | -0.5 | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.2                   | -0.2  | -0.1  |
| Final dom. demand cont. (pp)               | 0.6  | 0.0  | 0.5  | 0.5  | 0.1  | 0.2  | 0.2  | 0.2  | 0.2  | 0.3  | 0.3  | 0.3  | 1.7                   | 1.1   | 1.0   |
| Net exports (contr to GDP, pp)             | -0.2 | -0.2 | -0.2 | 0.1  | -0.5 | 0.9  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.1  | -0.6                  | 0.1   | 0.4   |
| Employment (% q/q)                         | 0.2  | 0.1  | 0.2  | 0.2  | 0.1  | 0.1  | 0.1  | 0.1  | 0.1  | 0.2  | 0.2  | 0.2  | 0.7                   | 0.5   | 0.6   |
| Unemployment rate (%)                      | 6.3  | 6.3  | 6.3  | 6.3  | 6.4  | 6.4  | 6.4  | 6.4  | 6.3  | 6.3  | 6.2  | 6.2  | 6.3                   | 6.4   | 6.3   |
| HICP inflation (% y/y)                     | 2.3  | 2.0  | 2.1  | 2.1  | 2.0  | 3.0  | 3.3  | 3.9  | 3.8  | 3.0  | 2.6  | 2.0  | 2.1                   | 3.1   | 2.8   |
| Core HICP (ex food/energy) (% y/y)         | 2.6  | 2.4  | 2.3  | 2.4  | 2.3  | 2.4  | 2.5  | 2.5  | 2.7  | 2.6  | 2.5  | 2.5  | 2.4                   | 2.4   | 2.6   |
| Nominal GDP (% y/y)                        | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | 3.8                   | 3.7   | 4.0   |
| Current account (% GDP)                    | 1.6  | 2.0  | 1.4  | 1.6  | 1.9  | 1.9  | 1.8  | 2.0  | 2.2  | 2.2  | 2.2  | 2.3  | 1.6                   | 1.9   | 2.2   |
| General government balance (% GDP)         | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -2.9                  | -3.6  | -3.6  |
| General government primary balance (% GDP) | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -1.0                  | -1.5  | -1.4  |
| General government debt (% GDP)            | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | 87.1                  | 88.6  | 89.4  |
| Refi rate (period end %)                   | 2.65 | 2.15 | 2.15 | 2.15 | 2.15 | 2.40 | 2.65 | 2.90 | 2.90 | 2.90 | 2.90 | 2.90 | 2.15                  | 2.90  | 2.90  |
| Depo rate (period end%)                    | 2.50 | 2.00 | 2.00 | 2.00 | 2.00 | 2.25 | 2.50 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.00                  | 2.75  | 2.75  |

Note: All numbers expressed in % q/q swda unless otherwise specified. E = Forecast.

Source: Eurostat, Barclays Research

**FRANCE SNAPSHOT**

Silvia Ardagna Barclays, UK | Saadalla Nadra-Yazji BBI, Paris | Carola Giannini Barclays, UK

|                                            | 2025 |      |      |      | 2026 |      |      |      | 2027 |      |     |     | Calendar year average |       |       |
|--------------------------------------------|------|------|------|------|------|------|------|------|------|------|-----|-----|-----------------------|-------|-------|
| % change q/q                               | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3E  | Q4E  | Q1E  | Q2E  | Q3E | Q4E | 2025                  | 2026E | 2027E |
| Real GDP (% q/q)                           | 0.2  | 0.2  | 0.4  | 0.3  | -0.2 | 0.0  | 0.1  | 0.2  | 0.2  | 0.2  | 0.3 | 0.3 | ...                   | ...   | ...   |
| Real GDP (% q/q saar)                      | 0.7  | 0.9  | 1.7  | 1.1  | -0.7 | 0.1  | 0.6  | 0.6  | 0.8  | 0.8  | 1.3 | 1.3 | ...                   | ...   | ...   |
| Real GDP (% y/y)                           | 0.8  | 0.8  | 0.8  | 1.1  | 0.7  | 0.5  | 0.3  | 0.2  | 0.5  | 0.7  | 0.9 | 1.1 | 0.9                   | 0.4   | 0.8   |
| Private consumption                        | -0.1 | 0.1  | 0.1  | 0.2  | -0.3 | 0.3  | 0.3  | 0.1  | 0.1  | 0.2  | 0.3 | 0.3 | 0.5                   | 0.3   | 0.8   |
| Public consumption                         | -0.1 | 0.2  | 0.5  | 0.2  | 0.3  | 0.4  | 0.2  | 0.1  | 0.2  | 0.2  | 0.2 | 0.3 | 0.6                   | 1.2   | 0.8   |
| Investment                                 | 0.3  | 0.5  | 0.7  | 0.1  | -0.8 | -0.3 | -0.1 | 0.0  | 0.2  | 0.2  | 0.3 | 0.3 | 0.7                   | -0.5  | 0.5   |
| Inventories contribution (pp)              | 0.6  | 0.4  | -0.5 | -0.5 | 0.9  | -0.7 | -0.1 | 0.0  | 0.0  | 0.0  | 0.0 | 0.0 | 0.5                   | -0.2  | -0.2  |
| Final dom. demand cont. (pp)               | 0.0  | 0.2  | 0.3  | 0.2  | -0.3 | 0.2  | 0.2  | 0.1  | 0.2  | 0.2  | 0.3 | 0.3 | 0.6                   | 0.4   | 0.7   |
| Net exports (contr to GDP, pp)             | -0.4 | -0.3 | 0.6  | 0.5  | -0.8 | 0.6  | 0.1  | 0.1  | 0.0  | 0.0  | 0.0 | 0.0 | -0.1                  | 0.3   | 0.3   |
| Employment (% q/q)                         | 0.0  | 0.1  | -0.1 | 0.1  | 0.0  | 0.0  | 0.1  | 0.1  | 0.1  | 0.1  | 0.1 | 0.1 | 0.2                   | 0.1   | 0.3   |
| Unemployment rate (%)                      | 7.5  | 7.6  | 7.8  | 8.0  | 8.2  | 8.3  | 8.4  | 8.4  | 8.5  | 8.5  | 8.4 | 8.4 | 7.7                   | 8.3   | 8.4   |
| HICP inflation (% y/y)                     | 1.2  | 0.8  | 0.9  | 0.8  | 1.1  | 2.4  | 2.7  | 3.5  | 3.4  | 2.4  | 2.0 | 1.5 | 0.9                   | 2.5   | 2.3   |
| Core HICP (ex food/energy) (% y/y)         | 1.9  | 1.6  | 1.6  | 1.3  | 1.2  | 1.4  | 1.5  | 1.8  | 2.0  | 1.9  | 1.9 | 1.8 | 1.6                   | 1.5   | 1.9   |
| Nominal GDP (% y/y)                        | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ... | ... | 2.0                   | 2.4   | 2.9   |
| Current account (% GDP)                    | -0.7 | -0.9 | -0.3 | 0.4  | -0.7 | -0.5 | -0.6 | -0.4 | -0.2 | -0.1 | 0.0 | 0.0 | -0.4                  | -0.5  | -0.1  |
| General government balance (% GDP)         | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ... | ... | -5.1                  | -5.4  | -5.5  |
| General government primary balance (% GDP) | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ... | ... | -2.9                  | -2.8  | -2.7  |
| General government debt (% GDP)            | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ... | ... | 115.5                 | 118.5 | 120.7 |

Note: All numbers expressed in % q/q swda unless otherwise specified. E = Forecast.

Source: Eurostat, INSEE, Barclays Research

**GERMANY SNAPSHOT**

Silvia Ardagna Barclays, UK | Saadalla Nadra-Yazji BBI, Paris | Carola Giannini Barclays, UK

|                                            | 2025 |      |      |      | 2026 |      |     |     | 2027 |     |     |     | Calendar year average |       |       |
|--------------------------------------------|------|------|------|------|------|------|-----|-----|------|-----|-----|-----|-----------------------|-------|-------|
| % change q/q                               | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3E | Q4E | Q1E  | Q2E | Q3E | Q4E | 2025                  | 2026E | 2027E |
| Real GDP (% q/q)                           | 0.1  | 0.0  | 0.0  | 0.3  | 0.4  | 0.3  | 0.2 | 0.2 | 0.2  | 0.3 | 0.4 | 0.4 | ...                   | ...   | ...   |
| Real GDP (% q/q saar)                      | 0.5  | -0.1 | -0.1 | 1.1  | 1.8  | 1.3  | 0.7 | 0.9 | 1.0  | 1.3 | 1.7 | 1.8 | ...                   | ...   | ...   |
| Real GDP (% y/y)                           | 0.3  | 0.4  | 0.3  | 0.3  | 0.7  | 1.0  | 1.2 | 1.2 | 1.0  | 0.9 | 1.2 | 1.4 | 0.3                   | 1.0   | 1.1   |
| Private consumption                        | 0.6  | -0.1 | -0.1 | 1.0  | -0.6 | 0.1  | 0.1 | 0.2 | 0.2  | 0.4 | 0.4 | 0.4 | 1.4                   | 0.2   | 1.0   |
| Public consumption                         | -0.7 | 0.8  | 0.8  | 1.2  | 0.9  | 0.1  | 0.4 | 0.4 | 0.4  | 0.3 | 0.4 | 0.3 | 1.7                   | 2.8   | 1.4   |
| Investment                                 | 0.3  | -1.1 | 0.2  | 1.2  | -1.3 | -0.2 | 0.1 | 0.2 | 0.3  | 0.4 | 0.5 | 0.5 | -0.4                  | -0.7  | 1.1   |
| Inventories contribution (pp)              | -0.1 | 0.8  | 0.0  | -0.5 | 0.1  | 0.1  | 0.0 | 0.0 | 0.0  | 0.0 | 0.0 | 0.0 | 0.7                   | 0.0   | 0.0   |
| Final dom. demand cont. (pp)               | 0.2  | -0.1 | 0.2  | 1.0  | -0.4 | 0.1  | 0.2 | 0.2 | 0.3  | 0.3 | 0.4 | 0.4 | 1.1                   | 0.6   | 1.1   |
| Net exports (contr to GDP, pp)             | 0.0  | -0.7 | -0.2 | -0.2 | 0.8  | 0.2  | 0.0 | 0.0 | 0.0  | 0.0 | 0.0 | 0.1 | -1.4                  | 0.4   | 0.0   |
| Employment (% q/q)                         | 0.0  | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | 0.0 | 0.0 | 0.1  | 0.1 | 0.1 | 0.1 | -0.2                  | -0.4  | 0.2   |
| Unemployment rate (%)                      | 3.6  | 3.7  | 3.8  | 3.9  | 3.9  | 3.9  | 4.0 | 4.0 | 4.0  | 3.9 | 3.8 | 3.7 | 3.7                   | 4.0   | 3.9   |
| HICP inflation (% y/y)                     | 2.6  | 2.1  | 2.1  | 2.3  | 2.3  | 2.6  | 3.0 | 3.1 | 3.2  | 2.8 | 2.4 | 2.3 | 2.3                   | 2.7   | 2.7   |
| Core HICP (ex food/energy) (% y/y)         | 3.2  | 2.8  | 2.4  | 2.7  | 2.5  | 2.4  | 2.6 | 2.5 | 2.8  | 2.7 | 2.6 | 2.6 | 2.8                   | 2.5   | 2.7   |
| Nominal GDP (% y/y)                        | ...  | ...  | ...  | ...  | ...  | ...  | ... | ... | ...  | ... | ... | ... | 3.4                   | 3.5   | 3.8   |
| Current account (% GDP)                    | 4.9  | 4.8  | 4.4  | 3.5  | 4.5  | 4.8  | 4.5 | 4.6 | 4.7  | 4.7 | 4.7 | 4.7 | 4.4                   | 4.6   | 4.7   |
| General government balance (% GDP)         | ...  | ...  | ...  | ...  | ...  | ...  | ... | ... | ...  | ... | ... | ... | -2.6                  | -4.0  | -3.9  |
| General government primary balance (% GDP) | ...  | ...  | ...  | ...  | ...  | ...  | ... | ... | ...  | ... | ... | ... | -1.5                  | -2.8  | -2.7  |
| General government debt (% GDP)            | ...  | ...  | ...  | ...  | ...  | ...  | ... | ... | ...  | ... | ... | ... | 62.6                  | 64.9  | 66.9  |

Note: All numbers expressed in % q/q swda unless otherwise specified. E = Forecast.

Source: Eurostat, Destatis, Barclays Research

**ITALY SNAPSHOT**

Silvia Ardagna Barclays, UK | Saadalla Nadra-Yazji BBI, Paris | Carola Giannini Barclays, UK

|                                            | 2025 |      |      |      | 2026 |      |      |     | 2027 |      |     |     | Calendar year average |       |       |
|--------------------------------------------|------|------|------|------|------|------|------|-----|------|------|-----|-----|-----------------------|-------|-------|
| % change q/q                               | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3E  | Q4E | Q1E  | Q2E  | Q3E | Q4E | 2025                  | 2026E | 2027E |
| Real GDP (% q/q)                           | 0.3  | 0.0  | 0.2  | 0.3  | 0.3  | 0.2  | 0.1  | 0.1 | 0.1  | 0.2  | 0.2 | 0.2 | ...                   | ...   | ...   |
| Real GDP (% q/q saar)                      | 1.4  | -0.1 | 0.8  | 1.4  | 1.3  | 0.7  | 0.4  | 0.4 | 0.6  | 0.6  | 0.8 | 0.8 | ...                   | ...   | ...   |
| Real GDP (% y/y)                           | 0.7  | 0.5  | 0.7  | 0.9  | 0.8  | 1.0  | 0.9  | 0.7 | 0.5  | 0.5  | 0.6 | 0.7 | 0.7                   | 0.9   | 0.6   |
| Private consumption                        | 0.1  | 0.3  | 0.3  | 0.1  | 0.5  | 0.4  | 0.2  | 0.2 | 0.1  | 0.2  | 0.2 | 0.1 | 1.1                   | 1.3   | 0.7   |
| Public consumption                         | -0.3 | 0.3  | 0.3  | 0.2  | 0.0  | -0.1 | 0.2  | 0.2 | 0.1  | -0.1 | 0.1 | 0.1 | 0.6                   | 0.4   | 0.3   |
| Investment                                 | 1.4  | 1.6  | 1.2  | 0.9  | 0.8  | 0.3  | 0.0  | 0.0 | 0.1  | 0.1  | 0.2 | 0.3 | 3.8                   | 2.8   | 0.4   |
| Inventories contribution (pp)              | -0.2 | 0.0  | -0.4 | 0.8  | -0.9 | 0.2  | 0.0  | 0.0 | 0.0  | 0.0  | 0.0 | 0.0 | -0.2                  | -0.4  | 0.0   |
| Final dom. demand cont. (pp)               | 0.3  | 0.6  | 0.5  | 0.3  | 0.5  | 0.3  | 0.1  | 0.2 | 0.1  | 0.1  | 0.2 | 0.1 | 1.5                   | 1.4   | 0.6   |
| Net exports (contr to GDP, pp)             | 0.2  | -0.5 | 0.1  | -0.7 | 0.7  | -0.2 | -0.1 | 0.0 | 0.0  | 0.0  | 0.0 | 0.1 | -0.6                  | -0.1  | 0.0   |
| Employment (% q/q)                         | 0.6  | 0.0  | 0.2  | 0.4  | 0.5  | 0.3  | 0.2  | 0.2 | 0.2  | 0.2  | 0.2 | 0.2 | 1.1                   | 1.3   | 0.8   |
| Unemployment rate (%)                      | 6.3  | 6.2  | 5.9  | 5.7  | 5.5  | 5.6  | 5.6  | 5.5 | 5.5  | 5.4  | 5.3 | 5.2 | 6.0                   | 5.5   | 5.3   |
| HICP inflation (% y/y)                     | 1.8  | 1.8  | 1.7  | 1.2  | 1.4  | 3.0  | 3.4  | 4.6 | 4.1  | 3.1  | 2.6 | 1.7 | 1.6                   | 3.1   | 2.9   |
| Core HICP (ex food/energy) (% y/y)         | 1.7  | 2.0  | 2.0  | 1.9  | 2.1  | 1.8  | 1.8  | 2.0 | 2.0  | 2.2  | 2.3 | 2.2 | 1.9                   | 1.9   | 2.2   |
| Nominal GDP (% y/y)                        | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ... | ...  | ...  | ... | ... | 2.7                   | 2.6   | 3.2   |
| Current account (% GDP)                    | 0.7  | 1.5  | 1.6  | 0.8  | 1.8  | 1.2  | 1.1  | 1.4 | 1.7  | 1.7  | 1.7 | 1.7 | 1.1                   | 1.4   | 1.7   |
| General government balance (% GDP)         | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ... | ...  | ...  | ... | ... | -3.1                  | -3.1  | -3.0  |
| General government primary balance (% GDP) | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ... | ...  | ...  | ... | ... | 0.8                   | 1.1   | 1.2   |
| General government debt (% GDP)            | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ... | ...  | ...  | ... | ... | 137.1                 | 138.4 | 138.0 |

Note: All numbers expressed in % q/q swda unless otherwise specified. E = Forecast.

Source: Eurostat, Istat, Barclays Research

**SPAIN SNAPSHOT**

Silvia Ardagna Barclays, UK | Saadalla Nadra-Yazji BBI, Paris | Carola Giannini Barclays, UK

|                                            | 2025 |      |      |      | 2026 |      |      |      | 2027 |     |     |     | Calendar year average |       |       |
|--------------------------------------------|------|------|------|------|------|------|------|------|------|-----|-----|-----|-----------------------|-------|-------|
| % change q/q                               | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3E  | Q4E  | Q1E  | Q2E | Q3E | Q4E | 2025                  | 2026E | 2027E |
| Real GDP (% q/q)                           | 0.5  | 0.7  | 0.6  | 0.7  | 0.6  | 0.7  | 0.5  | 0.5  | 0.4  | 0.5 | 0.5 | 0.5 | ...                   | ...   | ...   |
| Real GDP (% q/q saar)                      | 1.9  | 2.7  | 2.3  | 3.0  | 2.5  | 2.8  | 2.2  | 1.9  | 1.8  | 1.9 | 1.9 | 1.9 | ...                   | ...   | ...   |
| Real GDP (% y/y)                           | 2.9  | 2.6  | 2.4  | 2.5  | 2.6  | 2.6  | 2.6  | 2.3  | 2.1  | 1.9 | 1.8 | 1.9 | 2.6                   | 2.5   | 1.9   |
| Private consumption                        | 0.5  | 0.7  | 1.0  | 0.9  | 0.3  | 1.2  | 0.6  | 0.5  | 0.5  | 0.4 | 0.5 | 0.5 | 3.1                   | 3.1   | 2.1   |
| Public consumption                         | 0.7  | 0.4  | 0.9  | 0.6  | 0.5  | 0.5  | 0.4  | 0.3  | 0.3  | 0.4 | 0.3 | 0.3 | 2.4                   | 2.2   | 1.4   |
| Investment                                 | 1.7  | 0.1  | 1.7  | 1.1  | 1.0  | 1.4  | 0.5  | 0.5  | 0.4  | 0.5 | 0.5 | 0.4 | 5.4                   | 4.2   | 2.1   |
| Inventories contribution (pp)              | -0.1 | 0.2  | 0.1  | -0.1 | -0.2 | 0.1  | 0.0  | 0.0  | 0.0  | 0.0 | 0.0 | 0.0 | 0.1                   | -0.1  | 0.0   |
| Final dom. demand cont. (pp)               | 0.8  | 0.5  | 1.1  | 0.9  | 0.5  | 1.1  | 0.5  | 0.4  | 0.4  | 0.4 | 0.4 | 0.4 | 3.3                   | 3.0   | 1.9   |
| Net exports (contr to GDP, pp)             | -0.1 | 0.0  | -0.6 | -0.1 | 0.3  | -0.5 | 0.1  | 0.0  | 0.0  | 0.1 | 0.0 | 0.1 | -0.8                  | -0.4  | 0.0   |
| Employment (% q/q)                         | 0.5  | 0.7  | 0.7  | 0.7  | 0.3  | 0.5  | 0.5  | 0.4  | 0.3  | 0.3 | 0.3 | 0.3 | 2.7                   | 2.1   | 1.5   |
| Unemployment rate (%)                      | 10.8 | 10.6 | 10.5 | 10.2 | 10.3 | 10.2 | 10.0 | 10.0 | 9.9  | 9.9 | 9.9 | 9.9 | 10.5                  | 10.1  | 9.9   |
| HICP inflation (% y/y)                     | 2.7  | 2.2  | 2.8  | 3.1  | 2.8  | 3.6  | 4.5  | 5.1  | 4.8  | 4.0 | 3.0 | 2.3 | 2.7                   | 4.0   | 3.5   |
| Core HICP (ex food/energy) (% y/y)         | 2.3  | 2.6  | 2.6  | 3.0  | 3.0  | 3.5  | 3.7  | 3.7  | 3.8  | 3.2 | 3.1 | 3.1 | 2.6                   | 3.5   | 3.3   |
| Nominal GDP (% y/y)                        | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ... | ... | ... | 5.7                   | 6.2   | 5.5   |
| Current account (% GDP)                    | 2.7  | 3.2  | 3.1  | 2.8  | 2.2  | 1.2  | 1.1  | 1.3  | 1.6  | 1.8 | 1.8 | 1.9 | 2.9                   | 1.5   | 1.8   |
| General government balance (% GDP)         | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ... | ... | ... | -2.4                  | -2.3  | -2.3  |
| General government primary balance (% GDP) | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ... | ... | ... | 0.0                   | 0.1   | 0.2   |
| General government debt (% GDP)            | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ... | ... | ... | 100.7                 | 98.4  | 97.0  |

Note: All numbers expressed in % q/q swda unless otherwise specified. E = Forecast.

Source: Eurostat, INE, Barclays Research

## United Kingdom Outlook

# Resilience, divergence and forbearance

Activity data remained resilient in Q2 26, while inflation expectations showed a divergence of views between households and businesses. MPC members also showcased differing views on the appropriate path of policy, and Labour's conference policy announcements focused on 2030 and beyond.

- GDP data showed further resilience in Q2, with quarterly growth revised up 0.1pp to 0.5% q/q. Revisions to past data mechanically lowered growth in 2025 but raised our forecasts for 2026 and 2027 by 0.1pp to 1.4% and 1.2%, respectively.
- Data on inflation expectations show diverging views between households and firms in September, with the former anticipating more inflationary pressure in the medium term in particular, while the picture presented by the latter remains stable and well-anchored.
- Bank of England speakers showcased the spectrum of views on the committee, with Alan Taylor making the case for holding rates unless there is evidence of the energy shock generating second-round effects, Catherine Mann calling for hikes on credibility grounds, and DG Dave Ramsden balancing the two, for now. We expect a majority to err on the side of hiking Bank Rate by 25bp in November.
- PM Burnham and Chancellor Healey announced a number of policies at the Labour Party conference, but the timing of those policies that are likely to be consequential means they will not be enacted this parliament, so do not affect the outlook for this budget, or our macroeconomic forecasts.

## GDP resilience confirmed

The final Q2 GDP data showed growth of 0.5% q/q, revised up 0.1pp from the flash release. Looking at the expenditure breakdown, private consumption grew 0.3% q/q (unchanged from the flash release), while business investment grew 1.8% q/q (+0.1pp from the flash). Within business investment, we note that the ICT industry accounted for 65% of the growth, related to AI adjacent investment in activities such as computer programming, consultancy and advisory services. The July monthly GDP print [saw](#) continued strong activity in this sector, which we believe indicates momentum has carried into the start of Q3, and has already led us to revise up our Q3 GDP forecast to 0.4% q/q. The upwards revision to the final release primarily came from an improved net trade balance, with export growth revised up 2.3pp to 2.8% q/q in the final release. We assess that the release validates our outlook on growth and do not adjust our forward path, but there were back revisions to the data. Most notably, 2025 GDP annual average growth was revised down 0.1pp to 1.2%. Marking to market, this raises our annual average growth expectation for 2026 and 2027 by 0.1pp to 1.4% y/y and 1.2% y/y, respectively.

### Europe Economics

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### Countervailing forces on saving

The updated GDP release also gives a read on the saving rate, which fell to 9% in Q2 from 9.5% at the end of last year. We see tentative signs that consumers are currently using savings to smooth some of the impact of the terms-of-trade shock, and believe there is scope for the saving rate to fall further throughout the rest of this year. The August money and credit data released this week gives a higher frequency measure of broad money growth (M4ex), which remained muted, at 2.8% 3m/3m-annualised in August. Divisia money balances – which weights forms of money by how liquid they are – continue to fall relative to the pre-covid trend, highlighting not only that broad money demand is easing, but also that higher interest rates are incentivising those that do save to put this in less liquid assets ([Figure 1](#)).

### Housing market showing signs of slowing

There are increasing signs that tighter financial conditions are also weighing on the housing market. The money and credit data discussed above also showed mortgage approvals slowing 1k to 54.9k, the lowest monthly amount since December 2023. The increase in quoted mortgage rates since March has had an impact on demand for mortgage lending, with the quantity of those remortgaging also falling ([Figure 2](#)). The Nationwide house price index slowed by 0.8pp to 0.8% y/y in September, a sign that falling mortgage demand is weakening house price growth ([Figure 3](#)).

### BRC shop prices remain benign in September

The BRC shop price index again showed no evidence of broad-based price pressures in September, easing 0.1pp to 1.4% y/y. Within the index, food prices contracted 0.1% m/m, and in non-food items, annual inflation of electric goods held flat at 2.9%, after accelerating in the last few months. Looking to the September inflation print, we did take note of stronger food inflation in the September euro area [release](#), as hot weather reduced the supply of fresh food, particularly fruit and vegetables. Looking at [wholesale fruit and veg prices](#) in the UK, we do not see clear evidence of the same impulses in the UK in September, but will monitor if these developments spill into the UK.

### Households and firms diverge on the inflation outlook

The BOE's DMP survey of firms for September showed broadly stable inflation expectations. The 1y-ahead CPI expectation held steady at 3.1% on the 3mma measure, although the single month rate rose 0.2pp to 3.3% from August. The longer-term 3y ahead CPI number rose 0.2pp on the single month to 2.9%, keeping the 3mma at 2.8%. Expectations for wage growth over the next year increased 0.1pp to 3.5%, keeping the 3mma measure steady at 3.4%. The backward looking view of wage growth remained steady at 4%, continuing to point to more disinflation over the next year. This remains consistent, in our view, with limited second-round inflationary pressures and – as mentioned by DG Dave Ramsden this week – these series are one of the first places one might expect to see such evidence.

In a similar vein, the DMP contained a specific question relating to firms' responses to the energy shock and that showed 57% of firms expect to increase prices, down 7pp since April, and 70% now expect lower profit margins, with only 2% of firms expecting higher margins. We view this as consistent with private consumption slowing through the rest of the year, and firms having to accept more of the rise in input costs in their margins. We do note that 25% of firms now expect higher wages due to the shock, up 6pp from last month, although back to a similar share as in the April survey, highlighting a risk that we think, for now, is outweighed by the broader set of evidence on wage pressure.

In contrast to firms, household inflation expectations increased in September. The Citi/YouGov survey showed a 0.6pp increase in the 1y-ahead metric, to 4.5%, with the longer-term metric rising 0.2pp to 4.3%. The increase in longer-horizon expectations is approaching levels seen in

2022, although shorter-horizon expectations remain far below. The divergence between households and businesses can clearly be seen in [Figure 4](#).

### BoE shows the full spectrum of views

This week we heard from multiple MPC members showcasing the range of views on the committee. In our view, all agreed on the underlying framework: what matters is not only the size of the shock, but also the extent of transmission into broader prices. Where they differed was in their assessment of this second stage and the weight they put on it. External Catherine Mann was clear she advocated for increasing Bank Rate, citing concerns about the Bank's credibility, even if there were no signs yet of second-round effects. Alan Taylor, on the other hand, acknowledged that the shock itself was proving more persistent than had been expected. However, he put relatively more weight on the body of evidence suggesting more limited pass-through, conditioned on the state of the economy, and was as firm in his call to hold Bank Rate as Mann was in her call to raise it. DG Ramsden positioned himself between the two, stating that there were limited signs of second-round effects but that there would come a point where the persistence of the direct shock itself would lead him to raise Bank Rate, even in the absence of evidence of second-round effects. That said, Ramsden stated he was looking to the DMP and other surveys for that evidence and would expect to see some signs of it ahead of the November meeting, if it were building. There is only one more release of the Citi survey and the DMP ahead of the November meeting.

### All eyes on gas

In his speech, Taylor rightly highlighted the importance of not only looking at crude oil when assessing the risks around energy inflation and its propagation to other prices. We have released a note assessing how gas and oil supply shocks differ in their impact on UK and euro area inflation this week – [All eyes on gas prices](#), 02 October 2026. The main takeaway is that gas supply shocks have double the impact on UK core inflation compared to an oil shock over a two-year horizon, showing that an energy shock becoming more concentrated in gas and electricity increases the risk of indirect and second-round effects.

### Labour Party conference: a taste of things to come

At the annual Labour Party conference this week, we heard from the prime minister and chancellor about the outlook for UK fiscal policy. The clear takeaway from the chancellor's speech was his continued promotion of fiscal discipline, committing to meeting the fiscal rules in the upcoming Autumn Budget. Prime Minister Andy Burnham gave more details on policy proposals in his speech, although all policies seem destined to be implemented in the next parliament. He committed to amending the triple lock from 2030, so pensions will be uplifted by the higher of 2.5%, inflation, or the amount needed to keep up with average earnings growth since the introduction of the new policy (a 2.5x lock). A full assessment can be read in a [note](#) by our Green Budget partners, the Institute for Fiscal Studies. Burnham also committed to material reforms to social care and the intention to repeal the law that makes public ownership of water companies illegal. All of this though will take years to be enacted and thus has no bearing on our near-term assessment of the economy.

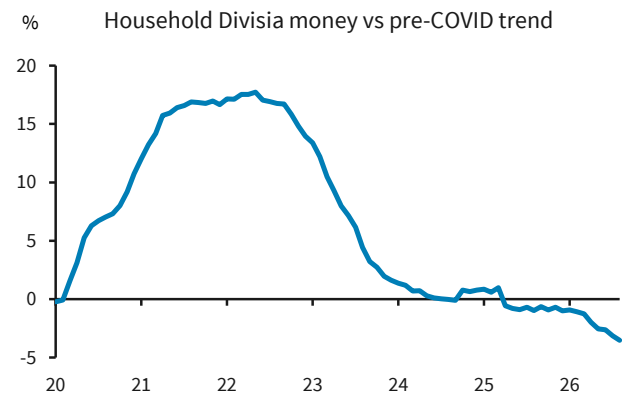
Similarly, in an [interview](#) with the BBC, Burnham stressed that he would assess all options on closer EU alignment based on their merits, although he clearly stated that Brexit had been a negative decision for the UK. He [expressed](#) more details will come closer to the previously canceled EU-UK summit, which we expect to take place around 20 November.

### Next week

On the data front, we get the final September PMI data (5 Oct), the September KPMG/REC report on jobs (8 Oct), and the BoE credit conditions survey (8 Oct). We will also hear from external

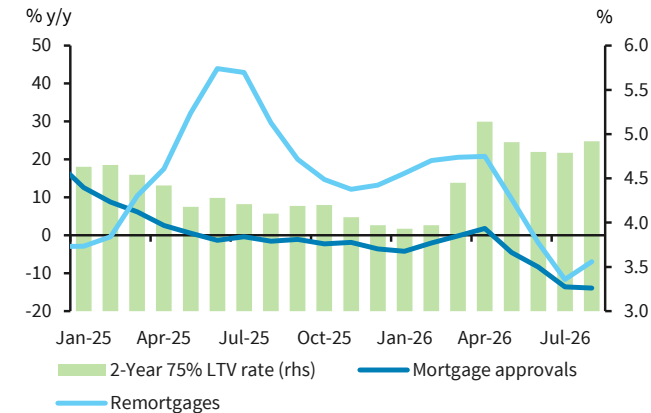
MPC member Mann (6 Oct), external member Greene, Chief Economist Pill, Governor Bailey and Deputy Governor Lombardelli (all 8 Oct).

FIGURE 1. Deposit growth has slowed further



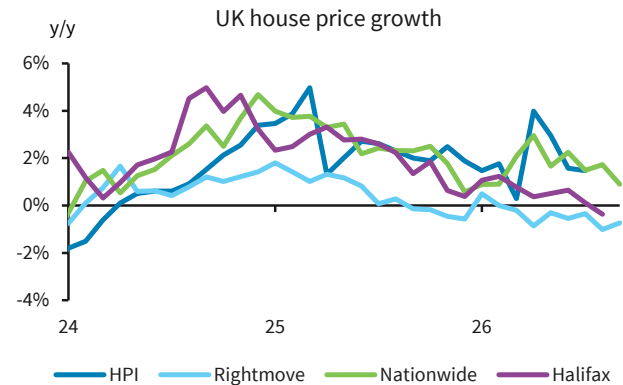
Household divisia money is weighted average of growth rates of different types of money, weighted on their usefulness for making transactions.  
Source: BoE, Haver Analytics, Barclays Research

FIGURE 2. Mortgage growth has slowed, while the 2-year rate has risen roughly a percentage point



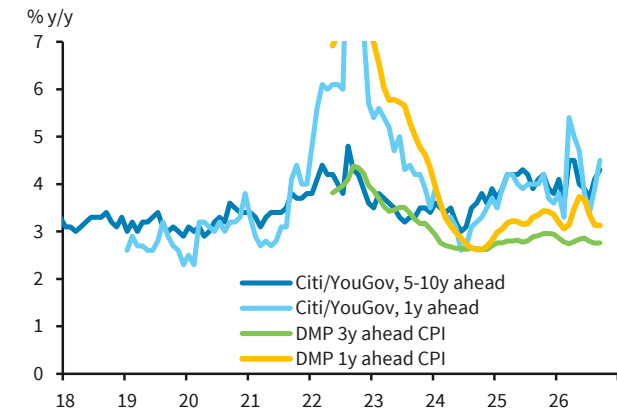
Source: BoE, Haver Analytics, Barclays Research

FIGURE 3. Housing market has been slowing



Source: ONS, Rightmove, Nationwide, Halifax, Haver Analytics, Barclays Research

FIGURE 4. Households and firms diverge on inflation expectations



Source: BoE, Citi, YouGov, Haver Analytics, Barclays Research

## UK DATA REVIEW &amp; PREVIEW

Jack Meaning, Barclays, UK | Cian Hennigan, Barclays, UK

## Review of last week's data releases

| Main indicators                            | Period | Previous    | Barclays  | Actual     | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------|--------|-------------|-----------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Consumer credit, £ bn                      | Aug    | 2.1 R       | -         | 2.5        | Mortgage approvals slowed by 1k to 54.9k in August, although total mortgage lending increased by £0.3bn to £4.4bn. Money supply, measured by M4 ex IOFC, grew by 2.8% on a three-month annualised basis, up 0.6pp from July.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Mortgage approvals, k                      | Aug    | 55.9 R      | -         | 54.9       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Mortgage lending, £ bn                     | Aug    | 4.1 R       | -         | 4.4        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| M4 ex IOFC, % 3m annualised                | Aug    | 2.2         | -         | 2.8        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Lloyds business barometer, %               | Sep    | 53          | -         | 41         | The Lloyds business barometer slowed 12pp to 41% in September.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| GDP final release, % q/q (y/y)             | Q2     | 0.4 (1.2) P | 0.4 (1.2) | 0.5 (1.4)  | The final GDP growth release for Q2 printed at 0.5% q/q, 0.1pp above the flash estimate. The upward revision was due to stronger export growth, with private consumption unrevised at 0.3% q/q. Gross fixed capital formation grew 0.9% q/q in Q2, while the current account deficit narrowed by £1.2bn to £19.9bn.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Private consumption, % q/q (y/y)           | Q2     | 0.3 (1.0) P | 0.3       | 0.3 (1.1)  | House prices eased notably in September; annual inflation slowed to 0.8% y/y in September from 1.6% in August.<br>The September final manufacturing PMI came in at 51.9, 0.1pp lower than the flash estimate. The September DMP survey showed one-year-ahead CPI expectations steady at 3.1% on the 3mma measure, while the single-month measure rose by 0.2pp to 3.3% from August. The longer-term, three-year-ahead expectation rose by 0.2pp on the single-month measure to 2.9%, keeping the 3mma at 2.8%. Wage expectations over the next year increased by 0.1pp to 3.5%, holding the 3mma measure steady at 3.4%. In the report, 57% of firms expected to increase prices due to the energy shock (down 7 percentage points since April), and 70% now expect lower profit margins, with only 2% of firms expecting higher margins. |
| Gross fixed capital formation, % q/q (y/y) | Q2     | 1.2 (2.7) P | 1.2       | 0.9 (3.1)  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Current account, £ bn                      | Q2     | -21.1 R     | -         | -19.9      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Nationwide house price index, % m/m (y/y)  | Sep    | 0.2 (1.6)   | -         | -0.2 (0.8) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| "Final" Manufacturing PMI, index           | Sep    | 52.0 P      | 52.0      | 51.9       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| BoE Decision Maker Panel (DMP) survey      | Sep    | -           | -         | -          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

## Preview of upcoming data

| Monday 05 October                                                                                         |                              | Period | Prev - 3 | Prev - 2 | Prev - 1 | Forecast | Consensus |
|-----------------------------------------------------------------------------------------------------------|------------------------------|--------|----------|----------|----------|----------|-----------|
| 09:00                                                                                                     | New car registrations, % y/y | Sep    | 11.4     | 11.7     | 13.7     | -        | -         |
| 09:30                                                                                                     | "Final" Services PMI, index  | Sep    | 52.1     | 52.5     | 51.7 P   | 51.7     | 51.7      |
| 09:30                                                                                                     | "Final" Composite PMI, index | Sep    | 52.2     | 52.5     | 51.7 P   | 51.7     | 51.7      |
| Tuesday 06 October                                                                                        |                              | Period | Prev - 3 | Prev - 2 | Prev - 1 | Forecast | Consensus |
| 09:30 BoE rate-setter Mann speaks in a fireside chat at The TS Lombard Capital Markets Summit             |                              |        |          |          |          |          |           |
| 09:30                                                                                                     | Construction PMI, index      | Sep    | 38.4     | 44.7     | 44.3     | -        | 44.5      |
| Wednesday 07 October                                                                                      |                              | Period | Prev - 3 | Prev - 2 | Prev - 1 | Forecast | Consensus |
| No data releases scheduled.                                                                               |                              |        |          |          |          |          |           |
| Thursday 08 October                                                                                       |                              | Period | Prev - 3 | Prev - 2 | Prev - 1 | Forecast | Consensus |
| 10:15 BoE rate-setter Greene delivers speech at the STANLIB Asset Management Offshore Summit in Cape Town |                              |        |          |          |          |          |           |

|       |                                                                                                |     |      |      |      |   |     |
|-------|------------------------------------------------------------------------------------------------|-----|------|------|------|---|-----|
| 11:30 | BoE Chief Economist Pill speaks at the London Stock Exchange Group 2026 GZERO Summit in London |     |      |      |      |   |     |
| 13:15 | BoE Governor Bailey speaks at the Central Bank of Turkey Forum                                 |     |      |      |      |   |     |
| 14:00 | BoE Deputy Governor Lombardelli delivers speech at the West Midlands Growth Summit in Coventry |     |      |      |      |   |     |
| 00:01 | RICS house price balance, %                                                                    | Sep | -32  | -29  | -28  | - | -30 |
| 00:01 | REC permanent staff placements, index                                                          | Sep | 49.1 | 50.0 | 50.5 | - | -   |
| 00:01 | REC permanent staff salaries, index                                                            | Sep | 53.1 | 53.3 | 54.1 | - | -   |

|                   |        |          |          |          |          |           |
|-------------------|--------|----------|----------|----------|----------|-----------|
| Friday 09 October | Period | Prev – 3 | Prev – 2 | Prev – 1 | Forecast | Consensus |
|-------------------|--------|----------|----------|----------|----------|-----------|

No data releases scheduled.

Note: All times reported are in BST. Consensus figures are taken as at 12:30pm BST on Friday, 02 October 2026, from Bloomberg and hence may be subject to significant change, given that the ‘final cut’ is 3:00pm London time on the same day.  
Source: Haver Analytics, Bloomberg, Barclays Research

**UK SNAPSHOT**Jack Meaning Barclays, UK | [Cian Hennigan](#) Barclays, UK

|                                    | 2025 |      |      |      | 2026 |      |      |      | 2027 |      |      |      | Calendar year average |       |       |
|------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|-----------------------|-------|-------|
| % Change q/q                       | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3E  | Q4E  | Q1E  | Q2E  | Q3E  | Q4E  | 2025                  | 2026E | 2027E |
| Real GDP (% q/q)                   | 0.6  | 0.0  | 0.2  | 0.0  | 0.6  | 0.5  | 0.4  | 0.2  | 0.2  | 0.3  | 0.3  | 0.4  | ...                   | ...   | ...   |
| Real GDP (% q/q saar)              | 2.4  | 0.0  | 0.7  | 0.0  | 2.6  | 2.1  | 1.6  | 0.8  | 0.8  | 1.1  | 1.4  | 1.6  | ...                   | ...   | ...   |
| Real GDP (% y/y)                   | 1.8  | 1.1  | 1.2  | 0.8  | 0.8  | 1.4  | 1.6  | 1.8  | 1.3  | 1.1  | 1.0  | 1.3  | 1.2                   | 1.4   | 1.2   |
| Private consumption                | 0.0  | 0.0  | 0.1  | 0.1  | 0.7  | 0.3  | 0.2  | 0.2  | 0.2  | 0.2  | 0.3  | 0.4  | 1.0                   | 1.2   | 0.9   |
| Public consumption                 | -0.3 | 1.2  | 0.3  | 0.4  | 1.0  | -0.5 | 0.4  | 0.3  | 0.4  | 0.4  | 0.4  | 0.4  | 2.3                   | 1.6   | 1.2   |
| Investment                         | 2.7  | 0.4  | 0.8  | -0.3 | 1.8  | 0.9  | 1.1  | 0.3  | 0.4  | 0.6  | 0.6  | 0.7  | 3.4                   | 3.4   | 2.3   |
| Final domestic demand              | -0.1 | 0.7  | 0.0  | 0.1  | 1.1  | -0.3 | 0.4  | 0.2  | 0.3  | 0.3  | 0.4  | 0.4  | 1.9                   | 1.4   | 1.1   |
| Inventories contribution (pp)      | -0.8 | 0.4  | -0.3 | 0.0  | 0.1  | -0.5 | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.2                   | -0.3  | -0.2  |
| Net exports (contr to GDP, pp)     | 0.6  | -0.7 | 0.2  | -0.1 | -0.5 | 0.8  | 0.0  | 0.0  | -0.1 | 0.0  | 0.0  | 0.0  | -0.8                  | 0.0   | 0.1   |
| Employment (mn)                    | 34.0 | 34.2 | 34.2 | 34.3 | 34.4 | 34.5 | 34.4 | 34.4 | 34.4 | 34.4 | 34.4 | 34.5 | 34.2                  | 34.4  | 34.4  |
| Unemployment rate (%)              | 4.6  | 4.7  | 5.0  | 5.2  | 5.0  | 4.9  | 5.1  | 5.3  | 5.5  | 5.7  | 5.7  | 5.7  | 4.9                   | 5.1   | 5.7   |
| CPI inflation (% y/y)              | 2.8  | 3.5  | 3.8  | 3.4  | 3.1  | 2.8  | 3.1  | 3.5  | 3.6  | 3.2  | 2.9  | 2.3  | 3.4                   | 3.1   | 3.0   |
| Core CPI inflation (% y/y)         | 3.6  | 3.7  | 3.6  | 3.3  | 3.2  | 2.5  | 2.6  | 2.7  | 2.5  | 2.4  | 2.5  | 2.4  | 3.5                   | 2.8   | 2.4   |
| Nominal GDP (% y/y)                | 5.8  | 5.0  | 4.4  | 4.0  | 4.0  | 3.8  | 4.5  | 5.1  | 4.7  | 4.1  | 3.8  | 3.6  | 4.8                   | 4.4   | 4.0   |
| Current account (% GDP)            | -2.7 | -3.4 | -2.5 | -3.5 | -2.7 | -2.5 | -2.5 | -2.5 | -2.6 | -2.6 | -2.7 | -2.7 | -3.0                  | -2.6  | -2.6  |
| Government balance (% GDP)         | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -4.2                  | -3.8  | -3.5  |
| Government primary balance (% GDP) | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -1.3                  | -1.1  | -0.8  |
| Government debt % GDP (PSND)       | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | 93.1                  | 94.1  | 95.5  |
| Bank Rate (% EOP)                  | 4.50 | 4.25 | 4.00 | 3.75 | 3.75 | 3.75 | 3.75 | 4.00 | 4.25 | 4.25 | 4.25 | 4.25 | 3.75                  | 4.00  | 4.25  |

Note: Final domestic demand is the sum of private consumption, public consumption, investment and inventories. Government balance, primary balance, and government debt are fiscal year forecasts, eg, 2024 = FY 24/25. Government balance is defined as public sector net borrowing excluding financial interventions (PSNBex). Government debt is defined as public sector net debt (PSND). E = Forecast.

Source: ONS, Barclays Research

## Japan Outlook

# BoJ: The cost of waiting rises

We frontloaded our call for the next BoJ hike to Dec and expect more in Mar and Jul to a terminal 2% as costs of delay from FX-related pressure rise, corp. inflation expectations remain elevated and financial conditions stay accommodative. The Tokyo CPI overshoot also supports our outlook.

## BoJ: The cost of waiting rises

***Our forecast for rate hikes revised to December, March and July; terminal rate raised to 2%***

We previously expected further rate hikes in January and July 2027 following the hike in September, taking the policy rate to 1.75%. We now bring forward the next hike to December 2026 and make our base case additional 25bp hikes in March and July 2027, taking the policy rate to 2%. In our close-call risk scenario, we look for hikes in December and April, with a terminal rate of 1.75%. The key factors distinguishing the two scenarios are the trajectory of inflation expectations and actual inflation as well as external political pressure related to FX going forward.

We considered the following three points in revising our outlook. Since the Summary of Opinions from the September meeting gave no indication of a consecutive rate hike in October and government officials continued to express caution about further hikes, the FX market responded with JPY depreciation. However, both developments were in line with our expectations. It should be noted that our revised outlook reflects a comprehensive assessment of the various information that has emerged since the September meeting.

First, the September Tankan showed corporate inflation expectations holding clearly above 2% in the 2.5-2.6% range despite a slight decline over the 1y and 5y horizons ([Figure 1](#)). Likewise, corporate output price expectations (expected change from current level) undershot for the 1y horizon, but remained at their peaks of 5.1% for the 3y and 6.1% for the 5y horizons ([Figure 2](#)). At his press conference following the September meeting, Governor Ueda said that “the policy phase has changed,” suggesting a shift from the previous phase of raising underlying inflation toward 2% to one in which the focus should be on containing upside risks. This was his logic for justifying the decision to shorten the interval between rate hikes from six months to three months. While the wording might also be viewed as a hawkish display intended to curb JPY depreciation, some follow-through may be required given that it came from the governor.

Moreover, the September Tokyo CPI released on 2 October was notably strong even after accounting for institutional factors, significantly exceeding market expectations (see [full report](#)). Although firms’ inflation expectations in the Tankan eased slightly for now, we believe they are likely to be followed by stronger inflation expectations among consumers and professional

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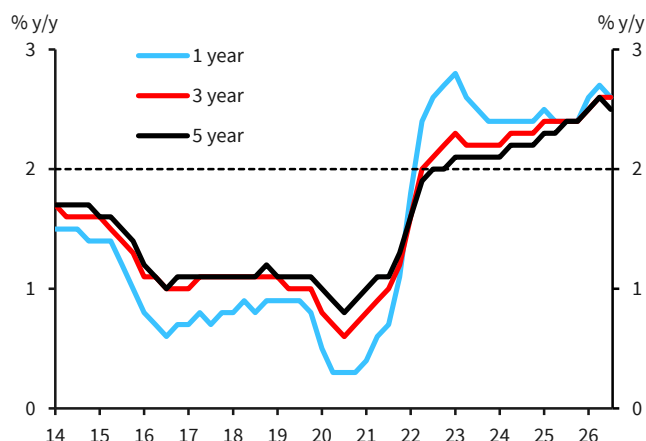
forecasters, increasing the likelihood that the composite inflation expectations emphasized by the BoJ will remain above 2%.

Meanwhile, corporate financial position DIs remained in “accommodative” territory for companies of all sizes (Figure 3). By company size, conditions were slightly more accommodative for large and medium-sized firms and stable even for more vulnerable small firms. In addition, the headline Tankan business conditions DI for large manufacturers improved for a sixth consecutive quarter, reaching its highest level in about eight and a half years. Among small firms, the DI was unchanged for nonmanufacturers, but improved sharply for manufacturers. Although these results do not reflect the impact of the September rate hike, they nevertheless support a nimble rate-hike path (see [full report](#)).

Second, in the Summary of Opinions from the September meeting, there were no calls indicating a need for a consecutive rate hike at the October meeting. However, excluding the comments apparently made by the two members who opposed the hike, there was no sign of reluctance to raise rates at three-month intervals. In particular, the following comments struck a hawkish tone: “It is necessary for the Bank to [...] to demonstrate to the market its determination to prevent upward deviations in prices [...] while giving consideration to the impact stemming from foreign exchange markets”; “Attention continues to be warranted on upward deviations in prices, more so than on downward deviations in economic activity”; “Underlying CPI inflation has generally reached 2 percent [...] and] developments in prices since the previous MPM have further supported this view”; and the interval between rate hikes was shortened “because economic conditions have been more resilient than expected.”

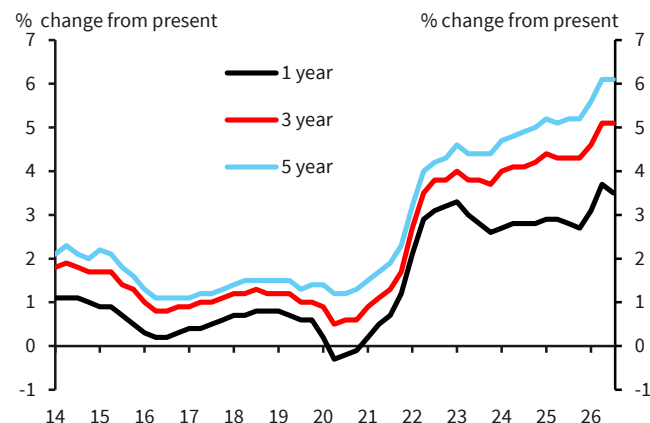
Third, following the September meeting, concerns about JPY depreciation were officially shared at the US-Japan summit level. The subsequent series of remarks from within the Takaichi administration distancing itself from the “reflationist” camp suggests that it, too, cannot disregard the Trump administration’s concerns about JPY weakness. Meanwhile, unlike before the September meeting, Treasury Secretary Bessent has not called for more proactive BoJ involvement at this stage. However, as of this writing, markets cumulatively price in one Fed rate hike by December and two by March. Taken together, these developments suggest that the “risk of waiting” is increasing for the BoJ.

**FIGURE 1. Corporate inflation expectations (general prices)**

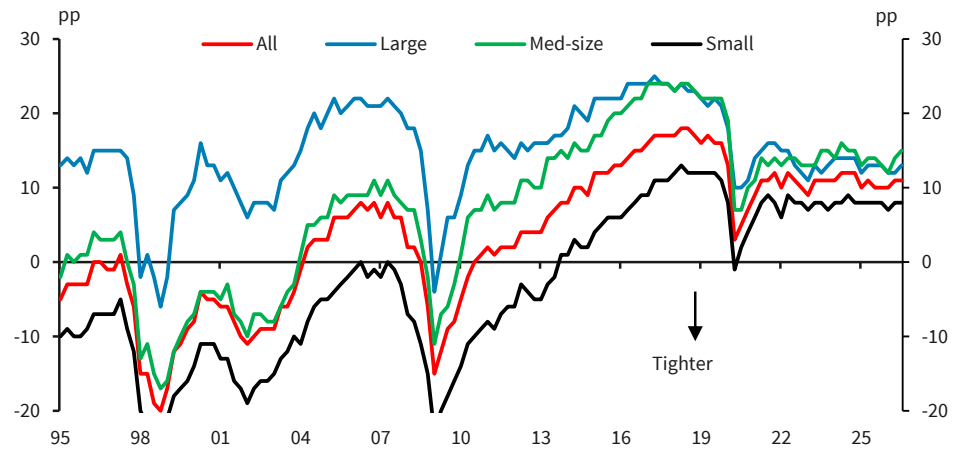


Source: BoJ, Barclays Research

**FIGURE 2. Corporate inflation expectations (output prices)**



Source: BoJ, Barclays Research

**FIGURE 3. Corporate financial position DI**

Source: BoJ, Barclays Research

***Hurdle to an October rate hike remains quite high***

Although we cannot completely rule out a consecutive rate hike at the October meeting, we believe the hurdle remains quite high. At his September press conference, Governor Ueda characterized consecutive or large rate hikes as measures for when a central bank has fallen behind the curve, as in the US and Europe in 2022–23. Accordingly, if the BoJ were to raise rates again in October, it could be interpreted as acknowledging that it had itself fallen into such a state, potentially prompting markets to price an even faster pace of rate hikes thereafter.

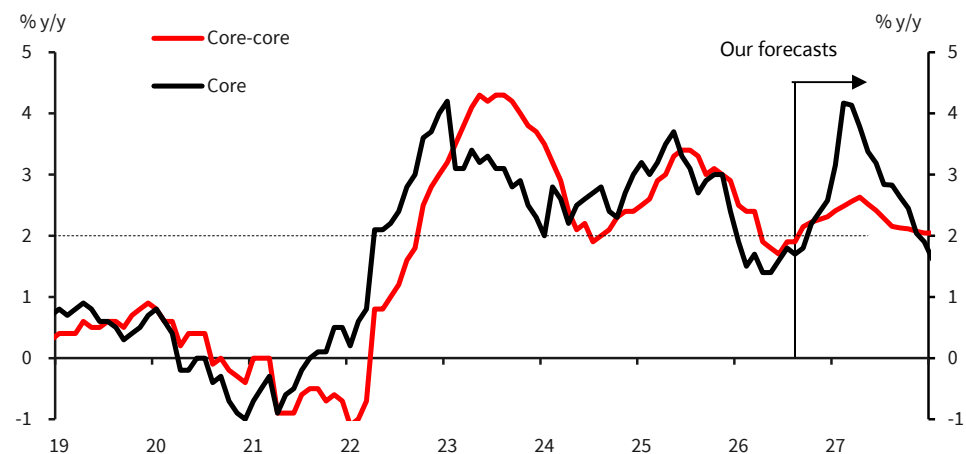
As noted above, the September Tankan does not capture the impact of the September rate hike. By waiting until December, the BoJ could obtain additional information through the December Tankan and corporate interviews not only on financial conditions, but also on early indications of companies' wage-setting stance ahead of the 2027 spring wage negotiations. In addition, market pricing of an October Fed hike has fallen sharply, thereby reducing the urgency of a BoJ hike at that time.

However, it is important to note that the probability of an October hike could rise substantially going forward if JPY depreciation accelerates, if the US again makes pointed comments on the BoJ's policy management, and/or if it appears that Japanese and US authorities will conduct coordinated intervention.

***We continue to expect the rate-hike cycle to run through summer 2027***

One reason for setting the terminal rate at 2% is consistency with our inflation outlook. We forecast core-core CPI inflation to rise to 2.6% in spring 2027, then stabilize at around 2% from autumn 2027 onward without significant second-round effects through wages (Figure 4). If this forecast proves broadly correct, it may become difficult to justify further rate hikes as inflation declines and moves toward stability, contrary to the current phase of rising inflation.

Moreover, our forecast terminal rate of 2% is clearly above the midpoint (just over 1.64%) of the BoJ's neutral rate estimate range (1.1-2.5%). In addition, the real policy rate would reach zero, at least moving out of negative territory. Once the policy rate reaches 2%, the need to assess the cumulative and lagged effects of the preceding rate hikes is therefore likely to increase further.

**FIGURE 4. CPI inflation**

Source: MIC, Barclays Research

In addition, BoJ personnel changes could make continued rate hikes from autumn 2027 onward more difficult. The terms of Takata and Tamura, the two most hawkish Policy Board members, expire in July 2027. If the Takaichi administration selects easing-oriented successors, as it has to date, the number of doves on the Policy Board could rise to four. Even if opposition to further rate hikes does not command a majority, the leadership may become cautious about proposing a hike if it seeks to avoid a major split on the Policy Board.

Furthermore, the terms of Deputy Governors Uchida and Himino expire in March 2028, followed by that of Governor Ueda in April 2028. From autumn 2027 onward, appointments of the next governor and deputy governors will therefore come into view, potentially making the BoJ even more cautious about further rate hikes that could invite political confrontation. Taking these factors together, we continue to expect the current rate-hike cycle to end when the policy rate reaches 2% in July 2027.

## JAPAN DATA REVIEW &amp; PREVIEW

Naohiko Baba BSJL, Japan | Takashi Onoda BSJL, Japan | James Barber, CFA BSJL, Japan

## Review of last week's data releases

| Main indicators                                      | Period | Previous | Barclays | Actual   | Comments                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------|--------|----------|----------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PPI services (% y/y)                                 | Aug    | 3.6      | 3.8      | 3.7      | PPI services inflation edged up overall, while remaining steady excluding international transport. Monthly gains were smaller for both. Inflation in high labor cost services edged up to +2.8% y/y and has recently been stable, but shows no sign of accelerating                                                                                                          |
| Industrial production (% m/m)                        | Aug    | -0.2     | 1.4      | -1.7     | Production undershot for a second consecutive decline. Motor vehicles were the main drag, reflecting typhoon and earthquake impacts. AI-related production broadened, but remained uneven, with semiconductor equipment strengthening as IC output softens. METI's adjusted index of major manufacturers' production forecasts pointed to an increase of +1.6% in September. |
| BoJ Tankan, current conditions DI, large mfg/non-mfg | Sep    | 22/37    | 26/37    | 24/35    | The headline business conditions DI for large manufacturers improved, while current profit forecasts were revised sharply higher, led by manufacturers. Inflation expectations edged down but remained clearly above 2% and there were no signs of tightening financial conditions following recent rate hikes.                                                              |
| Tokyo CPI ex-perishables (% y/y)                     | Sep    | 1.8      | 2.3      | 2.7      | Tokyo CPI inflation excluding perishables and energy (core-core) surged 3.0% y/y due mainly to institutional, imputed-rent and calendar effects. Despite Tokyo-specific factors, the result supports our call for nationwide CPI reacceleration and a Dec BoJ hike. The key now is whether lower new-crop rice prices offset pass-through from persistently high oil prices. |
| Unemployment/jobs-applicants ratio (%/x)             | Aug    | 2.4/1.18 | 2.4/n.a. | 2.4/1.18 | The unemployment rate edged up to 2.5% in August (July: 2.4%), but remained low as the structural and irreversible tightening of the labor market continues.                                                                                                                                                                                                                 |

## Preview of upcoming data

| Monday, 5 October                                                                                                                                                                                                                                           |                                                                        | Period |           |          |           |           |           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|--------|-----------|----------|-----------|-----------|-----------|
| n.a.                                                                                                                                                                                                                                                        | BoJ indicators on output gap, potential growth and labor supply-demand | Q2     |           |          |           |           |           |
| BoJ indicators: BoJ indicators on output gap, potential growth rate and labor supply-demand are released quarterly. One focus will be the output gap, which could impact on future rate hikes if it fluctuates significantly.                               |                                                                        |        |           |          |           |           |           |
| Tuesday, 6 October                                                                                                                                                                                                                                          |                                                                        |        |           |          |           |           |           |
| 15:35 BoJ Governor Ueda speaks at national securities convention                                                                                                                                                                                            |                                                                        |        |           |          |           |           |           |
| BoJ Ueda speech: Ueda's speech at the convention will be his first in two years (Deputy Gov. Uchida delivered last year). The speech typically follows the Sep meeting statement closely, but may also refer to the Tankan results released shortly before. |                                                                        |        |           |          |           |           |           |
| Wednesday, 7 October                                                                                                                                                                                                                                        |                                                                        | Period | Prev - 3  | Prev - 2 | Prev - 1  | Forecast  | Consensus |
| 08:30                                                                                                                                                                                                                                                       | Wage data, labor cash earnings (% y/y)                                 | Aug    | 3.3       | 4.0      | 4.3       | 3.9       | 3.7       |
| Wages: We estimate that scheduled pay rose at a slightly faster y/y pace, while growth in overall cash earnings weakened as the boost from special payments seen in June and July diminished.                                                               |                                                                        |        |           |          |           |           |           |
| Thursday, 8 October                                                                                                                                                                                                                                         |                                                                        | Period | Prev - 3  | Prev - 2 | Prev - 1  | Forecast  | Consensus |
| 8:50                                                                                                                                                                                                                                                        | BoP current account, nsa/sa (JPYbn)                                    | Aug    | 3968/3065 | -92/1397 | 2989/2523 | 2900/n.a. | 3126/2112 |
| BoP: We estimate that the unadjusted current account surplus narrowed y/y. The trade deficit widened from the previous year, driven mainly by higher crude oil prices.                                                                                      |                                                                        |        |           |          |           |           |           |
| Thursday, 8 October                                                                                                                                                                                                                                         |                                                                        | Period |           |          |           |           |           |
| n.a.                                                                                                                                                                                                                                                        | BoJ branch managers meeting                                            | Oct    |           |          |           |           |           |
| BoP: Branch manager reports warrant attention as they provide insight into the BoJ's assessment of economic conditions, including wage trends and corporate pricing behavior.                                                                               |                                                                        |        |           |          |           |           |           |
| Source: Bloomberg (consensus figures), Barclays Research                                                                                                                                                                                                    |                                                                        |        |           |          |           |           |           |

**JAPAN SNAPSHOT**

Naohiko Baba BSJL, Japan | Takashi Onoda BSJL, Japan

|                                   | 2025 |      |      |      | 2026 |      |      |      | 2027 |      |      |      | Calendar year average |       |       |
|-----------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|-----------------------|-------|-------|
| % change q/q                      | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3E  | Q4E  | Q1E  | Q2E  | Q3E  | Q4E  | 2025                  | 2026E | 2027E |
| Real GDP (% q/q)                  | 0.5  | 0.1  | -0.4 | 0.3  | 0.5  | 0.4  | -0.4 | 0.1  | 0.2  | 0.3  | 0.3  | 0.3  | ...                   | ...   | ...   |
| Real GDP (% q/q saar)             | 2.0  | 0.5  | -1.5 | 1.1  | 1.9  | 1.4  | -1.5 | 0.2  | 1.0  | 1.1  | 1.1  | 1.1  | ...                   | ...   | ...   |
| Real GDP (% y/y)                  | 1.6  | 2.0  | 0.6  | 0.4  | 0.6  | 0.9  | 0.7  | 0.5  | 0.3  | 0.2  | 0.8  | 1.1  | 1.1                   | 1.1   | 0.6   |
| Real GDP per capita (% y/y)       | 2.1  | 2.5  | 1.1  | 0.9  | 1.0  | 1.4  | 1.2  | 1.0  | 0.7  | 0.6  | 1.3  | 1.5  | 1.5                   | 1.6   | 1.1   |
| Private consumption               | 0.6  | 0.1  | 0.6  | 0.2  | 0.4  | 0.0  | 0.0  | 0.0  | 0.1  | 0.2  | 0.2  | 0.2  | 1.3                   | 0.9   | 0.4   |
| Public consumption                | -0.2 | 0.5  | 0.2  | 0.4  | 0.4  | 1.7  | 0.1  | 0.1  | 0.2  | 0.2  | 0.2  | 0.2  | 1.0                   | 2.2   | 1.0   |
| Residential investment            | -0.5 | 0.6  | -7.9 | 5.0  | 0.9  | -0.6 | -0.1 | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 1.3                   | 0.9   | 0.4   |
| Public investment                 | -0.8 | 0.9  | -1.1 | -0.5 | 1.4  | -0.5 | 0.1  | 0.1  | 0.2  | 0.2  | 0.2  | 0.2  | -0.4                  | 0.7   | 0.4   |
| Capital investment                | 1.2  | 1.3  | -0.2 | 1.3  | -1.0 | -0.9 | 0.9  | -0.1 | 0.6  | 0.6  | 0.6  | 0.6  | 2.1                   | 2.0   | 1.6   |
| Net exports (contr to GDP, pp)    | -0.6 | 0.0  | -0.2 | 0.1  | 0.3  | 0.5  | -0.4 | -0.1 | 0.0  | 0.0  | 0.0  | 0.0  | -0.2                  | 0.3   | -0.2  |
| Exports                           | -0.7 | 1.7  | -1.4 | 0.1  | 1.7  | 0.4  | -0.8 | 0.3  | 0.2  | 0.2  | 0.2  | 0.2  | 2.5                   | 1.6   | 0.4   |
| Imports                           | 2.0  | 1.8  | -0.6 | -0.2 | 0.3  | -1.7 | 1.8  | 0.8  | 0.1  | 0.2  | 0.2  | 0.1  | 3.8                   | 0.2   | 1.4   |
| Ch. Inventories (q/q cont.)       | 0.7  | -0.3 | -0.2 | -0.4 | 0.0  | 0.3  | -0.1 | 0.1  | 0.0  | 0.0  | 0.0  | 0.0  | -0.3                  | -0.4  | 0.1   |
| Nominal GDP                       | 0.9  | 1.8  | 0.3  | 0.9  | 0.8  | 1.3  | 0.5  | 0.6  | 0.8  | 0.7  | 0.6  | 0.6  | 4.5                   | 4.0   | 2.8   |
| Industrial output                 | 0.0  | -0.5 | -1.0 | 0.2  | 2.5  | 0.3  | 0.1  | 0.1  | 0.1  | 0.1  | 0.1  | 0.1  | 0.1                   | 2.3   | 0.4   |
| Employment (% q/q)                | 0.2  | 0.1  | 0.1  | 0.2  | -0.4 | 0.7  | -0.1 | -0.1 | -0.1 | 0.0  | 0.0  | 0.0  | 0.7                   | 0.4   | 0.0   |
| Unemployment rate (%)             | 2.5  | 2.5  | 2.5  | 2.6  | 2.7  | 2.5  | 2.5  | 2.5  | 2.5  | 2.5  | 2.5  | 2.5  | 2.5                   | 2.5   | 2.5   |
| CPI ex perishables (% y/y)        | 3.1  | 3.5  | 2.9  | 2.7  | 1.7  | 1.5  | 1.8  | 2.4  | 3.8  | 3.5  | 2.8  | 2.1  | 3.1                   | 1.8   | 3.0   |
| CPI ex perishables/energy (% y/y) | 2.7  | 3.3  | 3.2  | 3.0  | 2.5  | 1.8  | 2.0  | 2.3  | 2.5  | 2.5  | 2.2  | 2.1  | 3.0                   | 2.1   | 2.3   |
| Current account (% GDP)           | 4.6  | 4.4  | 5.3  | 4.9  | 5.8  | 5.0  | 3.3  | 3.4  | 3.3  | 3.2  | 3.2  | 3.1  | 4.8                   | 4.4   | 3.2   |
| Government balance (% GDP)        | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -1.1                  | -2.0  | -2.4  |
| Government debt (% GDP)           | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | 206.5                 | 234.0 | 234.0 |
| Net government debt (% GDP)       | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | 136.5                 | 134.3 | 130.1 |
| Overnight call rate (% EOP)       | 0.50 | 0.50 | 0.50 | 0.75 | 0.75 | 1.00 | 1.25 | 1.50 | 1.75 | 1.75 | 2.00 | 2.00 | 0.75                  | 1.50  | 2.00  |

Note: Central bank rates are for end of period, %.

Source: BoJ, Cabinet Office, METI, MIC, MoF, Barclays Research

## China Outlook

# A nudge, not a game changer

The latest support package is considerably smaller than the stimulus rolled out in September 2024. While financing costs will be lowered for select sectors, China's key macro challenge is not the cost of credit – it is the demand for credit. PMIs improved modestly as infrastructure gains traction.

## China unveils targeted easing, with a focus on investment not consumption

Two months after the July Politburo's call for stronger counter-cyclical support, China unveiled a new round of incremental and targeted easing measures on 29 September. The package aims to stabilise growth in 4Q26 after momentum has weakened sharply since April (Q2 GDP: 4.3% y/y), underscoring policymakers' intention to keep growth within the 4.5-5.0% target range. Ahead of the National Day, President Xi also called for efforts to achieve the full-year targets<sup>8</sup>.

However, the latest package is considerably smaller than the stimulus rolled out in September 2024. More importantly, while the policies selectively lower financing costs at the margin for real economy, we believe the critical point for the macro outlook is that China's problem is not the cost of credit – it is the demand for credit. The weakness in household and corporate demand stems mainly from subdued domestic prospects, rather than high interest rates (see: [Global Outlook: Reluctantly optimistic](#)). At the same time, the latest measures do little to address the deeper fiscal, economic, and political constraints that continue to weigh on infrastructure investment.

### Key new measures include:

- **Property support:** The central government will provide mortgage interest subsidies<sup>9</sup> on lower priced units ( $\leq$ CNY1.5mn, and  $\leq$ 150sqm), mainly benefiting tier 3-4 cities.
- **Infrastructure and tech support:** The PBoC<sup>10</sup> will cut the PSL rate by 25bp to support six-network projects (transport, power, digital, logistics, water, and urban utility networks), together with higher relending quotas for tech innovation (+CNY200bn), and SMEs and agriculture (+CNY500bn).
- **Consumption:** limited new direct support for household consumption.

## Property measures are still too small to reverse the downtrend

Even for the most eye-catching measure, we estimate the annual fiscal cost at only USD3bn, negligible relative to a USD22trn economy and USD1.2tn in annual property sales. The government's strategy appears to be to use a relatively small subsidy to incentivise a larger

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<sup>8</sup> "Xi Says China Economy Resilient, Urges Hitting Full-Year Targets", Bloomberg, 30 September 2026

<sup>9</sup> "China Turns to Mortgage Subsidies to Boost Ailing Economy (2)", Bloomberg, 29 September 2026

<sup>10</sup> "China Expands Targeted Lending Support to Bolster Economy (1)", Bloomberg, 29 September 2026

increase in home purchases. However, we believe the key constraint behind the prolonged housing downturn and contraction in mortgage lending is not the cost of credit, but the demand for credit. Lower borrowing costs can help at the margin, but households are unlikely to take on more debt when income expectations remain weak and confidence in the housing market has yet to recover.

Moreover, labour market conditions show no signs of improvement, particularly for younger workers. The youth unemployment rate rose to 18.9% in August, the highest reading since the series was revised in late 2023. At the same time, flexible employment has expanded rapidly. The number of workers without permanent full-time contracts is estimated to rise to 320mn in 2026 from 280mn in 2025, equivalent to 44% of the workforce, according to the China Association of Employment Promotion. While flexible employment has helped absorb workers displaced from the technology, manufacturing, and property sectors, it is generally associated with lower income stability and weaker social protection, which could continue to weigh on household spending and consumer confidence.

### **Infrastructure support is welcome, but a sharp rebound remains unlikely**

The 25bp PSL rate cut should lower funding costs for infrastructure investment, but it does not address the deeper fiscal, economic, and political constraints weighing on infrastructure investment.

- **First, fiscal constraints are far tighter than the headline debt numbers suggest.** China's official government debt is around 75% of GDP, but that excludes the vast stock of off-balance-sheet borrowing by LGFVs. Including these liabilities, the IMF estimates government debt at roughly 127% of GDP in 2025, rising to 146% by 2028. Meanwhile, local governments have been hit by the collapse in land-sale revenues, once a major funding source. With fiscal buffers shrinking and pension liabilities mounting, China's priority has shifted from maximising growth to ensuring debt sustainability, leaving little appetite for another debt-driven stimulus binge.
- **Second, China is increasingly facing an infrastructure saturation problem.** After two decades of heavy investment, the country already has the world's largest high-speed rail, expressways, and port networks. The constraint is no longer supply, but demand and utilisation. Many regional airports, rail routes, industrial parks, and new urban districts operate below capacity, pointing to diminishing returns from additional investment. For example, only 41 of China's 270 airports accounted for 84% of passenger traffic in 2025. As a result, another infrastructure-led stimulus would likely generate far less economic bang for the buck than in previous cycles.
- **Third, a less discussed but increasingly important constraint is politics.** A new round of provincial leadership reshuffles is expected from late 2026 through 2027, with many governors, party secretaries, and senior officials likely to be rotated, promoted, or reassigned. Large infrastructure projects typically require two to three years for approval and initiation, and another 5-10 years before generating meaningful economic returns. For officials who expect to leave their posts within the next one or two years, launching major projects today can mean taking on additional debt and execution risks, while the economic benefits are realised by their successors. As a result, local governments may have stronger incentives to prioritise smaller, targeted investments and focus on completing existing projects rather than embarking on new large-scale stimulus programs.

## The PBoC continues to hold policy rates and RRRs

The continued reliance on structural policy tools, such as PSL and relending facilities, suggests the PBoC's preferred approach remains targeted, low-profile credit easing rather than broad-based monetary stimulus through policy rate or RRR cuts.

While CNY strength has eased some external constraints, record-low bank net interest margins (NIMs) leave limited room for further rate cuts. Historically, policy easing has compressed NIMs as lending rates linked to the LPR repriced downwards quickly, while deposit rates adjust more slowly due to intense competition for deposits.

In our view, protecting NIMs has become a policy priority for two reasons. First, healthy profitability provides banks with a buffer against potential credit losses. Second, it preserves banks' willingness and capacity to lend, supporting the transmission of changes in monetary policy to the real economy.

More broadly, policymakers appear increasingly concerned that excessively low rates could undermine financial stability and weaken monetary transmission. As a result, we expect the PBoC to remain cautious, relying on targeted tools rather than aggressive, broad-based monetary easing (see [PBoC Watching: A framework in transition](#)).

## Modest PMI improvement as infrastructure gains traction

September PMIs showed a modest improvement, with both manufacturing and non-manufacturing indicators returning to expansionary territory, although both remained only marginally above the 50 level. The headline manufacturing PMI rose to 50.1 in September from 49.8 in August, ending two months of contraction, supported by a pickup in production activity. The production index increased to 51.7, its highest level this year, while the new orders index remained broadly stable at 50.5. In contrast, manufacturing employment deteriorated for a second consecutive month, highlighting persistent labour market pressures. Meanwhile, manufacturing price indicators increased notably on the back of higher commodity prices, and the widening gap between input and output prices points to renewed margin pressures for downstream industries.

External demand remained supportive. The NBS new export orders PMI held at 50.0, while the RatingDog manufacturing PMI, which is more heavily weighted toward export-oriented firms, rose to 52.1 from 51.5, its highest reading in five months. According to the survey provider<sup>11</sup>, stronger client demand, partly driven by inventory restocking, supported overall order growth, while robust overseas market conditions continued to underpin new export orders. These indicators, together with strengthening high-frequency port activity data, suggest that export growth is likely to post another solid print in September. Looking ahead, we expect exports to continue benefiting from global AI-related capex and the green transition. The recent Trump-Xi summit, which extended the trade truce for a further two months and advanced the proposed USD30bn-for-USD30bn reciprocal tariff reduction framework, should also help reduce the near-term trade uncertainties.

Infrastructure activity is showing early signs of gaining traction, with the construction PMI rising by 3.4pp in September, its first expansionary reading this year. Since the July Politburo meeting, policymakers have been emphasising accelerating the implementation of major projects, supported by faster local government special bond issuance and stronger project preparation. The latest round of targeted easing measures announced on 29 September, including a 25bp cut in the PSL rate to 1.5%, should help lower funding costs for infrastructure project. That said,

<sup>11</sup> "Manufacturing output expands at fastest pace in five months", S&P Global, 30 September 2026

while some pickup in the infrastructure investment is likely, we do not expect another infrastructure boom in view of deeper fiscal, economic and political constraints.

**The week ahead will be quiet due to the National Day holiday (1-7 October)**

- **Foreign reserves (7 October):** We expect China's foreign reserves to edge down to USD3428bn in September, largely due to negative valuation effects as both the EUR and GBP weakened modestly against the US dollar.
- **Credit (9-15 October):** We expect TSF stock growth to ease slightly to 7.1% y/y in September from 7.2% in August, with monthly TSF flows at CNY3300bn. Government bond issuance likely remained elevated and accelerated further amid policymakers' push for faster fiscal spending and project implementation. However, private credit demand from households and corporates is expected to remain the weak link, reflecting a still-soft housing market and cautious borrowing demand.

## CHINA DATA REVIEW &amp; PREVIEW

Jian Chang, Barclays Bank, Hong Kong | Yingke Zhou, Barclays Bank, Hong Kong | Ying Zhang, Barclays Bank, Hong Kong

## Review of last week's data releases

| Main indicators                           | Period | Previous | Barclays | Actual | Comments                                                |
|-------------------------------------------|--------|----------|----------|--------|---------------------------------------------------------|
| China: NBS manufacturing PMI, index       | Sep    | 49.8     | 49.8     | 50.1   | Modest PMI improvement as infrastructure gains traction |
| China: NBS non-manufacturing PMI, index   | Sep    | 49.0     | 49.3     | 50.2   |                                                         |
| China: RatingDog manufacturing PMI, index | Sep    | 51.5     | 51.8     | 52.1   |                                                         |

## Preview of upcoming data

| Wednesday, 07 October                                                                                                                                                                        |                                                      | Period | Prev 2 | Prev 1 | Latest | Forecast | Consensus |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------|--------|--------|--------|----------|-----------|
| -                                                                                                                                                                                            | China: Foreign reserves, USD bn                      | Sep    | 3416.3 | 3418.8 | 3438.3 | 3428.0   | 3425.0    |
| China: We expect China's foreign reserves to edge down to USD3428bn in September, largely due to negative valuation effects as both the EUR and GBP weakened modestly against the US dollar. |                                                      |        |        |        |        |          |           |
| Friday, 09 October                                                                                                                                                                           |                                                      | Period | Prev 2 | Prev 1 | Latest | Forecast | Consensus |
| -                                                                                                                                                                                            | China: M2 growth, % y/y (to 15/10)                   | Sep    | 8.0    | 7.7    | 7.5    | 7.7      | 7.4       |
| -                                                                                                                                                                                            | China: Aggregate financing stock, CNY trn (to 15/10) | Sep    | 462.1  | 463.3  | 464.8  | 468.1    | -         |
| -                                                                                                                                                                                            | China: New loans, CNY bn (to 15/10)                  | Sep    | 1610.0 | -340.0 | 60.0   | 1050.0   | -         |

China: We expect TSF stock growth to ease to 7.1% y/y in September from 7.2% in August, with monthly TSF flows at CNY3300bn. Government bond issuance likely remained elevated and accelerated further amid policymakers' push for faster fiscal spending and project implementation. However, private credit demand from households and corporates is expected to remain the weak link, reflecting a still-soft housing market and cautious borrowing demand.

Note: Bloomberg consensus forecasts and release dates are subject to change.

Source: Bloomberg, Barclays Research

**CHINA SNAPSHOT**

Jian Chang Barclays Bank, Hong Kong | Yingke Zhou Barclays Bank, Hong Kong | Ying Zhang Barclays Bank, Hong Kong

|                                 | 2025 |      |      |      | 2026 |      |      |      | 2027 |      |      |      | Calendar year average |       |       |
|---------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|-----------------------|-------|-------|
| % change y/y                    | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3E  | Q4E  | Q1E  | Q2E  | Q3E  | Q4E  | 2025                  | 2026E | 2027E |
| Real GDP (% y/y)                | 5.4  | 5.2  | 4.8  | 4.5  | 5.0  | 4.3  | 4.3  | 4.4  | 4.0  | 4.1  | 4.1  | 4.1  | 5.0                   | 4.5   | 4.0   |
| Real GDP (% q/q saar)           | 4.3  | 5.0  | 4.2  | 4.6  | 5.6  | 3.1  | 4.1  | 4.9  | 5.3  | 2.0  | 4.1  | 4.9  | ...                   | ...   | ...   |
| Real GDP (% y/y YTD)            | 5.4  | 5.3  | 5.2  | 5.0  | 5.0  | 4.7  | 4.5  | 4.5  | 4.0  | 4.0  | 4.0  | 4.0  | ...                   | ...   | ...   |
| Real GDP per capita (% y/y)     | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...                   | ...   | ...   |
| Consumption (pp)                | 2.7  | 2.7  | 2.7  | 2.6  | 2.3  | 2.2  | 2.0  | 2.0  | 2.0  | 2.0  | 2.0  | 2.0  | 2.6                   | 2.0   | 2.0   |
| Investment (pp)                 | 0.3  | 0.8  | 0.8  | 0.8  | 1.9  | 1.7  | 1.3  | 1.2  | 1.0  | 1.0  | 1.0  | 1.0  | 0.8                   | 1.2   | 1.0   |
| Net exports (pp)                | 2.4  | 1.9  | 1.7  | 1.6  | 0.8  | 0.8  | 1.2  | 1.3  | 1.0  | 1.0  | 1.0  | 1.0  | 1.6                   | 1.3   | 1.0   |
| Industrial production (% y/y)   | 6.5  | 6.2  | 5.8  | 5.0  | 6.1  | 4.6  | 4.9  | 4.8  | 4.2  | 4.4  | 4.6  | 4.7  | 5.9                   | 5.2   | 4.5   |
| Nominal GDP (% y/y)             | 4.6  | 3.9  | 3.7  | 3.9  | 4.9  | 5.9  | 5.0  | 4.9  | 4.3  | 4.5  | 4.7  | 4.7  | 4.0                   | 5.2   | 4.6   |
| CPI inflation (% y/y)           | -0.1 | 0.0  | -0.2 | 0.6  | 0.9  | 1.1  | 0.6  | 0.4  | 0.8  | 0.6  | 0.8  | 1.1  | 0.1                   | 0.7   | 0.8   |
| Surveyed unemployment rate (%)  | 5.2  | 5.0  | 5.2  | 5.1  | 5.4  | 5.0  | 5.1  | 5.1  | 5.2  | 5.1  | 5.2  | 5.1  | 5.1                   | 5.1   | 5.1   |
| Current account (% GDP)         | 3.8  | 2.7  | 4.0  | 4.5  | 3.8  | 3.7  | 4.0  | 4.0  | 4.0  | 4.0  | 4.0  | 4.0  | 3.7                   | 4.0   | 4.0   |
| Government balance (% GDP)      | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -4.0                  | -4.0  | -4.0  |
| Central government debt (% GDP) | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | 29.1                  | 32.8  | 36.5  |
| 7d OMO rate (%)                 | 1.50 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40                  | 1.40  | 1.40  |

Note: All numbers are expressed in y/y % change unless otherwise specified. Contributions by GDP expenditure components are all reported as "year to date" numbers officially.

Source: Barclays Research

## Emerging Asia Outlook

# One more turn towards monetary tightening

We now expect the RBI to deliver its first rate hike next week as domestic inflation trajectory faces upside risks from higher global oil prices, while growth has stayed remarkably resilient. Inflation in the region is rising anew as energy prices remain elevated.

## Inflationary pressures rising

**Monetary policy in EM Asia has generally tilted hawkish** given a combination of (possibly AI-aided) economic resilience, growing concern over latent inflation pressures, and a more hawkish US Federal Reserve.

**With global crude oil prices elevated around USD100/bbl, the Reserve Bank of India (RBI), which has so far resisted a decisive pivot towards rate hikes, is likely to join the monetary tightening club in its meeting next week on 7 October, and raise the policy repo rate by 25bp to 5.50%.**

While we had expected the RBI to hike given inflationary pressures from food, energy and gradual generalisation, our expectation of a rate hike in October now vs December earlier is because inflation is set to breach the 5% level in September and potentially peaking in October-December to 5.8%, close to the MPC's 2-6% target range. With global crude oil elevated in the past few weeks, and WPI and PPI August inflation trending 9%+ y/y, this indicates the possibility of further pass-through to retail prices. Accordingly, we think the RBI may revise its FY27 CPI inflation forecast up from the current 5.0%. If global oil prices persist beyond USD100/bbl, we would expect another round of retail fuel price hikes, possibly after Diwali, which poses further risk to retail inflation.

Even amid inflationary pressures, growth has remained resilient: we expect an upward revision to the RBI's GDP growth forecast from the current 6.7% for FY27: The April-June quarter GDP growth, at 7.8% y/y, was 80bp higher than the RBI's forecast. High-frequency indicators for July-August show some moderation, but the narrative of robust growth continues. Upward revisions to both the growth and inflation forecasts thus offer a solid backdrop to commence a monetary tightening cycle.

**We see the tightening cycle by the RBI as "monetary policy calibration" responding to "inflation normalisation."** Therefore, we expect the terminal rate for this cycle to be 5.75% (+50bp). In our view, the first hike (in October) would be announced alongside a "neutral" stance, allaying any concerns that this is a steep hiking cycle, followed by a final 25bp hike in December 2026. (see, [India: October RBI MPC preview: Advancing the first hike to October, 1 Oct](#))

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**Elevated global energy prices have also driven renewed inflationary pressures in the rest of the region. Data this week and next is likely to show inflation rising in most economies in EM Asia,** driven largely by energy CPI, but also gradually rising core CPI:

- **In the Philippines, higher retail fuel prices likely drove headline inflation to 6.5% y/y in September, from 6.1% in August.** Core inflation is also likely to climb to 4.3% (Aug: 4.1%). This, coupled with recent PHP depreciation will likely unnerve Bangko Sentral ng Pilipinas (BSP) into delivering one more 25bp rate hike (to 5.25%) than we had earlier expected, in October 2026. We view this as a relatively close call however – a drop in global crude oil prices could hold the BSP back from hiking.
- **We expect inflation to accelerate in Thailand to 3.2% y/y in September, up from 2.5% in August, and outside of the Bank of Thailand's 1-3% target range.** The rise is primarily driven by energy prices, even though the Thai government has not fully passed the extent of increase in international prices to domestic fuel prices (partly by utilising the Oil Fuel fund, and adjusting refiners' margins). The passthrough of higher input costs to core CPI has been relatively modest, as subdued domestic demand also weighs on the economy: we expect core CPI inflation to only gradually rise to 1.5% y/y from 1.4% in August. As headline inflation is set to breach the BoT's 1-3% target range, we do not expect it to tilt hawkish in tandem with the rest of the region: in fact, BoT is the only central bank in EM Asia which is likely to maintain the policy rate unchanged through 2026: as growth remains moderate and uneven, the central bank is likely to look through yet another surge in supply-driven inflation.

## AUSTRALIA &amp; EMERGING ASIA DATA REVIEW &amp; PREVIEW

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## Review of last week's data releases

| Main indicators                                    | Period | Previous  | Barclays | Actual  | Comments                      |
|----------------------------------------------------|--------|-----------|----------|---------|-------------------------------|
| Singapore: Industrial production, % y/y            | Aug    | 6.9 R     | 19.3     | 15.4    | Rise in industrial output     |
| India: Industrial production, % y/y                | Aug    | 7.4 R     | 7.0      | 8.0     | Upward march                  |
| Australia: RBA cash rate, %                        | Sep    | 4.35      | 4.60     | 4.60    | Meets expectations            |
| Korea: Industrial production, % y/y                | Aug    | 4.0 R     | 4.3      | -2.2    | IP growth drops               |
| Philippines: Trade balance, USD mn                 | Aug    | -6345.0 R | -5600.0  | -3850.0 | Jump in exports growth        |
| Philippines: Total exports, % y/y                  | Aug    | 10.9 R    | 19.1     | 27.8    |                               |
| Philippines: Total imports, % y/y                  | Aug    | 23.0 R    | 26.6     | 16.6    |                               |
| Sri Lanka: Overnight rate, %                       | Sep    | 8.75      | 9.25     | 8.75    | Keeping policy rate unchanged |
| Thailand: Manufacturing production, % y/y          | Aug    | 4.0 R     | 0.8      | 4.4     | Stabilising                   |
| Thailand: Current account, USD bn                  | Aug    | 0.7 R     | -0.6     | 2.3     |                               |
| Korea: Trade balance, USD bn                       | Sep    | 34.8      | 40.0     | 49.8    | Stronger export growth        |
| Korea: Exports, % y/y                              | Sep    | 68.7      | 64.1     | 83.5    |                               |
| Korea: Imports, % y/y                              | Sep    | 22.4      | 20.5     | 26.0    |                               |
| Korea: S&P Global manufacturing PMI, index         | Sep    | 52.3      | -        | 53.9    | Improvement in PMIs           |
| Taiwan: S&P Global manufacturing PMI, index        | Sep    | 54.7      | -        | 56.7    |                               |
| Indonesia: Trade balance, USD mn                   | Aug    | 121.9     | -421.1   | 3552.0  | Rise in export growth         |
| Indonesia: Exports, % y/y                          | Aug    | 6.0       | 6.3      | 6.7     |                               |
| Indonesia: Imports, % y/y                          | Aug    | 27.0      | 39.1     | 19.1    |                               |
| Indonesia: CPI, % y/y                              | Sep    | 3.19      | 3.23     | 3.28    | Moderation in CPI             |
| Indonesia: Core CPI, % y/y                         | Sep    | 2.92      | 3.09     | 2.84    |                               |
| India: "Final" S&P Global manufacturing PMI, index | Sep    | 55.7      | -        | 55.1    | Manufacturing PMI down        |
| Korea: CPI, % y/y                                  | Sep    | 3.1       | 2.9      | 2.9     | CPI eased                     |

## Preview of upcoming data

| Tuesday, 06 October                                                                                                                                                                                                  |                                        | Period | Prev 2 | Prev 1 | Latest | Forecast | Consensus |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------|--------|--------|--------|----------|-----------|
| 09:00                                                                                                                                                                                                                | Philippines: CPI, % y/y                | Sep    | 6.4    | 6.3    | 6.1    | 6.5      | 6.7       |
| 11:30                                                                                                                                                                                                                | Thailand: CPI, % y/y                   | Sep    | 2.4    | 1.9    | 2.5    | 3.2      | 3.1       |
| 11:30                                                                                                                                                                                                                | Thailand: Core CPI, % y/y              | Sep    | 1.2    | 1.3    | 1.4    | 1.5      | 1.6       |
| Philippines: Higher retail fuel prices likely helped drive up headline inflation in September. We expect core inflation to also rise to 4.3% y/y in September from 4.1% in August.                                   |                                        |        |        |        |        |          |           |
| Thailand: CPI inflation likely accelerated beyond the upper limit of the BoT's 1-3% target in September, driven largely by surge in global energy prices, and a gradual increase in core CPI inflation.              |                                        |        |        |        |        |          |           |
| Wednesday, 07 October                                                                                                                                                                                                |                                        | Period | Prev 2 | Prev 1 | Latest | Forecast | Consensus |
| 12:30                                                                                                                                                                                                                | India: RBI repo rate, %                | Oct    | 5.25   | 5.25   | 5.25   | 5.50     | 5.50      |
| 16:00                                                                                                                                                                                                                | Taiwan: CPI, % y/y                     | Sep    | 2.6    | 2.5    | 2.0    | 2.6      | 2.4       |
| India: We expect the MPC to raise the policy rate by 25bp in its October meeting, amid upside risks to the domestic inflation trajectory from higher global oil prices while growth has stayed remarkably resilient. |                                        |        |        |        |        |          |           |
| Taiwan: We expect CPI inflation to jump back to 2.6% y/y from 2.0% in August as services inflation pressure rises on the Moon Festival and food prices continue to grind higher.                                     |                                        |        |        |        |        |          |           |
| Thursday, 08 October                                                                                                                                                                                                 |                                        | Period | Prev 2 | Prev 1 | Latest | Forecast | Consensus |
| 07:00                                                                                                                                                                                                                | Korea: Current account balance, USD bn | Aug    | 38.6   | 49.7   | 42.1   | -        | -         |

|                                                                                                                |                                        |        |        |        |        |          |           |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------|--------|--------|--------|--------|----------|-----------|
| 16:00                                                                                                          | Taiwan: Trade balance, USD bn          | Sep    | 12.2   | 17.2   | 22.3   | -        | 17.8      |
| 16:00                                                                                                          | Taiwan: Exports, % y/y                 | Sep    | 40.3   | 32.9   | 41.0   | 55.7     | 43.5      |
| 16:00                                                                                                          | Taiwan: Imports, % y/y                 | Sep    | 51.7   | 37.4   | 44.3   | -        | 43.5      |
| Taiwan: We expect exports to increase by 55.7% y/y, from 41.0% in August, on a strong tech export performance. |                                        |        |        |        |        |          |           |
| Friday, 09 October                                                                                             |                                        | Period | Prev 2 | Prev 1 | Latest | Forecast | Consensus |
| 12:00                                                                                                          | Malaysia: Industrial production, % y/y | Aug    | 8.5    | 6.5    | 4.7    | 5.0      | 5.1       |
| Malaysia: Solid tech demand likely continued to support industrial production growth in August.                |                                        |        |        |        |        |          |           |

Note: Bloomberg consensus forecasts and release dates are subject to change.  
Source: Bloomberg, Barclays Research

**INDIA SNAPSHOT**

Aastha Gudwani BSIPL, India | Amruta Ghare BSIPL, India

|                                    | 2025 |      |      |      | 2026 |      |      |      | 2027 |      |      |      | Fiscal year average |       |       |
|------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|---------------------|-------|-------|
| % change y/y                       | Q1   | Q2   | Q3   | Q4   | Q1E  | Q2E  | Q3E  | Q4E  | Q1E  | Q2E  | Q3E  | Q4E  | 2025                | 2026E | 2027E |
| Real GDP (% y/y)                   | 6.9  | 8.1  | 7.7  | 8.6  | 7.8  | 6.7  | 7.0  | 6.8  | 7.2  | 7.0  | 7.1  | 6.8  | 7.8                 | 7.1   | 7.0   |
| Private consumption (% y/y)        | 6.8  | 6.4  | 8.0  | 7.5  | 7.1  | 6.6  | 6.8  | 6.6  | 7.0  | 7.2  | 6.9  | 6.9  | 7.2                 | 6.8   | 7.0   |
| Public consumption (% y/y)         | 4.5  | 4.4  | 7.0  | 7.7  | 4.3  | 5.0  | 5.4  | 5.1  | 5.8  | 5.7  | 5.5  | 5.2  | 5.9                 | 5.0   | 5.6   |
| Fixed investment (% y/y)           | 5.8  | 7.2  | 8.3  | 10.5 | 11.9 | 8.5  | 8.2  | 8.0  | 6.5  | 7.0  | 7.2  | 6.8  | 8.0                 | 9.2   | 6.9   |
| CPI inflation (% y/y)              | 2.9  | 1.7  | 0.6  | 3.1  | 3.9  | 4.8  | 5.8  | 4.9  | 4.7  | 4.2  | 4.3  | 4.6  | 2.1                 | 4.8   | 4.5   |
| Current account (% GDP)            | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -0.6                | -1.3  | -1.5  |
| General government balance (% GDP) | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -7.6                | -7.4  | -7.2  |
| Gross public debt % GDP            | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | 81.0                | 80.0  | 78.0  |
| Repo rate (period end, %)          | 5.50 | 5.50 | 5.25 | 5.25 | 5.25 | 5.25 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.25                | 5.75  | 5.75  |
| Cash reserve ratio (period end, %) | 4.00 | 3.75 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00                | 3.00  | 3.00  |

Note: All numbers expressed in y/y basis unless otherwise specified. 2025 = FY2025-26, and so on. India's fiscal year begins in April and ends in March.

Source: Haver Analytics, RBI, Barclays Research

**KOREA SNAPSHOT**

Bum Ki Son, CFA Barclays Bank, Singapore

|                                                         | 2025 |      |      |      | 2026 |      |      |      | 2027 |      |      |      | Calendar year average |       |       |
|---------------------------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|-----------------------|-------|-------|
| % Change                                                | Q1   | Q2   | Q3   | Q4   | Q1   | Q2E  | Q3E  | Q4E  | Q1E  | Q2E  | Q3E  | Q4E  | 2025                  | 2026E | 2027E |
| Real GDP (% q/q, sa)                                    | 0.3  | 0.7  | 1.5  | -0.2 | 1.7  | 0.6  | 0.2  | -0.1 | 0.9  | 0.7  | 1.2  | 1.0  | ...                   | ...   | ...   |
| Real GDP (% q/q saar)                                   | 1.2  | 3.0  | 6.0  | -0.8 | 7.1  | 2.6  | 0.8  | -0.2 | 3.6  | 3.0  | 4.9  | 4.2  | ...                   | ...   | ...   |
| Real GDP (% y/y)                                        | 0.0  | 0.6  | 1.8  | 1.6  | 4.3  | 3.9  | 3.4  | 3.1  | 1.6  | 1.6  | 2.4  | 3.2  | 1.1                   | 3.2   | 2.6   |
| Real GDP per capita (% y/y)                             | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...                   | ...   | ...   |
| Private consumption (% y/y)                             | 1.0  | 1.6  | 2.3  | 2.5  | 2.8  | 2.5  | 1.5  | 1.3  | 1.2  | 1.3  | 1.6  | 1.8  | 1.9                   | 2.0   | 1.5   |
| Public consumption (% y/y)                              | 2.1  | 2.5  | 3.0  | 3.6  | 3.1  | 2.1  | 1.3  | 0.9  | 2.0  | 2.6  | 4.2  | 5.7  | 2.8                   | 1.9   | 3.6   |
| GFCF (% y/y)                                            | -4.0 | -2.8 | -2.0 | -2.2 | 1.3  | 2.8  | 3.7  | 6.1  | 4.6  | 4.1  | 2.9  | 2.5  | -2.8                  | 3.6   | 3.5   |
| Exports (% y/y)                                         | 3.2  | 5.8  | 8.7  | 6.8  | 11.8 | 8.9  | 7.1  | 9.0  | 4.5  | 4.7  | 5.2  | 5.7  | 6.1                   | 9.1   | 5.0   |
| Imports (% y/y)                                         | 3.5  | 4.9  | 5.2  | 4.8  | 8.5  | 6.2  | 7.7  | 9.9  | 7.6  | 7.7  | 4.8  | 3.2  | 4.6                   | 8.1   | 5.8   |
| Industrial production (% y/y)                           | 2.4  | 3.2  | 7.7  | -1.5 | 2.8  | 3.9  | 3.4  | 3.8  | 2.3  | 2.0  | 2.0  | 2.2  | 2.9                   | 3.5   | 2.1   |
| Unemployment rate (%)                                   | 2.8  | 2.8  | 2.7  | 2.9  | 2.9  | 2.7  | 2.7  | 2.7  | 2.7  | 2.8  | 2.8  | 2.8  | 2.8                   | 2.7   | 2.8   |
| CPI inflation (% y/y)                                   | 1.8  | 2.2  | 1.8  | 2.2  | 2.1  | 3.0  | 3.0  | 2.5  | 2.4  | 2.2  | 2.2  | 1.9  | 2.1                   | 2.6   | 2.2   |
| Current account (% GDP)                                 | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | 6.5                   | 20.1  | 18.3  |
| Consolidated fiscal balance (% GDP)                     | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -1.7                  | -1.5  | -1.4  |
| Consol. fiscal balance ex social security funds (% GDP) | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -3.9                  | -2.3  | 0.3   |
| Key central bank rate (% EOP)                           | 2.75 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 3.00 | 3.25 | 3.50 | 3.50 | 3.50 | 3.50 | 2.50                  | 3.00  | 3.50  |

Note: All numbers expressed in y/y basis unless otherwise specified.

Source: Haver Analytics, Barclays Research

## EEMEA Outlook

## No rush to tighten

In addition to higher energy prices, elevated core inflation is clouding the rates outlook. Still, central banks retain a broadly balanced-to-dovish stance. We expect the NBP and NBR to remain on hold, while the SARB signals a wait-and-see mode and the CBT is likely to deliver further cuts.

### EEMEA central banks maintain a balanced-to-dovish bias despite rising headwinds

In Türkiye, attention remained focused on the fallout from the hedge fund crisis. It came at an unfortunate time for Türkiye as it is trying to deal with the effect of higher energy prices and rising core rates. While the situation is still in its early stages, policymakers have responded with a coordinated set of measures aimed at containing potential economic and financial spillovers. It is also too soon to form a strong view on the effect on economic activity, but when combined with the ongoing slowdown in growth, the episode could contribute to softer domestic demand in Q4 26, in our view. As a result, we continue to expect the CBT to deliver a cumulative 200bp of rate cuts across the final two MPC meetings of the year, despite higher energy prices. The cuts are more likely to be delivered as two 100bp cuts in the October and December meetings. However, our call is also dependent on September CPI due next Monday. We expect headline CPI to decelerate by 1.3pp to 30.2% y/y.

We have two key MPC meetings in Eastern Europe next week, and we expect both the NBP in Poland and the NBR in Romania to keep policy rates unchanged.

In **Poland**, recent NBP communication has remained broadly balanced. While headline inflation accelerated by 0.6pp to 4.0% y/y in September, we do not expect this to alter the central bank's balanced stance as the new admin measures should help to control fuel prices in the remainder of this year. Following the introduction of a windfall tax on energy companies, the government temporarily reduced the VAT on gasoline and diesel through year-end. We estimate that this measure could lower headline CPI by around 0.7pp in October, more than offsetting the 0.5pp contribution from higher fuel prices in September. Looking ahead, we continue to expect the NBP to keep rates on hold until H2 2027.

In **Romania**, inflation has moderated in recent months, driven primarily by favourable base effects. However, persistent political uncertainty and financial stability concerns linked to the risk of a sovereign rating downgrade are likely to keep the NBR in a cautious stance. As a result, we see no scope for policy easing in 2026.

In **South Africa**, the SARB Governor was on the wires this week saying “We expect inflation to slow significantly next year, and we have increased our policy rate to make sure we get back to 3%,”<sup>12</sup> suggesting that inflation is already expected to decline quite fast in 2027 and that action

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<sup>12</sup> 'Kganyago Sees Significant 2027 Slowdown in South African CPI', Bloomberg, 28 September, 2026

has already been taken to ensure that it hits the 3% target. We couldn't agree more. While we see risks of a final 25bp hike if oil prices were to head back to the USD110-115 range or the currency falls out of bed, purely to deal with potential second-round effects, our postulation is that any stickiness in oil prices over the final quarter of this year would simply support the positive base effects that we expect to play out over the course of 2027. The market, however, thinks differently and is pricing in more than two 25bp hikes over the next 6-9 months. We expect inflation to peak around 5.8% y/y in February 2027 after which it should fall back significantly, reaching 3% by the end of the year/early 2028. By the November MPC meeting, the peak would be only a quarter away, in our forecast, a horizon that is too short for monetary policy to have any meaningful effect.

### **Saudi Arabia's need for fiscal consolidation grows**

Saudi Arabia's 2027 Pre-Budget Statement (PBS) was published on Wednesday and unsurprisingly painted a more downbeat picture on the Kingdom's public finances amid the US-Iran war. The budget deficit targeted for 2026 was increased from 3.3% of GDP to 4.9% as spending has risen far quicker than projected due to higher subsidy costs and increased defence spending. We are still not optimistic that this target will be met and a shortfall closer to 6.5% of GDP likely will be recorded.

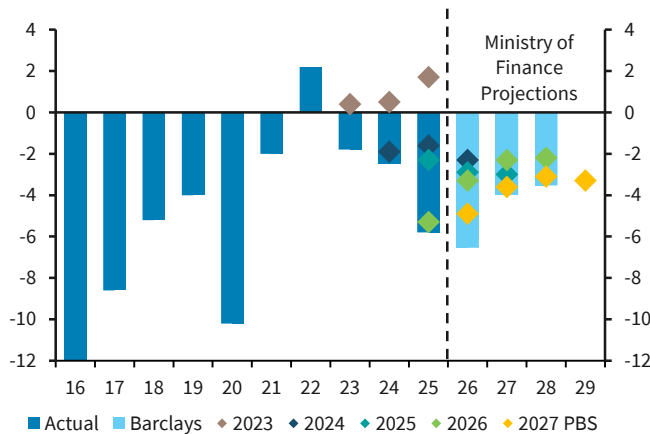
Additionally, the PBS outlined a new projected path for deficits over the coming years. The Ministry of Finance now targets a deficit of 3.6% of GDP in 2027 compared to previous estimates of 2.3% of GDP in the 2026 Budget and 3.0% of GDP in the 2025 Budget. (See [Saudi Arabia Pre-Budget Statement Review: Larger deficits are here to stay as debt rises](#), 1 October 2026). Even so, next year's 3.6% of GDP target seems optimistic with spending set to be cut by just 3% compared to this year. Over recent years, the Kingdom has a poor track record on delivering promised spending cuts and, in turn, missing its budget targets since 2022 ([Figure 1](#)).

Further ahead, the Kingdom now expects to run deficits in excess of 3% of GDP out to 2029, compared to a previous convergence to 2% of GDP. All told, larger deficits in Saudi Arabia seem here to stay, raising the Kingdom's financing needs and reinforcing our view that the public debt-to-GDP ratio will rise faster than others expect. The 2027 PBS did not provide an updated public debt projection, but the 2026 Budget document had estimated the debt-to-GDP ratio to rise from 31.8% at end-2025 to 32.7% by end-2026 and 33.1% by end-2027. However, the Ministry of Finance's Budget Performance Report for Q2 26 showed that the ratio already hit 35.0%. We project that the debt-to-GDP ratio will end this year at 38.8% and rise to 41.7% in 2027, and increasing to over 44% in 2028 ([Figure 2](#)) (See [Saudi Arabia's public debt trajectory shifts higher](#), 9 July 2026).

This is by no means a critical issue for the Kingdom's public finances as the debt-to-GDP ratio is reasonably low and the Kingdom should find it easy to finance shortfalls on this scale, but it reinforces the need for fiscal consolidation. On the spending side, as suggested earlier, cuts may fall on capital expenditures. However, for the scale of fiscal consolidation required, capex remains a small component of the Kingdom's budget (equal to just 13% of total spending/3.7% of GDP). So cuts may not make sufficient progress to curb the size of budget deficits and the faster rise in public debt. Additionally, the war may have created new capex needs for reconstruction. Otherwise, current spending is not politically palatable to cut, given the Kingdom's large public sector workforce and the fuel subsidy that has sheltered citizens from inflation in recent years. As a result, this war may have expedited the need for the Saudi government to raise non-oil taxes. This could include expanding the net of VAT application, raising corporation taxes in line with G20 medians, or even introducing new taxes, such as a personal income tax. Admittedly, these may prove unpopular and contradict some of the Kingdom's goals to attract high-skilled labour and foreign companies with its lower tax environment. On the positive side, these measures could boost non-oil revenues and reduce

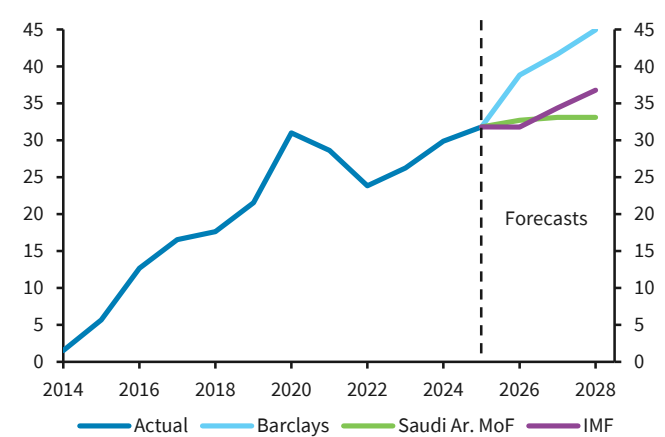
reliance on hydrocarbons in the long term and protect against large swings in the public finances.

FIGURE 1. Saudi Arabia budget balance (% of GDP)



Source: Saudi Arabia Ministry of Finance, Haver Analytics, Barclays Research

FIGURE 2. Saudi Arabia central government public debt (% of GDP)



Source: Saudi Arabia Ministry of Finance, Saudi Arabia National Debt Management Centre, IMF, Haver Analytics, Barclays Research

### A Middle East politics round-up

Following last week's parliamentary election in **Morocco**, King Mohammed VI selected Marrakesh Mayor Fatima Ezzahara El Mansouri as the country's new prime minister. The decision was somewhat of a surprise after the pre-election momentum that Fouzi Lekjaa, who was the country's budget minister since 2021 and head of the Moroccan football association, gained after joining the Authenticity and Modernity party (PAM) alongside El Mansouri. By nature of Morocco's political framework, no party can win an outright majority and instead all governments are coalitions, PAM won the most seats (97 out of the available 395), followed by the National Rally of Independents (RNI, which led the previous government coalition since 2021), Istiqlal and the Justice and Development Party (PJD, which recovered after a collapse in 2021). El Mansouri will now be tasked with forming that coalition.

Regardless of the political makeup, the new government faces a test with Morocco's economic outlook. The momentum of the past few years on the macro front had been positive, with real GDP growth rising from 1.8% in 2022 to 4.4% in 2024 and 4.9% in 2025; inflation had also slowed from 6.7% in 2022 and 6.1% in 2023 to just 0.7% in 2025. The current account deficit had narrowed from 3.5% of GDP in 2022 to 1.2% in 2024, before widening in 2025 to 2.4% — still narrower than in 2022. The budget deficit has also shrunk from 5.2% of GDP in 2022 to 3.5% last year, coinciding with the public debt-to-GDP ratio falling from 71.6% to 67.4% over the same period. However, despite all of this, a major issue remains the labour market. The labour force participation rate has been in steady decline for a decade, standing at just 42.2% in Q2 26, while the total unemployment rate fell to 9.5% — its lowest since Q4 2019 — but youth unemployment (those aged 15-24) stands at 27.2% and had been running above 30% for the last five years. This has sparked social unrest, boiling over into protests in 2025<sup>13</sup> as the youth demographic spoke out against the lack of job creation and the government's focus on delivering a \$20bn investment project for co-hosting the 2030 Football World Cup.

Elsewhere, **UAE** Vice President Sheikh Mansour bin Zayed al-Nahyan travelled to Riyadh on Tuesday for talks with **Saudi Arabia's** Crown Prince (and Prime Minister) Mohammed bin Salman; Saudi Arabia's defence minister, Prince Khalid bin Salman (Mohammed bin Salman's

<sup>13</sup> Financial Times, 'Young Moroccans join wave of anti-government protests', 2 October 2025. Available here: <https://www.ft.com/content/c8c58481-e82d-4448-9e90-0d06856642fc?syn-25a6b1a6=1>

brother) was also in attendance.<sup>14 15</sup> The visit came amid earlier reports of tensions between the two countries on politics and economics this year, highlighted by the UAE's exit from OPEC+ in May and differences over the wars in Yemen and Sudan.<sup>16</sup> A statement from the Saudi Press Agency said the two discussed "*brotherly bilateral relations*"<sup>17</sup> as the US-Iran war continues to drag on. For Saudi Arabia, the Houthi-led offensive from Yemen and resulting constriction of oil activities through the Red Sea appear to be pushing it to make greater diplomatic efforts among the GCC and influencing the US-Iran talks. As we highlighted in our recent [Emerging Markets Quarterly](#), the Gulf states largely came into the war with much stronger financial buffers, which have enabled weathering the strains of the war. But those strains are still present, as highlighted by Saudi Arabia's 2027 Budget and the UAE's central bank FX reserves having fallen 15% since the start of the war (see [UAE Macro & Credit: Resilience to shine through](#), 8 September 2026). So a push for diplomacy from the Gulf leaders has intensified to try and have talks resume and pave the way for some resolution that would allow the Strait of Hormuz to reopen and broader security fears to ease in the region.

### **South Africa current account deficit widens on lower dividend receipts**

Detailed data published by the South African Reserve Bank show that contrary to our suspicion that the significant widening in South Africa's current account deficit from a surplus of 2.4% of GDP in Q1 26 to a deficit of 2.6% of GDP in Q2 26 was largely driven by dividend outflows (See '[EM Quarterly](#)', 23 September, 2026), it was in fact a combination of lower inward dividends and outward interest payments to foreign owners of South African bonds that drove the reading. Gross inward dividend receipts declined 41% q/q from R168bn in Q1 26 to R98.5bn in Q2 26. Most of the decline was in dividend receipts on direct investments by South Africans in the rest of the world. Dividend payments by South Africans to the rest of the world rose as we had expected, but only by 5% from R186bn to R194bn. Interest payments on South Africa's foreign currency denominated bonds (including maiden coupons on its recently issued USD1.75bn 2037 and USD1.75bn 2055 Eurobonds) rose 12% from R209bn in Q1 26 to R233bn.

Looking ahead, it is worth noting that inward dividends to South Africa on its direct investments overseas averaged no more than R69bn in the half decade preceding 2025, and jumped to an unusually high R117bn in the four months ending Q1 26 before declining to R74bn in Q2 26. We expect stabilization around the R70-80bn range in the quarters ahead, suggesting that the current account deficit may well remain under some pressure in the quarters ahead, albeit to a lesser extent. Outward interest payments to foreigners are also likely to remain high until the US1bn Sep-27, USD2bn Oct-28 and USD2bn Sep-29 Eurobonds mature. We are therefore inclined to maintain our forecast of a widening in the 2026 deficit to 0.7% of GDP from 0.1% of GDP previously, followed by a 2% of GDP deficit in 2027, from a 1.7% deficit previously.

### **IMF may sign Senegal on in a matter of weeks, not months**

The government of Senegal has scheduled its maiden external creditor meeting, which would be chaired by the IMF for 6 October 2026. We expect the authorities to offer their debt treatment

<sup>14</sup> Saudi Press Agency, 'HRH the Crown Prince, UAE Vice President Sheikh Mansour bin Zayed Discuss Bilateral Relations, Regional Developments', 29 September 2026. Available here: <https://www.spa.gov.sa/en/N2688824>

<sup>15</sup> Saudi Press Agency, 'Defense Minister Meets with UAE Vice President Sheikh Mansour bin Zayed', 29 September 2026. Available here: <https://www.spa.gov.sa/en/N2688952>

<sup>16</sup> Financial Times, 'Saudi crown prince holds talks with senior Emirati royal in push to mend rift', 29 September 2026. Available here: <https://www.ft.com/content/87bfd2b4-aab6-4dcb-9c77-3d2606185578?syn-25a6b1a6=1>

<sup>17</sup> Saudi Press Agency, 'HRH the Crown Prince, UAE Vice President Sheikh Mansour bin Zayed Discuss Bilateral Relations, Regional Developments', 29 September 2026. Riyadh, September 29, 2026, SPA -- His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince and Prime Minister, met on Tuesday in Riyadh with United Arab Emirates Vice President, Deputy Prime Minister, and Chairman of the Presidential Court Sheikh Mansour bin Zayed Al Nahyan to review brotherly bilateral relations and regional developments. During the meeting, Sheikh Mansour conveyed the greetings of President of the United Arab Emirates Sheikh Mohamed bin Zayed Al Nahyan to HRH the Crown Prince, who, in turn, conveyed his greetings to the UAE president. The meeting was attended by Minister of Defense Prince Khalid bin Salman bin Abdulaziz. -- SPA. Available here: <https://www.spa.gov.sa/en/N2688824>

proposal to an official creditor committee that will likely be established at this meeting. We note that the authorities have indicated they would not be seeking a debt restructuring, but have suggested a kind of debt rescheduling with some coupon forgiveness. This does not sound very realistic to us, although it may be possible to some extent if the IMF agrees to focus more on the liquidity parameters in the Debt Sustainability Analysis (DSA) framework and de-emphasise the solvency metrics like debt to GDP, as was the case in Zambia. The opposite was true for Ghana, which had a clear solvency problem. As we have pointed out in the past (see '[Senegal 2026 Budget: Liquidity challenges but debt likely sustainable](#)', 23 October, 2025), Senegal's liquidity challenges should start to ease off after 2028, so it really needs most of the support to deal with its liquidity hump over the coming three years. The authorities have still not declared a debt moratorium, but we believe that is likely to change soon – perhaps shortly after they issue their planned USD350bn debt in the regional market. Proceeds of this issuance, for which subscriptions close on 8 October 2026, will likely be deployed towards the dismantling of outstanding arrears. In terms of timing, as we pointed out in our 23 September [EM Quarterly](#), Ghana's Official Creditor Committee was formed on 12 May 2023 and a financing assurance letter was issued immediately, allowing Ghana to obtain IMF board approval by 17 May 2023. This means that Senegal could, at least based on prior experience, get programme ratification by the IMF Executive Board before the end of this year – perhaps even as early as the coming weeks if the IMF 2026 Annual meetings this month do not get in the way.

## EMERGING EUROPE, MIDDLE EAST & AFRICA DATA REVIEW & PREVIEW

Zalina Alborova, Barclays, UK | Ercan Erguzel, Barclays, UK | Michael Kafe, Barclays, UK | James Swanston, Barclays, UK

### Review of last week's data releases

| Main indicators                              | Period | Previous | Barclays | Actual | Comments                                                                                         |
|----------------------------------------------|--------|----------|----------|--------|--------------------------------------------------------------------------------------------------|
| Kenya: CPI, % y/y                            | Sep    | 6.6      | 6.9      | 6.8    | Food and fuel prices remain high.                                                                |
| South Africa: Non-farm payrolls, % q/q       | Q2     | -0.8     | 0.2      | -0.1   | 95k jobs lost y/y vs. 105k y/y in Q1 26.                                                         |
| Kazakhstan: Final GDP ytd, % y/y             | Q2     | 4.1      | -        | 4.1    | Unchanged from the preliminary estimate.                                                         |
| Ukraine: Current account, \$ bn              | Aug    | -0.1     | -        | -4.8   | Slowdown of external support inflows; widening trade deficit.                                    |
| Poland: Preliminary CPI, % y/y               | Sep    | 3.4      | 4.0      | 4.0    | Core CPI remained flat, according to our estimates.                                              |
| Zambia: Bank of Zambia policy rate, %        | Sep    | 13.25    | 13.25    | 10.75  | Surprise 250bp cut, as inflation remains in single digits and the currency is stable.            |
| South Africa: PPI, % y/y                     | Aug    | 5.7      | 5.4      | 5.0    | Low pass-through from oil.                                                                       |
| South Africa: Monthly budget balance, ZAR bn | Aug    | -161.6   | -35.0    | -29.1  | Strong income and VAT revenue growth.                                                            |
| South Africa: Trade balance, ZAR bn          | Aug    | 18.0 R   | 2.5      | 20.5   | Sharp drop in manufacturing imports.                                                             |
| Russia: Final Current account, \$ bn         | Q2     | 21.4     | -        | 16.9   | Surplus of goods balance partially offset by the deficit in services amid summer holidays.       |
| Russia: Real wages, % y/y                    | Jul    | 3.4      | -        | 3.3    | Labor market remains tight.                                                                      |
| Russia: Retail sales real, % y/y             | Aug    | 5.3      | -        | 3.3    | Easing demand; in 8M, grew 5.1% y/y.                                                             |
| Kazakhstan: CPI, % y/y                       | Sep    | 9.9      | -        | 9.3    | Driven by food and nonfood, while paid services was unchanged.                                   |
| Russia: S&P Global Manufacturing PMI, index  | Sep    | 48.8     | -        | 49.8   | Weak demand; cost pressure slightly eased, but remains elevated.                                 |
| Hungary: PMI, index                          | Sep    | 51.3     | -        | 53.2   | Strong new orders.                                                                               |
| Poland: S&P Global manufacturing PMI, index  | Sep    | 48.3     | -        | 49.0   | Some improvement, but remains below 50.                                                          |
| Turkiye: Manufacturing PMI, index            | Sep    | 48.1     | -        | 47.9   | Weaker manufacturing activity.                                                                   |
| South Africa: Absa manufacturing PMI, index  | Sep    | 45.8     | -        | 50.7   | Business activity, inventories and new sales orders improve.                                     |
| Nigeria: Stanbic IBTC Bank PMI, index        | Sep    | 54.3     | -        | 56.4   | Output, new orders and purchasing up.                                                            |
| Russia: Final GDP, % y/y                     | Q2     | 1.3      | -        | 1.3    | Unchanged from preliminary reading, as strong consumption offsets weakness in capital formation. |

### Preview of upcoming data

| Monday, 05 October  |                                                   | Period | Prev 2 | Prev 1 | Latest | Forecast | Consensus |
|---------------------|---------------------------------------------------|--------|--------|--------|--------|----------|-----------|
| -                   | Russia: National Wellbeing fund, \$ bn (to 07/10) | Sep    | 168.5  | 159.3  | 154.1  | -        | -         |
| -                   | Uzbekistan: CPI, % y/y (to 06/10)                 | Sep    | 6.4    | 6.4    | 6.2    | -        | -         |
| 08:00               | Turkiye: CPI, % y/y                               | Sep    | 32.1   | 31.8   | 31.5   | 30.2     | 30.3      |
| 08:15               | South Africa: S&P Global PMI, index               | Sep    | 50.5   | 50.3   | 50.5   | -        | -         |
| 08:30               | Kenya: Stanbic Bank PMI, index                    | Sep    | 50.0   | 51.3   | 49.7   | -        | -         |
| 09:30               | Zambia: Stanbic Bank PMI, index                   | Sep    | 49.9   | 50.7   | 46.0   | -        | -         |
| 10:00               | Ghana: S&P Global PMI, index                      | Sep    | 47.7   | 49.2   | 50.8   | -        | -         |
| Tuesday, 06 October |                                                   | Period | Prev 2 | Prev 1 | Latest | Forecast | Consensus |
| 07:30               | Hungary: Industrial production, wda, % y/y        | Aug    | 5.4    | 4.1    | 4.7    | -        | 4.1       |
| 07:30               | Hungary: Retail trade IA, % y/y                   | Aug    | 4.8    | 3.0    | 4.9    | -        | 4.4       |
| 08:00               | Czechia: Preliminary CPI, %y/y                    | Sep    | 1.5    | 1.7    | 1.9    | 2.2      | 2.4       |

| Wednesday, 07 October |                                             | Period | Prev 2  | Prev 1  | Latest  | Forecast | Consensus |
|-----------------------|---------------------------------------------|--------|---------|---------|---------|----------|-----------|
| -                     | Angola: CPI, % y/y (to 09/10)               | Sep    | 10.1    | 9.3     | 8.8     | 8.7      | -         |
| -                     | Ghana: CPI, % y/y                           | Sep    | 5.3     | 4.6     | 5.0     | 5.5      | -         |
| -                     | Kenya: Benchmark interest rate, %           | Oct    | 8.75    | 8.75    | 8.75    | 8.75     | -         |
| -                     | Poland: Repo rate, %                        | Oct    | 3.75    | 3.75    | 3.75    | 3.75     | 3.75      |
| -                     | Russia: Budget level YTD, RUB bn (to 09/10) | Sep    | -5865.4 | -6401.5 | -5795.3 | -        | -         |
| 07:30                 | Hungary: CPI, % y/y                         | Sep    | 1.7     | 1.1     | 1.3     | 1.8      | 1.8       |
| 08:00                 | Czechia: Trade balance, € bn                | Aug    | 10.5    | 13.4    | -8.5    | -        | -5.2      |
| 14:00                 | Russia: Official reserve assets, \$ bn      | Sep    | 720.4   | 720.3   | 769.0   | -        | -         |

Kenya: With headline CPI remaining rather sticky, we expect the MPC to stay on hold at 8.75%.

Poland: The NBP provided a balanced rhetoric following the previous MPC and signaled to keep rates on hold. We expect the NBP to remain on hold for the rest of this year.

| Thursday, 08 October |                                                   | Period | Prev 2 | Prev 1 | Latest | Forecast | Consensus |
|----------------------|---------------------------------------------------|--------|--------|--------|--------|----------|-----------|
| -                    | Romania: Policy rate, %                           | Oct    | 6.50   | 6.50   | 6.50   | 6.50     | 6.50      |
| 12:00                | South Africa: Manufacturing production, sa, % m/m | Aug    | 1.2    | 0.8    | 2.2    | -0.3     | -         |

Romania: We expect the NBR to remain on hold at 6.50% at this meeting and for the rest of this year.

| Friday, 09 October |                                            | Period | Prev 2 | Prev 1 | Latest | Forecast | Consensus |
|--------------------|--------------------------------------------|--------|--------|--------|--------|----------|-----------|
| 07:00              | Romania: Final GDP, % q/q                  | Q2     | -1.9   | -0.1   | 0.0    | -        | 0.0       |
| 08:00              | Turkiye: Industrial production, wda, % y/y | Aug    | -0.1   | -1.3   | -0.3   | -        | -         |
| 12:00              | Ukraine: CPI, % y/y                        | Sep    | 7.2    | 7.7    | 8.1    | -        | -         |
| 17:00              | Russia: CPI, % y/y                         | Sep    | 6.0    | 6.0    | 6.3    | 6.3      | 6.3       |

Note: All times reported are BST. Consensus figures are taken from Bloomberg.  
Source: Bloomberg, Haver Analytics, Barclays Research

## Latin America Outlook

## Back to the ballot box

After a short break, politics come back to the forefront with the upcoming elections in Brazil and Ecuador, while recently elected authorities in Colombia and Chile are building momentum behind an awaited fiscal adjustment and security measures that will test their ability to deliver results.

- In **Brazil's** elections, the focus will be on how tight the gap separating Lula from Flavio effectively is, in order to ascertain whether the transfer of votes from the defeated candidates in the first round could propel Flavio to lead the runoff polls.
- Although the elections in **Ecuador** do not directly affect control of the national government, since they are focused on local authorities, they serve as a *de facto* referendum on Noboa's administration, generating risks of a looser fiscal policy.
- Elections in **Argentina** will not take place until next year, but markets are increasingly internalizing the risks. We think the bar for a return to populist macroeconomic policies is high.
- The post-election environment in **Colombia** has been marked by a growing sense of urgency to address the country's fiscal challenges, which reinforces our expectation of meaningful progress toward fiscal consolidation.
- In **Chile**, the new administration's ability to advance a tougher security framework while building sufficient congressional and public support will be an important test of its implementation capacity.
- In **Mexico**, the geopolitical landscape continues to be shaped by the relationship between President Sheinbaum and US President Trump.
- In **Venezuela**, the intensification of the electricity crisis is increasing the fragility of the status quo, leading to escalating protests that could cause further delays in the restructuring process. In **Panama**, prospects for a new arrangement with First Quantum on its copper mine are left with an uncertain timeline.

### Votes, vetoes and fiscal math

Political developments are moving back to the forefront across Latin America, with a series of elections, fiscal debates and governance challenges likely to shape market sentiment over the coming months. Brazil's presidential election this weekend represents the most immediate event risk, but political dynamics are also becoming increasingly relevant in Ecuador, where local elections could test support for President Noboa and further complicate fiscal consolidation; in Colombia, where the new administration is building momentum behind an awaited fiscal adjustment; and in Argentina, where markets are beginning to price the possibility of a more contested 2027 election. Elsewhere, governments in Chile and Mexico are

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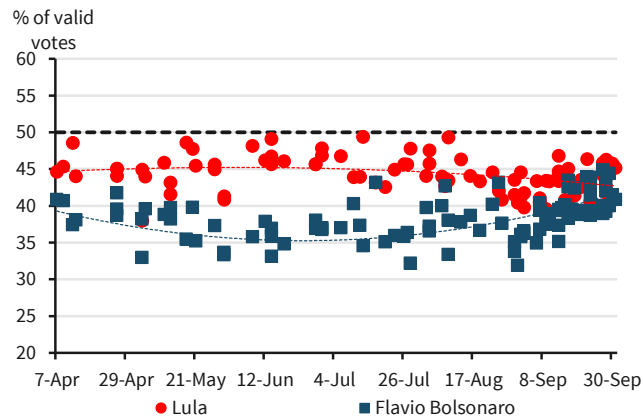
balancing political priorities with economic policy objectives, while Venezuela's worsening electricity crisis and Panama's ongoing deliberations over Cobre Panamá highlight how domestic political considerations continue to influence economic outcomes. Taken together, these developments suggest that political factors are likely to play a more prominent role in shaping macroeconomic and market performance across the region.

**Brazil** will hold presidential and general elections this Sunday (4 October), when nearly 159mn eligible citizens will choose a new president and elect 27 governors (including the Federal District), 513 representatives at the Lower House, 54 senators (renewing two-thirds of that chamber), and 1,059 state representatives. Current polling points to a [highly competitive presidential race between President Lula and Flavio Bolsonaro](#) (the eldest son of jailed former president Jair Bolsonaro). According to the latest Datafolha poll (1 October), Lula leads the first round simulation with 45% of the valid votes (ie, excluding blank, null and "undecided" responses, which is how the Sunday results will be presented), versus Bolsonaro's 40%. The gap has narrowed significantly since June, from 11pp to 5pp. Several other pollsters using varied methodologies (online, phone, in-person interviews) suggest a broadly similar picture of a technical tie, as the results fall within the poll's margin of error ([Figure 1](#)). Support for both candidates has consolidated in recent weeks, making it unlikely that third-party contenders such as author Augusto Cury or former governor Ronaldo Caiado would emerge as serious challengers, yet valid-vote calculations suggest Lula is unlikely to secure an outright first-round victory, which would require over 50% of the votes. This means a runoff between him and Flavio on 25 October is the most probable outcome.

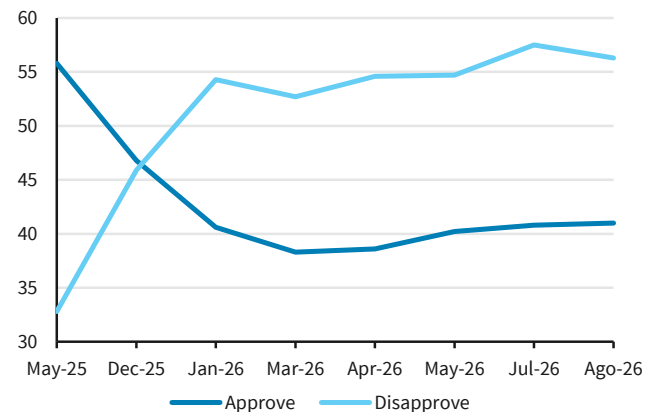
We highlight that polls are a representation of the moment and not a forecast of the actual outcome, which will be eventually determined by abstention rates (which have averaged 19% over the past three decades and tend to hurt Lula, given the demographics of his voters in poorer, more rural areas), as well as the last-minute, "useful vote" strategy deployed by some voters, who may decide to migrate from less competitive candidates to the one perceived as more likely to defeat the incumbent, as seen in previous cycles, including 2018 and 2022. In our view, given the past underestimation by polls of right-leaning candidates, investors will focus on how tight the gap separating Lula from Flavio effectively is, in order to ascertain whether the transfer of votes from the defeated candidates in the first round (which are essentially running on center-right platforms) could propel Flavio to lead the runoff polls expected to start coming out toward the end of next week. The expectation is that the vast majority of the votes will have been counted by Sunday evening once polling stations close at 5pm Brasilia time (4pm NY).

Regarding Congress, most of the focus is on the Senate, as 54 of its 81 seats are up for grabs. According to polls, "anti-Lula" senators could grow from 34 at present to 43 in the next legislature, as 27 competitive candidates from the right could add to the 16 who will continue to serve their eight-year terms, thus possibly surpassing the simple majority mark of 42 (but not the constitutional majority of 49).<sup>18</sup> The profile of the Lower House is not expected to change significantly, with centrist parties remaining instrumental for any candidate to form a majority there. However, as discussed in [An uncertain race to a known challenge](#) (17 September 2026), we believe that the fiscal adjustment necessary to stabilize debt over the next several years (about 2.5pp of GDP, or c.BRL350bn worth of adjustments in revenue, spending or, most likely, a combination of both) will require more of the leadership of the president than simply depending on the composition of Congress, as there is virtually no "low-hanging fruit" in the fiscal consolidation to be pursued, with any real effort demanding unpopular changes and political trade-offs.

<sup>18</sup> "Oposição terá 9 senadores a mais em 2027, dizem pesquisas," *Poder360*, 26 September 2026.

**FIGURE 1. First-round polls do not show any candidate exceeding 50% of the valid votes, suggesting a likely runoff on 25 October**

Note: Valid votes exclude blank, null and "undecided" responses.  
Source: Various pollsters, Barclays Research

**FIGURE 2. Local elections have served as a de facto referendum on the incumbent administration in Ecuador (President Noboa's popularity, %)**

Source: CEDATOS

**Ecuador** is also heading to elections on November 29, in this case for local authorities, which limits the effect they could have on control of the national government; nonetheless, caution is warranted. First, local elections have historically served as a *de facto* referendum on the incumbent administration, which opens the door for broader political repercussions. Second, the government has incentives to relax fiscal policy ahead of this event, which could imply fundamental deterioration, potentially putting at risk compliance with the IMF program. We were already concerned, given that wider crack spreads, the return of fuel subsidies, and the onset of El Niño posed fiscal, macroeconomic, and headline risks into year-end. This week, Finance Minister Sariha Moya was replaced, a negative development that underscores several of the concerns we outlined. We viewed her as a critical source of fiscal stability, and her departure reinforces the risk of a looser fiscal path (see [Ecuador: Headwinds emerging](#)).

President Noboa continues to enjoy meaningful public support, but recent polling suggests that his approval rating has fallen materially since his re-election last year (Figure 2). The exclusion of several opposition figures from the electoral process may provide a short-term advantage to the government and its ADN movement.<sup>19</sup> However, perception of the performance of the parties will be determined by symbolic outcomes, such as the winner of the largest cities (Quito and Guayaquil), rather than the number of districts that each party obtains. Moreover, the ruling party's reliance on political and institutional mechanisms to weaken opponents may contribute to a more fragile and polarized environment over time. Maintaining political stability under these conditions could become increasingly costly, particularly if the government seeks to use fiscal policy to support its political standing.

In **Argentina**, we think the bar for a return to populist macroeconomic policies in 2027 is high, but markets are increasingly internalizing the risks. As inflation has declined, voter concerns have increasingly shifted toward jobs and wages. Milei benefited politically from bringing inflation down from 300% to 30%, but as stabilization becomes normalized, labor market and income dynamics are likely to play a larger role in shaping voter preferences. Recent [polling](#) suggests Milei's popularity is still at rather high levels, with support equivalent to 40% of the votes. However, the possibility of a change of direction is problematic enough for markets to bake in higher risk premium as the election approaches. This backdrop helps explain the recent

<sup>19</sup> "El CNE ratifica que Luisa González no puede inscribirse por Pachakutik para Prefectura de Manabí," *Primicias*, August 28, 2026

underperformance of Argentine assets, with investors attaching greater weight to political risks surrounding the 2027 election.

The backdrop to these concerns is clear. Excluding agriculture and mining, economic activity has been broadly flat at late-2023 levels since March 2025. Real formal wages remain about 6% below 1H23 levels, while formal employment is roughly 4% lower than in Q4 23. With inflation now running close to 2%, real wages should gradually recover. However, we are skeptical that recovery can be forceful if the real exchange rate remains near current levels. We believe tight fiscal policy and trade liberalization are crucial for longer-term productivity growth, but they likely require a weaker currency to support non-tradable and import-competing sectors.

In **Colombia**, the post-election environment has been marked by a growing sense of urgency to address the country's fiscal challenges. First, the new administration presented a revised 2027 budget that acknowledges a more difficult starting position and proposes a larger fiscal adjustment. Then, on Sunday, President Abelardo de la Espriella announced that he had instructed his economic team to initiate discussions with the IMF. Finally, this week, the Banrep board surprised markets by raising the policy rate 25bp, with support from the Minister of Finance (see [Colombia Another surprise, same destination](#)). Together, these developments should strengthen the authorities' case for building congressional support for the fiscal adjustment measures.

By signaling that, in the absence of corrective measures, the fiscal deficit could reach 9.4% of GDP in 2027, the government is effectively acknowledging that there is little room left to postpone the adjustment. There does not seem to be market appetite for financing a deficit of that magnitude. At the same time, while the nature of the authorities' potential engagement with the IMF remains unclear, the prospect of entering into a formal program could make access to financing conditional on the approval of adjustment measures, thereby reinforcing both the pressure to act and the credibility of the consolidation effort. Finally, by supporting the policy rate hike, the finance minister is signaling to legislators and economic agents that fiscal adjustment is a key prerequisite for the central bank eventually to resume monetary easing. While some of these developments may generate short-term anxiety, we view them as encouraging signs that reinforce our expectation of meaningful progress toward fiscal consolidation.

In **Chile**, Kast's approval has stabilized at much lower levels, after weakening materially in the first months of the administration. [Cadem](#) puts it at 36%, while disapproval stands at 59%, a weak level but higher than the 34% recorded in early September. The government has also regained some political momentum through its legislative agenda, with Congress approving the reconstruction law in early September and ongoing discussions to boost mortgages. The package includes a gradual reduction in the corporate tax rate from 27% to 23% by 2029, investment incentives, and measures aimed at supporting reconstruction and streamlining investment. The approval is a positive signal for the government's ability to advance its agenda despite the lack of a congressional majority. The legislation required negotiations with smaller parties, and some provisions remain subject to further review, but its passage suggests that Kast can build workable majorities for key parts of his program.

The government is now turning to its security agenda and employment. For the former, Congress is discussing a reform aimed at strengthening the state's powers against organized crime and terrorism, including a potential new state of exception for internal crises and tougher measures for convicted offenders. However, the debate could prove more complicated than the reconstruction act. There is broad support for some measures, with [Cadem](#) showing 88% backing for confiscating assets linked to organized crime and 78% for military support to Carabineros, but considerably less support for granting the president unilateral powers to

impose the proposed state of exception. This is politically important, given that security was one of the key priorities for voters during last year's presidential campaign and remains central to Kast's mandate. The government's ability to advance a tougher security framework while building sufficient congressional and public support will therefore be an important test of its implementation capacity. On targeted measures to stimulate employment, we do not have details yet, but [local media](#) reports suggest that the government is preparing an emergency employment plan including accelerating public capex execution (investment spending execution was roughly 40% by July); strengthening the Unified Employment Subsidy (approved by Boric and to be launched in October); and measures aimed at rural areas, including temporary hiring programs linked to forestry management. This shift in priorities (from spending consolidation to economic activity amid strong fiscal revenues and weak growth) is one of the drivers we expect to improve growth.

In **Venezuela**, the intensification of the electricity crisis is increasing the fragility of the status quo, leading to escalating protests. This could have mixed implications: on the political side, it could increase the pressure for elections; on the economic side, it could constrain the recovery and lead to further delays in the debt restructuring process that was announced by the authorities in May, with no progress so far. Reports from several states describe 8–12 hours without electricity per day. This has resulted in a noticeable escalation in street protests, driven primarily by electricity rationing but increasingly mixed with wage, political and election demands. Most were localized but increasingly disruptive: residents blocked major roads, burned tires/barricades and staged cacerolazos (pot-banging). The interior is bearing the brunt. Caracas has, however, remained relatively more protected from rationing.

At the same time, pressure in the US Congress for a political transition has been increasing. The Senate Foreign Relations Committee called for a classified closed-door briefing that was expected to include establishing timeline for a free and fair national election; the humanitarian crisis, exacerbated by the earthquakes; and the potential return of opposition leader María Corina Machado. Some US legislators from congressional districts with high Latino populations would like to see progress in this field before the US midterms.

In **Mexico**, the geopolitical landscape continues to be shaped by the relationship between President Sheinbaum and US President Trump. On the domestic front, however, the submission of the FY27 budget proposal, alongside the unofficial kickoff of the midterm election cycle, with the ruling party Morena selecting candidates for the Lower House, state governorships, and other local offices, has been at the center of political debate (midterms will take place on June 6, 2027). Against this backdrop, we focus on three key topics: UNGA, USMCA, and the budget. On UNGA, Trump's remarks at the United Nations General Assembly describing Mexico as the "epicenter of cartel violence," together with the postponement of a planned US-Mexico trade meeting, generated some headlines, but we view the implications as limited. While the possibility of direct US military action against cartels on Mexican territory remains a credible threat in theory, the depth of bilateral security cooperation, including the Mexican Senate's authorization of the presence of US military personnel in Mexico for training and coordination purposes,<sup>20</sup> suggests these comments are better understood as domestic political rhetoric ahead of the US midterm elections, rather than a likely policy outcome. On USMCA, we believe the delay does not materially alter the outlook, as the process has evolved away from a single high-stakes review toward a framework of more frequent but narrower annual revisions over the next decade. As such, we do not expect the postponement to increase uncertainty surrounding the agreement materially, with the notable exception of the proposed 25% tariff on Mexican auto imports. This issue has become increasingly relevant for the automotive sector, although USMCA-compliant vehicles would be allowed to deduct their US content. More

<sup>20</sup> Senado de México aprueba ingreso de tropas de EEUU para ejercicio militar, Diario Las Américas, September 15, 2026

broadly, markets already recognize that the USMCA review process serves as a key mechanism through which Washington continues to pressure Mexico on organized crime and migration issues, an approach that has been in place for several years.

Regarding the budget proposal, we believe it merits close attention not only *per se*, but also in light of recent actions by credit rating agencies and growing scrutiny of the country's fiscal position. In our view, three key takeaways stand out. First, the macroeconomic assumptions underpinning the budget are realistic and broadly aligned with market consensus, enhancing the credibility of the fiscal framework. Second, the government has maintained its fiscal deficit targets while modestly improving its debt outlook, signaling a commitment to fiscal discipline despite ongoing constraints. Although debt-to-GDP is still projected to rise in the near term, the trajectory remains broadly manageable, with stabilization projected by 2030 at a level well below 60% of GDP. Third, the budget explicitly acknowledges the continued fiscal burden posed by Pemex, which has become a net cost to the government. Ongoing capital injections have helped preserve market confidence and support the company's foreign-currency obligations, but the current approach is unlikely to be sustainable over the long term. Overall, the proposal reflects a pragmatic and market-friendly balance between fiscal credibility, economic realities, and the political imperative of supporting Mexico's state-owned energy sector. In this context, we reiterate our view that Mexico is unlikely to lose its investment-grade status in the foreseeable future (see [FY 2027 Budget - 'Paso a pasito'](#)).

This week, authorities in **Panama** published a report with recommendations for a new arrangement with First Quantum that enables an orderly, self-financed closure of the Cobre Panamá copper mine. Although the report highlights the mine's economic relevance, including about 0.6% of foregone revenues per year for the government, and provides negotiating principles, it stopped short of proposing specifics on a new operating model. In our view, this was disappointing, as it implies further negotiations and government deliberation in an uncertain timeline, as President Mulino said during the press conference that he will study the recommendations as long as necessary, while stressing the importance of not rushing into a long-term decision for Panama. Overall, our base case remains for an eventual reopening next year, although political sensitivities and prolonged negotiations could delay clarity (see [Panama & First Quantum: Did You MICI Me?](#)).

Elsewhere, in Central America, the IMF Board finally approved the second and third EFF reviews for **El Salvador**, unlocking US\$138 million immediately. Similarly to [the Staff agreement, the press release](#) highlights that stronger-than-expected growth, fiscal consolidation, reserve accumulation, financial reforms, and improved governance and transparency supported approval. Nonetheless, the Board also recognized that certain performance criteria were not met, including on the Bitcoin accumulation front, for which waivers were granted based on strong corrective measures. They also mentioned that following earlier delays, pension and civil service reforms will be pursued to support fiscal consolidation goals. Focus will be on more details on new quantitative targets and a timeline for structural benchmarks that will be available once full documents are published in the next few days.

## LATIN AMERICA DATA REVIEW &amp; PREVIEW

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## Review of last week's data releases

| Main indicators                         | Period | Previous    | Barclays | Actual | Comments                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------|--------|-------------|----------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Brazil: Current account balance, USD bn | Aug    | -9.4        | -        | -5.1   | The rolling 12-month deficit totaled USD63.0bn in August (2.47% of GDP), from USD61.8bn (2.44%) in July and USD76.9bn (3.53%) a year earlier. Surplus led by a stronger decline in imports than in exports. Annual growth remains on a double-digit pace.<br>The seasonally adjusted unemployment rate was broadly unchanged for a fourth consecutive month, at 5.5%. |
| Mexico: Trade balance, USD mn           | Aug    | -847.5      | 740      | 605.4  |                                                                                                                                                                                                                                                                                                                                                                       |
| Brazil: Unemployment rate, %            | Aug    | 5.3         | -        | 5.3    |                                                                                                                                                                                                                                                                                                                                                                       |
| Argentina: Current account, USD mn      | Q2     | -2411       | -        | 2214   | The hike came after being on hold since October of last year. In its communiqué, the board characterized the decision as 'preventative' to anchor inflation expectations and second-round effects from higher energy prices, climate shocks and tighter international financial conditions.                                                                           |
| Dominican Republic: Overnight rate, %   | Sep    | 5.25        | -        | 5.50   |                                                                                                                                                                                                                                                                                                                                                                       |
| Jamaica: GDP, % y/y                     | Q2     | -4.1        | -        | -2.9   |                                                                                                                                                                                                                                                                                                                                                                       |
| Costa Rica: GDP, % y/y                  | Q2     | 3.7         | -        | 2.7    | The primary deficit reached 0.6% of GDP in the 12 months ended in August, with the nominal deficit at 9.5%. Gross public debt reached 82.9% of GDP, up 0.3pp from July and 4.2pp year-to-date.                                                                                                                                                                        |
| El Salvador: GDP, % y/y                 | Q2     | 4.6         | -        | 5.2    |                                                                                                                                                                                                                                                                                                                                                                       |
| Brazil: Primary budget balance, BRL bn  | Aug    | 1.4         | -        | -10.0  |                                                                                                                                                                                                                                                                                                                                                                       |
| Chile: Unemployment rate, %             | Aug    | 9.5         | -        | 9.6    | Banrep hiked the policy rate 25bp, to 12.25%, in a move that marks the fourth consecutive policy surprise, highlighting shifting board priorities. Despite the hike, the trend remains one of slower policy tightening, suggesting the end of the hiking cycle is approaching.                                                                                        |
| Colombia: Overnight lending rate, %     | Sep    | 12.00       | 12.00    | 12.25  |                                                                                                                                                                                                                                                                                                                                                                       |
| Colombia: Unemployment rate, %          | Aug    | 8.5         | -        | 9.1    |                                                                                                                                                                                                                                                                                                                                                                       |
| Chile: Economic activity, % y/y         | Aug    | -1.5        | -        | -1.0   | Weak monthly report: a 0.6% m/m contraction, with declines registered in all major categories.                                                                                                                                                                                                                                                                        |
| Peru: CPI inflation, % m/m (y/y)        | Sep    | 0.07 (4.44) | -        | 0.12   |                                                                                                                                                                                                                                                                                                                                                                       |
| Dominican Republic: GDP, YTD % y/y      | Q2     | 4.5         | -        | 4.5    |                                                                                                                                                                                                                                                                                                                                                                       |
| Brazil: Industrial production, % y/y    | Aug    | -0.5        | -        | -1.2   |                                                                                                                                                                                                                                                                                                                                                                       |

## Preview of upcoming data

| Monday 05 October    |                                              | Period | Prev-3       | Prev-2       | Prev-1      | Forecast  | Consensus |
|----------------------|----------------------------------------------|--------|--------------|--------------|-------------|-----------|-----------|
| 08:00                | Mexico: Gross fixed investments, % m/m (y/y) | Jul    | 4.3 (6.0)    | -0.4 (1.0)   | 1.3 (7.7)   | 1.5 (5.3) | -         |
| 13:00                | Uruguay: CPI inflation, % m/m(y/y)           | Sep    | 0.37 (4.25)  | 0.06 (4.26)  | 0.25 (4.55) | -         | -         |
| 18:00                | Colombia: Banrep meeting minutes             | Sep    | -            | -            | -           | -         | -         |
| Tuesday 06 October   |                                              | Period | Prev-3       | Prev-2       | Prev-1      | Forecast  | Consensus |
| 14:00                | Brazil: Trade balance, USD bn                | Sep    | 9.0          | 6.6          | 7.4         | -         | -         |
| Wednesday 07 October |                                              | Period | Prev-3       | Prev-2       | Prev-1      | Forecast  | Consensus |
| 07:00                | Brazil: IGP-DI inflation, % m/m(y/y)         | Sep    | -0.79 (3.59) | -0.86 (2.77) | 0.06 (2.63) | -         | -         |
| 15:00                | Argentina: Industrial production, % y/y      | Aug    | -5.7         | 2.1          | -4.9        | -         | -         |
| 19:00                | Peru: Reference rate, %                      | Oct    | 4.25         | 4.25         | 4.25        | 4.25      | -         |

19:00 Colombia: CPI inflation, % m/m (y/y) Sep 0.39 (6.14) 0.16 (6.02) 0.39 (6.25) 0.27 (6.18) 0.40 (6.32)

Peru - Reference rate: We expect the BCRP to remain on hold, keeping the policy rate at 4.25%. Increasing inflation pressures, a deterioration in inflation expectations and tighter global financial conditions are challenging the bank's stance and could force it to hike 25bp before year-end. However, for now, the BCRP continues to see the inflation pressures as transitory and driven mainly by supply-side factors.

| Thursday 08 October |                                         | Period | Prev-3       | Prev-2      | Prev-1      | Forecast    | Consensus   |
|---------------------|-----------------------------------------|--------|--------------|-------------|-------------|-------------|-------------|
| 07:00               | Chile: CPI inflation, % m/m (y/y)       | Sep    | 0.00 (4.30)  | 0.10 (3.50) | 0.60 (4.10) | -           | -           |
| 08:00               | Mexico: CPI inflation, % m/m (y/y)      | Sep    | -0.27 (3.37) | 0.03 (3.12) | 0.20 (3.26) | 0.42 (3.45) | 0.42 (3.45) |
| 08:00               | Mexico: CPI core inflation, % m/m (y/y) | Sep    | 0.24 (4.03)  | 0.23 (3.95) | 0.16 (3.88) | 0.22 (3.77) | 0.23 (3.79) |
| 11:00               | Mexico: Banxico meeting minutes         | Sep    | -            | -           | -           | -           | -           |

Mexico - CPI inflation: We forecast consumer prices posted a monthly increase of 0.42% in September, with core at 0.22% – probably another benign core inflation print, with less surprising moves in agricultural prices than those in the first half of the month on the non-core side. With respect to core inflation, we expect some seasonal tuition price increases, following the more meaningful adjustments already recorded in the first half of the month. On the non-core side, we believe that the significant increase in tomato prices at the beginning of the month is not yet a consequence of El Niño, but rather reflects the typical mean-reverting behavior of a highly volatile component. As we have mentioned previously, El Niño is more likely to start affecting the prices of other crops, such as onions, limes, zucchini, and cucumbers, toward the end of the year. Tomato prices are typically affected by this climate phenomenon in Q1 of the following year. These readings would leave 12-month headline inflation at 3.45%, up from 3.26% in August, while core inflation would decline to 3.77% from 3.88%. In this context, we continue to expect headline inflation to rise toward 4.0% by YE 26 (2027: 3.8%) while core inflation trends higher to 3.9% by end-2026 (2027: 3.6%), due mainly to the effects of El Niño, a tenth consecutive year of double-digit minimum wage increases, and some lagged effects of the tariffs Mexico imposed on imports from non-FTA countries. On the monetary policy front, we continue to believe that Banxico will keep the policy rate unchanged at 6.50% for the foreseeable future, even if the Fed delivers one or two additional 25bp rate hikes (house view: one 25bp hike in December 2026). However, this view will also depend on the behavior of USDMXN, particularly in terms of volatility and the potential inflation pass-through arising from exchange rate movements, as the central bank has explicitly said.

Mexico - Banxico meeting minutes: Banco de México will publish the minutes of its September 24 monetary policy meeting, at which the Governing Board unanimously maintained the policy rate at 6.50%. While the decision itself was fully expected, investors will focus on the significant changes to the forward guidance, which provide a much clearer description of Banxico's reaction function and suggest that future decisions will be driven primarily by domestic conditions, rather than by a mechanical response to Fed actions. In particular, the board emphasized factors such as inflation expectations, exchange-rate pass-through, and economic slack, while implicitly acknowledging important differences between Mexico and the US. These include Mexico's weaker economic momentum and a substantially higher real policy rate, which already appears broadly neutral, compared with a still-accommodative stance in the US. Moreover, the government's absorption of higher fuel prices has limited the inflationary effect of external energy shocks, reducing the need to mirror Fed tightening automatically. Overall, we believe the revised guidance signals greater monetary policy autonomy and reinforces the view that Banxico is no longer targeting a specific interest rate differential with the US. Consistent with this interpretation, our base case remains that Banxico will keep the policy rate unchanged at 6.50% for the foreseeable future.

| Friday 09 October |                                     | Period | Prev-3      | Prev-2      | Prev-1       | Forecast    | Consensus   |
|-------------------|-------------------------------------|--------|-------------|-------------|--------------|-------------|-------------|
| 08:00             | Brazil: IPCA inflation, % m/m (y/y) | Sep    | 0.16 (4.64) | 0.07 (4.44) | -0.32 (4.22) | 0.71 (4.46) | 0.72 (4.47) |

Brazil - IPCA inflation: We estimate the IPCA rose 0.71% m/m in September, from -0.32% in August, with the bulk of the monthly acceleration explained by a rebound in electricity bills due to the reversal of the so-called "Itaipu bonus" discount in August. Moreover, we expect food-at-home prices to rise after three months of deflation and transport costs to rise due to airfare and fuel prices. If our forecast is correct, annual IPCA inflation will rise to 4.46% y/y, from 4.22% in August. We forecast average core inflation at 0.34% m/m in September, from 0.23% a month earlier, which would drive the annual core gauge to 4.51% y/y, from 4.35%. Specifically, we forecast core (underlying) services inflation at 0.26% m/m, from 0.40% in August, temporarily influenced by discounts to movie tickets, rising to 5.22% y/y in annual terms (from 4.97%).

| Week 03 -09 October |                                            | Period | Prev-3 | Prev-2 | Prev-1 | Forecast | Consensus |
|---------------------|--------------------------------------------|--------|--------|--------|--------|----------|-----------|
| -                   | Venezuela: CPI inflation, % m/m (to 09/10) | Sep    | 13.8   | 19.9   | 8.9    | -        | -         |
| -                   | Guatemala: GDP, % y/y (to 15/10)           | Q2     | 4.5    | 4.8    | 4.5    | -        | -         |

Source: Bloomberg, Barclays Research

**BRAZIL SNAPSHOT**

Roberto Secemski BCI, US

|                                    | 2025  |       |       |       | 2026  |       |       |       | 2027  |       |       |       | Calendar year average |       |       |
|------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------------------|-------|-------|
| % change q/q saar                  | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3E   | Q4E   | Q1E   | Q2E   | Q3E   | Q4E   | 2025                  | 2026E | 2027E |
| Real GDP (% q/q saar)              | 5.1   | 1.4   | 0.4   | 1.0   | 4.4   | 1.9   | 0.8   | 0.0   | 2.8   | -0.9  | 1.4   | 1.7   | 2.3                   | 1.8   | 1.3   |
| Private consumption                | 1.0   | 3.2   | -0.2  | 0.4   | 3.4   | -1.8  | 1.6   | 0.2   | 0.8   | 1.3   | 1.4   | 1.6   | 1.3                   | 1.7   | 0.9   |
| Investment                         | 9.1   | -7.2  | 3.0   | -14.4 | 14.4  | 4.9   | 2.0   | 0.8   | -1.6  | -1.2  | 1.2   | 2.8   | 2.9                   | 1.5   | 0.9   |
| Net exports (contr, % y/y)         | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | 0.2                   | 0.0   | 0.2   |
| Industrial output (% q/q saar, pa) | -0.7  | 0.1   | 1.6   | -2.6  | 5.5   | 1.4   | -2.6  | 1.4   | 1.5   | 0.0   | 0.3   | 2.0   | 0.8                   | 1.1   | 0.6   |
| CPI inflation (% y/y, EOP)         | 5.5   | 5.4   | 5.2   | 4.3   | 4.1   | 4.6   | 4.5   | 4.9   | 4.5   | 3.9   | 4.2   | 4.0   | 4.3                   | 4.9   | 4.0   |
| CPI inflation (% y/y)              | 5.0   | 5.4   | 5.2   | 4.5   | 4.1   | 4.6   | 4.4   | 4.7   | 4.9   | 3.9   | 4.3   | 4.2   | 5.0                   | 4.5   | 4.3   |
| Unemployment rate (%)              | 6.3   | 5.9   | 5.8   | 5.4   | 5.4   | 5.5   | 5.6   | 5.8   | 6.2   | 6.4   | 6.5   | 6.6   | 5.8                   | 5.6   | 6.4   |
| Key central bank rate (% EOP)      | 14.25 | 15.00 | 15.00 | 15.00 | 14.75 | 14.25 | 13.75 | 13.50 | 13.50 | 12.50 | 12.00 | 12.00 | 15.00                 | 13.50 | 12.00 |
| Current account (% GDP)            | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | -2.9                  | -2.1  | -2.0  |
| Government balance (% GDP)         | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | -8.3                  | -9.0  | -8.5  |
| Gross public debt % GDP            | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | 78.6                  | 83.0  | 86.8  |
| Gross external debt (% GDP)        | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | ...   | 33.6                  | 29.5  | 28.8  |

Note: FY End

Source: IBGE, BCB, National Treasury, Barclays Research

**MEXICO SNAPSHOT**

Gabriel Casillas BCI, US

|                               | 2025  |      |      |      | 2026 |      |      |      | 2027 |      |      |      | Calendar year average |       |       |
|-------------------------------|-------|------|------|------|------|------|------|------|------|------|------|------|-----------------------|-------|-------|
| % change q/q saar             | Q1    | Q2   | Q3   | Q4   | Q1E  | Q2E  | Q3E  | Q4E  | Q1E  | Q2E  | Q3E  | Q4E  | 2025                  | 2026E | 2027E |
| Real GDP (% q/q saar)         | 3.1   | -0.1 | -0.4 | 3.8  | -1.4 | 5.8  | 0.4  | 1.6  | 2.5  | 1.2  | 1.7  | 3.2  | ...                   | ...   | ...   |
| Real GDP (% y/y)              | 0.6   | -0.1 | -0.2 | 1.7  | 0.2  | 2.1  | 2.1  | 1.6  | 2.6  | 1.4  | 1.7  | 2.1  | 0.5                   | 1.5   | 2.0   |
| Private consumption           | 2.1   | 5.1  | 4.0  | 3.9  | -3.1 | 5.8  | 5.8  | 4.0  | 2.6  | 4.1  | 3.2  | 4.9  | 1.2                   | 2.8   | 4.0   |
| Public consumption            | -0.8  | 1.9  | 0.6  | 4.1  | 6.6  | -0.5 | -1.9 | -1.6 | 4.1  | 0.4  | 3.7  | 5.8  | 1.3                   | 2.2   | 1.3   |
| Investment                    | -11.9 | -1.5 | -3.9 | 1.2  | -7.5 | -2.2 | 19.1 | 12.7 | 6.3  | 3.4  | 1.1  | 9.1  | -6.3                  | 0.2   | 7.3   |
| Net exports (contr, % y/y)    | ...   | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | 0.9                   | 0.0   | 7.6   |
| Industrial production (% y/y) | -1.2  | -0.5 | -2.5 | 0.3  | -0.8 | 0.9  | 2.0  | 1.1  | 2.0  | 0.8  | 1.0  | 1.1  | -1.0                  | 0.8   | 1.2   |
| CPI inflation (% y/y, EOP)    | 3.8   | 4.3  | 3.8  | 3.7  | 4.6  | 3.4  | 3.5  | 4.0  | 3.8  | 4.4  | 4.5  | 3.8  | 3.7                   | 4.0   | 3.8   |
| CPI inflation (% y/y)         | 3.7   | 4.2  | 3.6  | 3.7  | 4.1  | 3.9  | 3.3  | 3.8  | 4.1  | 4.0  | 4.5  | 4.0  | 3.8                   | 3.8   | 4.1   |
| Unemployment rate (%)         | 2.6   | 2.7  | 2.6  | 2.6  | 2.6  | 2.8  | 3.2  | 3.4  | 3.4  | 3.6  | 3.5  | 3.5  | 2.6                   | 3.0   | 3.5   |
| Key central bank rate (% EOP) | 9.00  | 8.00 | 7.50 | 7.00 | 6.75 | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 | 7.00                  | 6.50  | 6.50  |
| Current account (% GDP)       | ...   | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -0.5                  | -0.5  | -0.3  |
| Government balance (% GDP)    | ...   | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | -4.3                  | -4.3  | -3.9  |
| Gross public debt % GDP       | ...   | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | 52.6                  | 54.6  | 55.5  |
| Gross external debt (% GDP)   | ...   | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | ...  | 34.7                  | 29.3  | 30.5  |

Note: Government balance is Public sector borrowing requirements (PSBR) and for Public debt is the historical balance of PSBR.

Source: INEGI, Banxico, SHCP, Barclays Research

Global Economics Weekly

## Key Global Data

A summary of forthcoming data releases and market-moving events, including Barclays forecasts.

- [Global Rates and Inflation](#)
- [Global Weekly Calendar](#)
- [Global Key Events](#)

## Global Rates and Inflation

## Central Bank Rates

|                                           | Start of cycle |                       |           |                | Next move expected | Forecasts |           |           |           |
|-------------------------------------------|----------------|-----------------------|-----------|----------------|--------------------|-----------|-----------|-----------|-----------|
|                                           | Current        | Date                  | Level#    | Last move      |                    | Q4 26     | Q1 27     | Q2 27     | Q3 27     |
| <b>Advanced</b>                           |                |                       |           |                |                    |           |           |           |           |
| Fed funds rate                            | 3.75-4.00      | Tightening: 17 Sep 26 | 3.50-3.75 | Sep 26 (+25)   | Dec 26 (+25)       | 4.00-4.25 | 4.00-4.25 | 4.00-4.25 | 4.00-4.25 |
| BoJ: Uncollateralized overnight call rate | 1.25           | Tightening: 19 Mar 24 | -0.10     | Sep 26 (+25)   | Dec 26 (+25)       | 1.50      | 1.75      | 1.75      | 2.00      |
| ECB main refinancing rate                 | 2.65           | Tightening: 11 Jun 26 | 2.15      | Sep 26 (+25)   | Dec 26 (+25)       | 2.90      | 2.90      | 2.90      | 2.90      |
| ECB deposit facility rate                 | 2.50           | Tightening: 11 Jun 26 | 2.00      | Sep 26 (+25)   | Dec 26 (+25)       | 2.75      | 2.75      | 2.75      | 2.75      |
| BOE bank rate                             | 3.75           | Easing: 01 Aug 24     | 5.25      | Dec 25 (-25)   | Nov 26 (+25)       | 4.00      | 4.25      | 4.25      | 4.25      |
| RBA cash rate                             | 4.60           | Tightening: 03 Feb 26 | 3.60      | Sep 26 (+25)   | Beyond 2027        | 4.60      | 4.60      | 4.60      | 4.60      |
| RBNZ cash rate                            | 2.75           | Tightening: 08 Jul 26 | 2.25      | Sep 26 (+25)   | Oct 26 (+25)       | 3.00      | 3.00      | 3.00      | 3.00      |
| Swiss National Bank: Policy rate          | 0.00           | Easing: 21 Mar 24     | 1.75      | Jun 25 (-25)   | Jun 27 (+25)       | 0.00      | 0.00      | 0.25      | 0.25      |
| Norges Bank: Deposit rate                 | 4.50           | Tightening: 07 May 26 | 4.00      | Sep 26 (+25)   | Beyond 2027        | 4.50      | 4.50      | 4.50      | 4.50      |
| Riksbank: Repo rate                       | 1.75           | Easing: 08 May 24     | 4.00      | Sep 25 (-25)   | Nov 26 (+25)       | 2.00      | 2.25      | 2.50      | 2.50      |
| Bank of Canada                            | 2.25           | Easing: 5 Jun 24      | 5.00      | Oct 25 (-25)   | Dec 26 (+25)       | 2.50      | 2.75      | 2.75      | 2.75      |
| <b>Emerging</b>                           |                |                       |           |                |                    |           |           |           |           |
| China: 7d OMO rate                        | 1.40           | Easing: 18 Nov 19     | 2.55      | May 25 (-10)   | Beyond 2026        | 1.40      | 1.40      | 1.40      | 1.40      |
| India: Repo rate                          | 5.25           | Easing: 07 Feb 25     | 6.50      | Dec 25 (-25)   | Oct 26 (+25)       | 5.75      | 5.75      | 5.75      | 5.75      |
| Indonesia: BI-rate                        | 5.75           | Tightening: 20 May 26 | 4.75      | Jun 26 (+50)   | Beyond 2027        | 5.75      | 5.75      | 5.75      | 5.75      |
| Korea: Base rate                          | 3.00           | Tightening: 16 Jul 26 | 2.50      | Aug 26 (+25)   | Nov 26 (+25)       | 3.25      | 3.50      | 3.50      | 3.50      |
| Malaysia: O/N policy rate                 | 2.75           | Easing: 09 Jul 25     | 3.00      | Jul 25 (-25)   | Nov 26 (+25)       | 3.00      | 3.00      | 3.00      | 3.00      |
| Philippines: O/N lending                  | 5.00           | Tightening: 23 Apr 26 | 4.25      | Aug 26 (+25)   | Oct 26 (+25)       | 5.25      | 5.25      | 5.00      | 4.75      |
| Taiwan: Rediscount rate                   | 2.000          | Tightening: 17 Mar 22 | 1.125     | Mar 24 (+12.5) | Dec 26 (+12.5)     | 2.125     | 2.125     | 2.125     | 2.125     |
| Thailand: O/N repo rate                   | 1.00           | Easing: 16 Oct 24     | 2.50      | Feb 26 (-25)   | Beyond 2027        | 1.00      | 1.00      | 1.00      | 1.00      |
| Czechia: 2w repo rate                     | 3.75           | Tightening: 18 Jun 26 | 3.50      | Jun 26 (+25)   | Nov 26 (+25)       | 4.00      | 4.25      | 4.25      | 4.25      |
| Hungary: Base rate                        | 5.50           | Easing: 24 Oct 23     | 13.00     | Aug 26 (-25)   | Oct 26 (-25)       | 5.00      | 5.00      | 4.50      | 4.50      |
| Israel: Discount rate                     | 3.25           | Easing: 1 Jan 24      | 4.75      | Sep 26 (-25)   | Apr 27 (-25)       | 3.25      | 3.25      | 3.00      | 3.00      |
| Poland: Reference rate                    | 3.75           | Easing: 6 Sep 23      | 6.75      | Mar 26 (-25)   | Jun 27 (-25)       | 3.75      | 3.75      | 3.75      | 3.50      |
| Romania: Key policy rate                  | 6.50           | Easing: 5 Jul 24      | 7.00      | Aug 24 (-25)   | Feb 27 (-25)       | 6.50      | 6.25      | 5.50      | 5.50      |
| Russia: One-week repo rate                | 14.00          | Easing: 6 Jun 25      | 21.00     | Jul 26 (-25)   | Dec 26 (-25)       | 13.75     | 13.25     | 12.50     | 12.00     |
| South Africa: Repo rate                   | 7.25           | Tightening: 28 May 26 | 6.75      | Sep 26 (+25)   | Jul 27 (-25)       | 7.25      | 7.25      | 7.25      | 6.75      |
| Turkiye: One-week repo rate               | 37.00          | Easing: 26 Dec 24     | 50.00     | Jan 26 (-100)  | Oct 26 (-100)      | 35.00     | 33.00     | 31.00     | 29.00     |
| Egypt: O/N Deposit Rate                   | 19.00          | Easing: 17 Apr 25     | 27.25     | Feb 26 (-100)  | Feb 27 (-100)      | 19.00     | 18.00     | 16.00     | 13.00     |
| Brazil: SELIC rate                        | 13.75          | Easing: 18 Mar 26     | 15.00     | Sep 26 (-25)   | Nov 26 (-25)       | 13.50     | 13.50     | 12.50     | 12.00     |
| Chile: Monetary policy rate               | 4.50           | Easing: 31 Jul 23     | 11.25     | Dec 25 (-25)   | Dec 26 (+25)       | 4.75      | 5.00      | 5.00      | 5.00      |
| Colombia: Repo rate                       | 12.25          | Tightening: 30 Jan 26 | 9.25      | Sep 26 (+25)   | Dec 26 (+25)       | 12.50     | 12.50     | 12.00     | 11.50     |
| Mexico: Overnight rate                    | 6.50           | Easing: 21 Mar 24     | 11.25     | May 26 (-25)   | Beyond 2027        | 6.50      | 6.50      | 6.50      | 6.50      |
| Peru: Reference rate                      | 4.25           | Easing: 14 Sep 23     | 7.75      | Sep 25 (-25)   | Nov 26 (+25)       | 4.50      | 4.75      | 4.75      | 4.75      |

Note: Rates as of COB 02 Oct 2026 in % per annum (unless stated). #Level indicates the interest rate that was, at the beginning of a policy cycle.

Source: Barclays Research

## Key CPI projections

|        | US    |     |     | UK    |     |     | Euro area |     |      | France         |     | Japan              |     |
|--------|-------|-----|-----|-------|-----|-----|-----------|-----|------|----------------|-----|--------------------|-----|
|        | CPI   |     | RPI | CPI   |     |     | HICPx     |     | HICP | CPI ex tobacco |     | CPI ex perishables |     |
|        | nsa   | y/y |     | nsa   | y/y |     | nsa       | y/y |      | nsa            | y/y | nsa                | y/y |
| Jul-25 | 323.0 | 2.7 |     | 406.2 | 4.8 | 3.8 | 100.28    | 2.0 | 2.0  | 100.56         | 0.9 | 100.3              | 3.1 |
| Aug-25 | 324.0 | 2.9 |     | 407.7 | 4.6 | 3.8 | 100.43    | 2.0 | 2.0  | 100.99         | 0.8 | 100.3              | 2.7 |
| Sep-25 | 324.8 | 3.0 |     | 406.1 | 4.5 | 3.8 | 100.52    | 2.2 | 2.2  | 99.99          | 1.1 | 100.1              | 2.9 |
| Oct-25 | -     | -   |     | 407.4 | 4.3 | 3.6 | 100.74    | 2.1 | 2.1  | 100.06         | 0.9 | 100.7              | 3.0 |
| Nov-25 | 324.1 | 2.7 |     | 405.6 | 3.8 | 3.2 | 100.43    | 2.1 | 2.1  | 99.87          | 0.8 | 101.1              | 3.0 |
| Dec-25 | 324.1 | 2.7 |     | 408.5 | 4.2 | 3.4 | 100.61    | 1.9 | 2.0  | 99.95          | 0.7 | 100.9              | 2.4 |
| Jan-26 | 325.3 | 2.4 |     | 406.4 | 3.8 | 3.0 | 100.02    | 1.6 | 1.7  | 99.57          | 0.3 | 100.7              | 1.9 |
| Feb-26 | 326.8 | 2.4 |     | 408.2 | 3.6 | 3.0 | 100.66    | 1.8 | 1.9  | 100.20         | 0.9 | 100.2              | 1.5 |
| Mar-26 | 330.2 | 3.3 |     | 411.4 | 4.1 | 3.3 | 101.95    | 2.5 | 2.6  | 101.18         | 1.7 | 100.7              | 1.7 |
| Apr-26 | 333.0 | 3.8 |     | 414.4 | 3.0 | 2.8 | 103.01    | 3.0 | 3.0  | 102.24         | 2.1 | 101.1              | 1.4 |
| May-26 | 335.1 | 4.2 |     | 415.3 | 3.1 | 2.8 | 103.09    | 3.1 | 3.2  | 102.37         | 2.4 | 101.6              | 1.4 |
| Jun-26 | 334.0 | 3.5 |     | 416.5 | 3.0 | 2.6 | 102.98    | 2.7 | 2.8  | 102.09         | 1.7 | 101.7              | 1.6 |
| Jul-26 | 333.9 | 3.4 |     | 419.1 | 3.2 | 2.9 | 103.21    | 2.9 | 2.9  | 102.67         | 2.1 | 102.1              | 1.8 |
| Aug-26 | 335.0 | 3.4 |     | 421.6 | 3.4 | 3.1 | 103.66    | 3.2 | 3.2  | 103.35         | 2.3 | 102.0              | 1.7 |
| Sep-26 | 336.1 | 3.5 |     | 421.9 | 3.9 | 3.4 | 104.22    | 3.7 | 3.7  | 102.78         | 2.8 | 101.9              | 1.8 |
| Oct-26 | 336.8 | -   |     | 424.6 | 4.2 | 3.5 | 104.58    | 3.8 | 3.8  | 103.19         | 3.1 | 102.9              | 2.2 |
| Nov-26 | 336.4 | 3.8 |     | 424.4 | 4.6 | 3.7 | 104.32    | 3.9 | 3.9  | 103.08         | 3.2 | 103.5              | 2.4 |
| Dec-26 | 336.3 | 3.8 |     | 427.3 | 4.6 | 3.5 | 104.57    | 3.9 | 3.9  | 103.26         | 3.3 | 103.5              | 2.6 |
| Jan-27 | 337.6 | 3.8 |     | 427.8 | 5.3 | 3.8 | 104.06    | 4.0 | 4.1  | 103.01         | 3.5 | 103.9              | 3.2 |
| Feb-27 | 338.6 | 3.6 |     | 430.2 | 5.4 | 3.7 | 104.57    | 3.9 | 3.9  | 103.53         | 3.3 | 104.4              | 4.2 |
| Mar-27 | 339.4 | 2.8 |     | 432.0 | 5.0 | 3.4 | 105.37    | 3.4 | 3.4  | 103.90         | 2.7 | 104.9              | 4.2 |
| Apr-27 | 340.8 | 2.3 |     | 435.0 | 5.0 | 3.1 | 105.90    | 2.8 | 2.8  | 104.49         | 2.2 | 104.9              | 3.8 |
| May-27 | 341.6 | 1.9 |     | 436.9 | 5.2 | 3.2 | 106.12    | 2.9 | 3.0  | 104.50         | 2.1 | 105.1              | 3.4 |
| Jun-27 | 342.4 | 2.5 |     | 438.2 | 5.2 | 3.2 | 106.24    | 3.2 | 3.2  | 104.64         | 2.5 | 105.0              | 3.2 |
| Jul-27 | 342.4 | 2.5 |     | 439.9 | 5.0 | 3.1 | 106.11    | 2.8 | 2.9  | 104.88         | 2.2 | 105.0              | 2.8 |
| Aug-27 | 342.8 | 2.3 |     | 441.8 | 4.8 | 3.0 | 106.28    | 2.5 | 2.6  | 105.40         | 2.0 | 104.9              | 2.8 |
| Sep-27 | 343.3 | 2.1 |     | 440.8 | 4.5 | 2.7 | 106.49    | 2.2 | 2.2  | 104.44         | 1.6 | 104.6              | 2.6 |
| Oct-27 | 343.2 | 1.9 |     | 441.8 | 4.1 | 2.4 | 106.69    | 2.0 | 2.1  | 104.64         | 1.4 | 105.5              | 2.4 |
| Nov-27 | 343.3 | 2.1 |     | 441.2 | 3.9 | 2.4 | 106.37    | 2.0 | 2.0  | 104.44         | 1.3 | 105.7              | 2.0 |
| Dec-27 | 343.3 | 2.1 |     | 443.8 | 3.9 | 2.3 | 106.62    | 2.0 | 2.0  | 104.67         | 1.4 | 105.5              | 1.9 |
| Q3-26  |       | 3.4 |     |       | 3.5 | 3.1 |           |     | 3.3  |                |     |                    | 1.8 |
| Q4-26  |       | 3.8 |     |       | 4.5 | 3.5 |           |     | 3.9  |                |     |                    | 2.4 |
| Q1-27  |       | 3.4 |     |       | 5.2 | 3.6 |           |     | 3.8  |                |     |                    | 3.8 |
| Q2-27  |       | 2.3 |     |       | 5.1 | 3.2 |           |     | 3.0  |                |     |                    | 3.5 |
| Q3-27  |       | 2.3 |     |       | 4.7 | 2.9 |           |     | 2.6  |                |     |                    | 2.8 |
| Q4-27  |       | 2.0 |     |       | 4.0 | 2.3 |           |     | 2.0  |                |     |                    | 2.1 |
| 2025   |       | 2.7 |     |       | 4.1 | 3.4 |           | 2.0 | 2.1  |                | 0.9 |                    | 3.1 |
| 2026   |       | 3.4 |     |       | 3.7 | 3.1 |           | 3.0 | 3.1  |                | 2.2 |                    | 1.8 |
| 2027   |       | 2.5 |     |       | 4.8 | 3.0 |           | 2.8 | 2.8  |                | 2.2 |                    | 3.0 |

Note: Shaded values indicate actual data.

Source: Barclays Research

## Global Weekly Calendar

Data as of 2 October 2026

|                        |                                                                                                                                                                                                                   | Period | Prev -3     | Prev -2     | Prev -1     | Forecast  | Consensus |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------|-------------|-------------|-----------|-----------|
| <b>Saturday 03 Oct</b> |                                                                                                                                                                                                                   |        |             |             |             |           |           |
| 02:05                  | Vietnam: CPI, % y/y                                                                                                                                                                                               | Sep    | 4.7         | 4.5         | 4.9         | -         | 5.1       |
| <b>Monday 05 Oct</b>   |                                                                                                                                                                                                                   |        |             |             |             |           |           |
| -                      | <b>Japan: BoJ indicators on output gap, potential growth and labor supply-demand are released quarterly</b>                                                                                                       |        |             |             |             |           |           |
| -                      | <b>EA21: OeNB Gov. Kocher and Central Bank of Ireland Deputy Governor Donnelly speak at OeNB-SUERF-JVI-Yale Conference in Vienna, Austria</b>                                                                     |        |             |             |             |           |           |
| 08:45                  | <b>Germany: Bundesbank President Nagel delivers keynote address at Day-1 of Global Precious Metals Conference in Sorrento, Italy</b>                                                                              |        |             |             |             |           |           |
| 09:00                  | <b>EA21: ECB Chief Economist Lane speaks at ECB Conference on Monetary Policy 2026: bridging science and practice in Frankfurt, Germany</b>                                                                       |        |             |             |             |           |           |
| 10:00                  | <b>EA21: ECB Executive Board Member Schnabel participates in meeting with "Ausschuss für Wirtschafts- und Währungspolitik" of the Association of German Banks in Frankfurt, Germany</b>                           |        |             |             |             |           |           |
| 10:00                  | <b>Spain: Banco de España Governor Escrivá speaks at financial education event in Madrid, Spain</b>                                                                                                               |        |             |             |             |           |           |
| 23:00                  | <b>Colombia: Banrep meeting minutes</b>                                                                                                                                                                           | Sep    | -           | -           | -           | -         | -         |
| -                      | Uzbekistan: CPI, % y/y (to 06/10)                                                                                                                                                                                 | Sep    | 6.4         | 6.4         | 6.2         | -         | -         |
| -                      | Russia: National Wellbeing fund, \$ bn (to 07/10)                                                                                                                                                                 | Sep    | 168.5       | 159.3       | 154.1       | -         | -         |
| -                      | Venezuela: CPI inflation, % m/m (09/10)                                                                                                                                                                           | Sep    | 13.8        | 19.9        | 8.9         | -         | -         |
| 01:01                  | Ireland: Services PMI, index                                                                                                                                                                                      | Sep    | 54.2        | 55.2        | 55.4        | -         | -         |
| 06:00                  | Singapore: Retail sales, % y/y                                                                                                                                                                                    | Aug    | 3.0         | 4.0         | 1.5         | -         | 2.0       |
| 06:00                  | Singapore: Retail sales excl. autos, % y/y                                                                                                                                                                        | Aug    | 3.7         | 4.1         | 1.5         | -         | -         |
| 07:30                  | Sweden: Services PMI, index                                                                                                                                                                                       | Sep    | 56.6        | 54.3        | 55.8        | -         | -         |
| 08:00                  | Türkiye: CPI, % y/y                                                                                                                                                                                               | Sep    | 32.1        | 31.8        | 31.5        | 30.2      | 30.3      |
| 08:15                  | Spain: Services PMI, index                                                                                                                                                                                        | Sep    | 54.2        | 58.3        | 57.8        | -         | 58.0      |
| 08:15                  | South Africa: S&P Global PMI, index                                                                                                                                                                               | Sep    | 50.5        | 50.3        | 50.5        | -         | -         |
| 08:30                  | Kenya: Stanbic Bank PMI, index                                                                                                                                                                                    | Sep    | 50.0        | 51.3        | 49.7        | -         | -         |
| 08:45                  | Italy: Services PMI, index                                                                                                                                                                                        | Sep    | 50.2        | 52.5        | 55.2        | -         | 55.3      |
| 08:50                  | France: "Final" Services PMI, index                                                                                                                                                                               | Sep    | 49.6        | 48.0        | 51.4 P      | -         | 51.4      |
| 08:50                  | France: "Final" Composite PMI, index                                                                                                                                                                              | Sep    | 49.4        | 48.5        | 51.2 P      | -         | 51.2      |
| 08:55                  | Germany: "Final" Services PMI, index                                                                                                                                                                              | Sep    | 49.8        | 49.7        | 52.9 P      | -         | 52.9      |
| 08:55                  | Germany: "Final" Composite PMI, index                                                                                                                                                                             | Sep    | 51.3        | 51.8        | 53.8 P      | -         | 53.8      |
| 09:00                  | EA21: "Final" Services PMI, index                                                                                                                                                                                 | Sep    | 51.7        | 51.6        | 53.0 P      | 53.0      | 53.0      |
| 09:00                  | EA21: "Final" Composite PMI, index                                                                                                                                                                                | Sep    | 52.0        | 52.0        | 53.1 P      | 53.1      | 53.1      |
| 09:00                  | UK: New car registrations, % y/y                                                                                                                                                                                  | Sep    | 11.4        | 11.7        | 13.7        | -         | -         |
| 09:30                  | UK: "Final" Services PMI, index                                                                                                                                                                                   | Sep    | 52.1        | 52.5        | 51.7 P      | 51.7      | 51.7      |
| 09:30                  | UK: "Final" Composite PMI, index                                                                                                                                                                                  | Sep    | 52.2        | 52.5        | 51.7 P      | 51.7      | 51.7      |
| 09:30                  | Zambia: Stanbic Bank PMI, index                                                                                                                                                                                   | Sep    | 49.9        | 50.7        | 46.0        | -         | -         |
| 10:00                  | EA21: PPI, % m/m (y/y)                                                                                                                                                                                            | Aug    | 0.2 (5.9)   | -0.3 (4.6)  | 1.6 (5.8)   | -         | 1.9 (6.7) |
| 10:00                  | Ghana: S&P Global PMI, index                                                                                                                                                                                      | Sep    | 47.7        | 49.2        | 50.8        | -         | -         |
| 13:00                  | Mexico: Gross fixed investments, % m/m (y/y)                                                                                                                                                                      | Jul    | 4.3 (6.0)   | -0.4 (1.0)  | 1.3 (7.7)   | 1.5 (5.3) | -         |
| 14:45                  | US: "Final" S&P Global services PMI, index                                                                                                                                                                        | Sep    | 54.6        | 56.5        | 58.7 P      | -         | 58.7      |
| 14:45                  | US: "Final" S&P Global composite PMI, index                                                                                                                                                                       | Sep    | 54.5        | 56.0        | 58.4 P      | -         | -         |
| 15:00                  | US: ISM services index                                                                                                                                                                                            | Sep    | 54.0        | 54.1        | 55.4        | 54.5      | 55.2      |
| 16:00                  | Global: JPM Services PMI, index                                                                                                                                                                                   | Sep    | 51.7        | 52.7        | 53.7        | -         | -         |
| 16:00                  | Global: JPM Composite PMI, index                                                                                                                                                                                  | Sep    | 52.0        | 52.7        | 53.5        | -         | -         |
| 18:00                  | Uruguay: CPI inflation, % m/m (y/y)                                                                                                                                                                               | Sep    | 0.37 (4.25) | 0.06 (4.26) | 0.25 (4.55) | -         | -         |
| <b>Tuesday 06 Oct</b>  |                                                                                                                                                                                                                   |        |             |             |             |           |           |
| -                      | <b>EA21: ECB Executive Board Member Elderson, Central Bank of Ireland Deputy Governor Donnelly, and HNB Governor Žigman participate in panel discussion at 17th FMA Supervisory Conference in Vienna, Austria</b> |        |             |             |             |           |           |
| 07:35                  | <b>Japan: BoJ Governor Ueda speaks at national securities convention</b>                                                                                                                                          |        |             |             |             |           |           |
| 09:30                  | <b>UK: BoE rate-setter Mann speaks in a fireside chat at The TS Lombard Capital Markets Summit</b>                                                                                                                |        |             |             |             |           |           |
| 14:00                  | <b>EA21: ECB Executive Board Member Cipollone participates in livestreamed MNI Connect video conference on the digital euro</b>                                                                                   |        |             |             |             |           |           |
| 14:05                  | <b>US: New York Fed PreS. Williams (FOMC voter) will serve as moderator for a discussion with Caryn Seidman Becker, Chair and CEO of CLEAR, New York</b>                                                          |        |             |             |             |           |           |

|       |                                            | Period | Prev -3   | Prev -2     | Prev -1     | Forecast   | Consensus   |
|-------|--------------------------------------------|--------|-----------|-------------|-------------|------------|-------------|
| 02:00 | Philippines: CPI, % y/y                    | Sep    | 6.4       | 6.3         | 6.1         | 6.5        | 6.7         |
| 04:30 | Thailand: CPI, % y/y                       | Sep    | 2.4       | 1.9         | 2.5         | 3.2        | 3.1         |
| 04:30 | Thailand: Core CPI, % y/y                  | Sep    | 1.2       | 1.3         | 1.4         | 1.5        | 1.6         |
| 07:00 | Germany: Factory orders, % m/m (y/y)       | Aug    | 0.3 (4.7) | 3.7 (7.4)   | 2.5 (13.0)  | -1.0       | -1.3 (13.1) |
| 07:30 | Hungary: Industrial production, wda, % y/y | Aug    | 5.4       | 4.1         | 4.7         | -          | 4.1         |
| 07:30 | Hungary: Retail trade IA, % y/y            | Aug    | 4.8       | 3.0         | 4.9         | -          | 4.4         |
| 07:45 | France: Budget, year-to date, € bn         | Aug    | -93.3     | -106.8      | -145.9      | -          | -           |
| 07:45 | France: Industrial production, % m/m (y/y) | Aug    | 0.0 (3.2) | -0.1 (-0.1) | -0.4 (-0.5) | 0.2 (1.2)  | 0.2 (1.2)   |
| 08:00 | Czechia: Preliminary CPI, % y/y            | Sep    | 1.5       | 1.7         | 1.9         | 2.2        | 2.4         |
| 08:00 | Spain: Industrial production, % m/m (y/y)  | Aug    | 1.0 (3.1) | -0.7 (1.1)  | 0.6 (2.3)   | -0.5 (2.4) | -0.5 (2.4)  |
| 08:00 | Switzerland: Unemployment rate (adj), %    | Sep    | 3.1       | 3.1         | 3.1         | -          | 3.1         |
| 09:30 | UK: Construction PMI, index                | Sep    | 38.4      | 44.7        | 44.3        | -          | 44.5        |
| 10:00 | EA21: Retail sales, % m/m (y/y)            | Aug    | 0.3 (2.0) | 0.2 (1.4)   | -0.6 (0.6)  | -          | 0.4 (1.2)   |
| 13:30 | US: Trade balance, \$ bn                   | Aug    | -75.8     | -71.2       | -88.6       | -102.0     | -89.8       |
| 13:30 | Canada: Int'l merchandise trade, \$ bn     | Aug    | 3.7       | 4.2         | 0.8         | -          | 1.3         |
| 15:00 | Canada: Ivey PMI, index                    | Sep    | 56.2      | 55.1        | 64.3        | -          | -           |
| 19:00 | Brazil: Trade balance, USD bn              | Sep    | 9.0       | 6.6         | 7.4         | -          | -           |

| Wednesday 07 Oct |                                                                                                                                                                                                                                | Period | Prev -3      | Prev -2      | Prev -1     | Forecast | Consensus |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------|--------------|-------------|----------|-----------|
| -                | Poland: Repo rate, %                                                                                                                                                                                                           | Oct    | 3.75         | 3.75         | 3.75        | 3.75     | 3.75      |
| -                | Kenya: Benchmark interest rate, %                                                                                                                                                                                              | Oct    | 8.75         | 8.75         | 8.75        | 8.75     | -         |
| 00:00            | US: Dallas Fed Pres. Logan (FOMC voter) moderates a Q&A with Agustin Carstens, Federal Reserve Bank of Dallas, San Antonio Branch, Texas                                                                                       |        |              |              |             |          |           |
| 05:30            | India: RBI repo rate, %                                                                                                                                                                                                        | Oct    | 5.25         | 5.25         | 5.25        | 5.50     | 5.50      |
| 06:00            | EA21: ECB Executive Board Member Cipollone participates virtually in panel discussion at Reinventing Bretton Woods Committee International Research Fair organised by the Central Bank of the Philippines in Cebu, Philippines |        |              |              |             |          |           |
| 08:20            | EA21: ECB Vice President Vujčić speaks at the event "The European Commission Bank Competitiveness Report: A Dialogue between EU Policy Makers and the Private Sector" in Brussels, Belgium                                     |        |              |              |             |          |           |
| 18:30            | EA21: ECB Vice President Vujčić participates in panel "Beyond The Balance Sheet: How Banks Shape Our Financial System" at event organised by Capitant Leuven in Brussels, Belgium                                              |        |              |              |             |          |           |
| 19:00            | US: Minutes of FOMC meeting                                                                                                                                                                                                    | Sep-16 |              |              |             |          |           |
| 19:00            | Peru: Reference rate, %                                                                                                                                                                                                        | Oct    | 4.25         | 4.25         | 4.25        | 4.25     | -         |
| -                | Russia: Budget level YTD, RUB bn (to 09/10)                                                                                                                                                                                    | Sep    | -5865.4      | -6401.5      | -5795.3     | -        | -         |
| -                | China: Foreign reserves, USD bn                                                                                                                                                                                                | Sep    | 3416.3       | 3418.8       | 3438.3      | 3428.0   | 3425.0    |
| -                | Ghana: CPI, % y/y                                                                                                                                                                                                              | Sep    | 5.3          | 4.6          | 5.0         | 5.5      | -         |
| -                | Angola: CPI, % y/y (to 09/10)                                                                                                                                                                                                  | Sep    | 10.1         | 9.3          | 8.8         | 8.7      | -         |
| 00:30            | Japan: Nominal / Real wages per worker, % y/y                                                                                                                                                                                  | Aug    | 3.3 / 1.6    | 4.0 / 2.2    | 4.3 / 2.0   | 3.9 / -  | 3.7 / 1.6 |
| 07:00            | Sweden: Preliminary CPI, % m/m (y/y)                                                                                                                                                                                           | Sep    | 0.4 (0.7)    | -0.3 (0.2)   | -0.3 (0.3)  | -        | 1.0 (1.2) |
| 07:00            | Sweden: Preliminary CPIF, % m/m (y/y)                                                                                                                                                                                          | Sep    | 0.3 (1.3)    | -0.3 (0.7)   | -0.2 (0.7)  | -        | 0.9 (1.6) |
| 07:00            | Germany: Industrial production, % m/m (y/y)                                                                                                                                                                                    | Aug    | 0.8 (-0.3)   | 0.0 (-0.4)   | -1.1 (-1.6) | 0.5      | 0.5 (0.7) |
| 07:00            | Norway: Manufacturing production, % m/m (y/y)                                                                                                                                                                                  | Aug    | 0.8 (2.1)    | -1.0 (0.7)   | 0.7 (1.5)   | -        | -         |
| 07:30            | Hungary: CPI, % y/y                                                                                                                                                                                                            | Sep    | 1.7          | 1.1          | 1.3         | 1.8      | 1.8       |
| 07:45            | France: Trade balance, € bn                                                                                                                                                                                                    | Aug    | -7.7         | -5.8         | -6.7        | -        | -         |
| 08:00            | Czechia: Trade balance, € bn                                                                                                                                                                                                   | Aug    | 10.5         | 13.4         | -8.5        | -        | -5.2      |
| 09:00            | Taiwan: CPI, % y/y                                                                                                                                                                                                             | Sep    | 2.6          | 2.5          | 2.0         | 2.6      | 2.4       |
| 12:00            | Brazil: IGP-DI inflation, % m/m (y/y)                                                                                                                                                                                          | Sep    | -0.79 (3.59) | -0.86 (2.77) | 0.06 (2.63) | -        | -         |
| 14:00            | Russia: Official reserve assets, \$ bn                                                                                                                                                                                         | Sep    | 720.4        | 720.3        | 769.0       | -        | -         |
| 20:00            | Argentina: Industrial production, % y/y                                                                                                                                                                                        | Aug    | -5.7         | 2.1          | -4.9        | -        | -         |

| Thursday 08 Oct |                                                                                                                                                                                                      | Period | Prev -3 | Prev -2 | Prev -1 | Forecast | Consensus |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------|---------|---------|----------|-----------|
| -               | Romania: Policy rate, %                                                                                                                                                                              | Oct    | 6.50    | 6.50    | 6.50    | 6.50     | 6.50      |
| -               | EA21: Eurogroup meeting in Luxembourg city, Luxembourg                                                                                                                                               |        |         |         |         |          |           |
| -               | EA21: ECB President Lagarde and ECB Executive Board Member Cipollone participate in in Eurogroup meeting in Luxembourg city, Luxembourg                                                              |        |         |         |         |          |           |
| -               | Japan: BoJ branch managers meeting                                                                                                                                                                   | Oct    |         |         |         |          |           |
| 09:05           | Switzerland: SNB Vice Chairman Martin presents on "Analysis of the current economic, political and geopolitical challenges" at Rendez-Vous Économique de la Foire du Valais in Martigny, Switzerland |        |         |         |         |          |           |

|                      |                                                                                                                                                                                                                                                  | Period | Prev -3      | Prev -2     | Prev -1      | Forecast    | Consensus   |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------|-------------|--------------|-------------|-------------|
| 09:40                | <b>Croatia: HNB Governor Žigman speaks at conference The Challenge of Change organised by Croatian stock exchange in Porec, Croatia</b>                                                                                                          |        |              |             |              |             |             |
| 10:15                | <b>UK: BoE rate-setter Greene delivers speech at the STANLIB Asset Management Offshore Summit in Cape Town</b>                                                                                                                                   |        |              |             |              |             |             |
| 11:00                | <b>EA21: ECB Chief Economist Lane participates in fireside chat and Q&amp;A at Societe Generale Annual Global Markets Conference in London, UK</b>                                                                                               |        |              |             |              |             |             |
| 11:30                | <b>UK: BoE Chief Economist Pill speaks at the London Stock Exchange Group 2026 GZERO Summit in London</b>                                                                                                                                        |        |              |             |              |             |             |
| 12:30                | <b>EA21: ECB Minutes</b>                                                                                                                                                                                                                         |        |              |             |              |             |             |
| 13:15                | <b>UK: BoE Governor Bailey speaks at the Central Bank of Turkey Forum</b>                                                                                                                                                                        |        |              |             |              |             |             |
| 14:00                | <b>UK: BoE Deputy Governor Lombardelli delivers speech at the West Midlands Growth Summit in Coventry</b>                                                                                                                                        |        |              |             |              |             |             |
| 16:00                | <b>Mexico: Banxico meeting minutes</b>                                                                                                                                                                                                           |        |              |             |              |             |             |
| 18:40                | <b>US: St. Louis Fed Pres. Musalem (FOMC non-voter) speaks at Bloomberg event on U.S. economy &amp; monetary policy, Bloomberg Headquarters, New York</b>                                                                                        |        |              |             |              |             |             |
| -                    | Guatemala: GDP, % y/y (to 15/10)                                                                                                                                                                                                                 | Q2     | 4.5          | 4.8         | 4.5          | -           | -           |
| 00:00                | Korea: Current account balance, USD bn                                                                                                                                                                                                           | Aug    | 38.6         | 49.7        | 42.1         | -           | -           |
| 0:00                 | Colombia: CPI inflation, % m/m (y/y)                                                                                                                                                                                                             | Sep    | 0.39 (6.14)  | 0.16 (6.02) | 0.39 (6.25)  | 0.27 (6.18) | 0.40 (6.32) |
| 00:01                | UK: RICS house price balance, %                                                                                                                                                                                                                  | Sep    | -32          | -29         | -28          | -           | -30.0       |
| 00:01                | UK: REC permanent staff placements, index                                                                                                                                                                                                        | Sep    | 49.1         | 50.0        | 50.5         | -           | -           |
| 00:01                | UK: REC permanent staff salaries, index                                                                                                                                                                                                          | Sep    | 53.1         | 53.3        | 54.1         | -           | -           |
| 00:50                | Japan: Current account, nsa/sa, JPY bn                                                                                                                                                                                                           | Aug    | 3968 / 3065  | -92 / 1397  | 2989 / 2523  | 2900 / -    | 3126 / 2112 |
| 06:00                | Japan: Economy watchers' DI                                                                                                                                                                                                                      | Sep    | 44.0         | 45.7        | 46.4         | -           | 46.7        |
| 7:00                 | Chile: CPI inflation, % m/m (y/y)                                                                                                                                                                                                                | Sep    | 0.00 (4.30)  | 0.10 (3.50) | 0.60 (4.10)  | -           | -           |
| 8:00                 | Mexico: CPI inflation, % m/m (y/y)                                                                                                                                                                                                               | Sep    | -0.27 (3.37) | 0.03 (3.12) | 0.20 (3.26)  | 0.42 (3.45) | 0.42 (3.45) |
| 8:00                 | Mexico: CPI core inflation, % m/m (y/y)                                                                                                                                                                                                          | Sep    | 0.24 (4.03)  | 0.23 (3.95) | 0.16 (3.88)  | 0.22 (3.77) | 0.23 (3.79) |
| 09:00                | Taiwan: Trade balance, USD bn                                                                                                                                                                                                                    | Sep    | 12.2         | 17.2        | 22.3         | -           | 17.8        |
| 09:00                | Taiwan: Exports, % y/y                                                                                                                                                                                                                           | Sep    | 40.3         | 32.9        | 41.0         | 55.7        | 43.5        |
| 09:00                | Taiwan: Imports, % y/y                                                                                                                                                                                                                           | Sep    | 51.7         | 37.4        | 44.3         | -           | 43.5        |
| 11:00                | Ireland: "Final" HICP, % m/m (y/y)                                                                                                                                                                                                               | Sep    | 0.0 (3.1)    | 0.7 (3.5)   | 0.2 (3.9) P  | -           | -           |
| 12:00                | South Africa: Manufacturing production, sa, % m/m                                                                                                                                                                                                | Aug    | 1.2          | 0.8         | 2.2          | -0.3        | -           |
| 13:30                | US: Initial jobless claims, k (4wma)                                                                                                                                                                                                             | 03-Oct | 198 (204)    | 198 (203)   | 197 (200)    | 200         | -           |
| 13:30                | US: Insured unemployment (continued claims), k                                                                                                                                                                                                   | 26-Sep | 1717         | 1712        | 1701         | -           | -           |
| 15:00                | US: Wholesale inventories-f, % m/m                                                                                                                                                                                                               | Aug    | 0.4          | 1.3         | 0.7 P        | 0.7         | -           |
| <b>Friday 09 Oct</b> |                                                                                                                                                                                                                                                  |        |              |             |              |             |             |
|                      |                                                                                                                                                                                                                                                  | Period | Prev -3      | Prev -2     | Prev -1      | Forecast    | Consensus   |
| -                    | <b>EU27: ECOFIN meeting in Luxembourg city, Luxembourg</b>                                                                                                                                                                                       |        |              |             |              |             |             |
| -                    | <b>EA21: ECB President Lagarde participates in ECOFIN meeting in Luxembourg city, Luxembourg</b>                                                                                                                                                 |        |              |             |              |             |             |
| 08:30                | <b>Belgium: Banque Nationale de Belgique Governor Wunsch delivers welcome remarks at 'Fiscal-monetary policy interactions in the 21st century' conference organized by Banque Nationale de Belgique in Brussels, Belgium</b>                     |        |              |             |              |             |             |
| 11:15                | <b>EA21: ECB Executive Board Member Cipollone participates virtually in panel discussion at the workshop Algo-trading &amp; DeFi – Algorithmic Trading, Decentralized Finance and Artificial Intelligence in Capital Markets in Milan, Italy</b> |        |              |             |              |             |             |
| 14:30                | <b>EA21: ECB Executive Board Member Schnabel presents and participates in panel discussion at Symposium in Honour of Professor Lars Feld in Lucerne, Switzerland</b>                                                                             |        |              |             |              |             |             |
| -                    | China: M2 growth, % y/y (to 15/10)                                                                                                                                                                                                               | Sep    | 8.0          | 7.7         | 7.5          | 7.7         | 7.4         |
| -                    | China: Aggregate financing stock, CNY trn (to 15/10)                                                                                                                                                                                             | Sep    | 462.1        | 463.3       | 464.8        | 468.1       | -           |
| -                    | China: New loans, CNY bn (to 15/10)                                                                                                                                                                                                              | Sep    | 1610.0       | -340.0      | 60.0         | 1050.0      | -           |
| 00:30                | Japan: Real household spending, % y/y                                                                                                                                                                                                            | Aug    | -0.4         | -3.3        | -3.6         | -           | -3.6        |
| 05:00                | Malaysia: Industrial production, % y/y                                                                                                                                                                                                           | Aug    | 8.5          | 6.5         | 4.7          | 5.1         | 5.1         |
| 07:00                | Romania: Final GDP, % q/q                                                                                                                                                                                                                        | Q2     | -1.9         | -0.1        | 0.0          | -           | 0.0         |
| 07:00                | Norway: CPI, % m/m (y/y)                                                                                                                                                                                                                         | Sep    | -0.2 (2.7)   | 1.0 (3.0)   | -0.3 (3.3)   | (3.5)       | (3.6)       |
| 07:00                | Norway: CPI-ATE, % m/m (y/y)                                                                                                                                                                                                                     | Sep    | -0.1 (2.7)   | 0.8 (2.7)   | -0.5 (3.0)   | 0.3 (3.1)   | (3.1)       |
| 08:00                | Turkiye: Industrial production, wda, % y/y                                                                                                                                                                                                       | Aug    | -0.1         | -1.3        | -0.3         | -           | -           |
| 09:00                | Italy: Industrial production, % m/m (y/y)                                                                                                                                                                                                        | Aug    | -0.2 (1.2)   | -1.1 (-0.5) | 0.7 (-0.1)   | 0.0         | 0.0         |
| 10:00                | Greece: HICP, % m/m (y/y)                                                                                                                                                                                                                        | Sep    | 0.3 (3.9)    | -1.4 (2.7)  | 0.4 (3.7)    | -           | -           |
| 12:00                | Ukraine: CPI, % y/y                                                                                                                                                                                                                              | Sep    | 7.2          | 7.7         | 8.1          | -           | -           |
| 13:00                | Brazil: IPCA inflation, % m/m (y/y)                                                                                                                                                                                                              | Sep    | 0.16 (4.64)  | 0.07 (4.44) | -0.32 (4.22) | 0.71 (4.46) | 0.72 (4.47) |
| 13:30                | Canada: Net change in employment, k                                                                                                                                                                                                              | Sep    | 18.2         | 75.1        | -41.7        | -           | 9.2         |
| 13:30                | Canada: Unemployment rate, %                                                                                                                                                                                                                     | Sep    | 6.5          | 6.4         | 6.4          | -           | 6.5         |
| 13:30                | Canada: Participation rate, %                                                                                                                                                                                                                    | Sep    | 65.0         | 65.1        | 65.0         | -           | 65.0        |
| 15:00                | US: "Flash" U. of Michigan consumer sentiment, index                                                                                                                                                                                             | Oct    | 55.2         | 51.7        | 48.1         | 46.5        | 48.0        |
| 15:00                | US: "Flash" U. of Michigan 1 Yr. inflation, %                                                                                                                                                                                                    | Oct    | 4.2          | 4.0         | 4.6          | -           | -           |

|       |                                                  | Period | Prev -3 | Prev -2 | Prev -1 | Forecast | Consensus |
|-------|--------------------------------------------------|--------|---------|---------|---------|----------|-----------|
| 15:00 | US: "Flash" U. of Michigan 5-10 Yr. inflation, % | Oct    | 3.3     | 3.3     | 3.4     | -        | -         |
| 17:00 | Russia: CPI, % y/y                               | Sep    | 6.0     | 6.0     | 6.3     | 6.3      | 6.3       |

Note: All times reported in BST. Some data or events are boxed to indicate their importance to financial markets. Market events are highlighted in light blue.  
Source: Reuters, Market News, Bloomberg, Barclays Research

## Global Key Events

### Global Key Events for 2026 and 2027

|                                               | 2026  |       |       | 2027  |     |       |       |       |       |     |     |       |       |
|-----------------------------------------------|-------|-------|-------|-------|-----|-------|-------|-------|-------|-----|-----|-------|-------|
|                                               | Oct   | Nov   | Dec   | Jan   | Feb | Mar   | Apr   | May   | Jun   | Jul | Aug | Sep   | Oct   |
| <b>North America</b>                          |       |       |       |       |     |       |       |       |       |     |     |       |       |
| FOMC meeting                                  | 28    | -     | 9     | 27    | -   | 17    | 28    | -     | 9     | 28  | -   | 15    | 27    |
| Summary of Economic Projections               | -     | -     | 9     | -     | -   | 17    | -     | -     | 9     | -   | -   | 15    | -     |
| FOMC minutes                                  | 7     | 18    | 30    | -     | 17  | -     | 7     | 19    | 30    | -   | 18  | -     | 6     |
| Fed's Beige Book                              | 14    | 25    | -     | ...   | ... | ...   | ...   | ...   | ...   | ... | ... | ...   | ...   |
| Bank of Canada                                | 28    | -     | 9     | 27    | -   | 3     | 28    | -     | 2     | 21  | -   | 8     | 27    |
| <b>Europe</b>                                 |       |       |       |       |     |       |       |       |       |     |     |       |       |
| EU Summit                                     | 15    | -     | 17    | ...   | ... | ...   | ...   | ...   | ...   | ... | ... | ...   | ...   |
| EU General Affairs Council                    | 13    | 19,20 | 15    | ...   | ... | ...   | ...   | ...   | ...   | ... | ... | ...   | ...   |
| ECOFIN                                        | 9     | 9     | 11    | ...   | ... | ...   | ...   | ...   | ...   | ... | ... | ...   | ...   |
| Eurogroup                                     | 8     | 9     | 10    | ...   | ... | ...   | ...   | ...   | ...   | ... | ... | ...   | ...   |
| ECB "policy" meeting                          | 29    | -     | 17    | -     | 4   | 18    | 29    | -     | 10    | 22  | -   | 9     | 28    |
| ECB minutes                                   | 8     | 26    | -     | 14    | ... | 4     | 15    | 28    | -     | 8   | 26  | -     | 7     |
| ECB economic bulletin                         | -     | 11    | 31    | -     | 18  | -     | 1     | 12    | 25    | -   | 5   | 23    | -     |
| ECB "non-policy" meeting                      | -     | 18    | -     | 24    | -   | -     | 7     | 19    | 23    | -   | -   | 29    | -     |
| BoE MPC policy meeting                        | -     | 5     | 17    | -     | 4   | 18    | 29    | -     | 17    | 29  | -   | 16    | 4     |
| BoE MPC Monetary Policy Report                | -     | 5     | -     | -     | 4   | -     | 29    | -     | -     | 29  | -   | -     | 4     |
| BoE minutes                                   | -     | 5     | 17    | -     | 4   | 18    | 29    | -     | 17    | 29  | -   | 16    | 4     |
| Riksbank                                      | -     | 4     | 16    | -     | 3   | 24    | -     | 5     | 22    | ... | ... | ...   | ...   |
| Swiss National Bank (SNB)                     | -     | -     | 10    | -     | -   | 18    | -     | -     | 24    | -   | -   | 23    | -     |
| Norges Bank                                   | -     | 5     | 17    | 21    | -   | 18    | -     | 5     | 17    | -   | 19  | 23    | -     |
| <b>Asia/Africa/RoW</b>                        |       |       |       |       |     |       |       |       |       |     |     |       |       |
| Bank of Japan (BoJ)                           | 29-30 | -     | 17-18 | 21-22 | -   | 17-18 | 27-28 | 10-11 | 21-22 | -   | -   | 21-22 | 28-29 |
| BoJ minutes                                   | -     | 5     | 23    | -     | -   | 24    | -     | 7     | 16    | 27  | -   | 28    | -     |
| Reserve Bank of Australia (RBA)               | -     | 3     | 8     | -     | 9   | 23    | -     | 4     | 22    | -   | 10  | 21    | -     |
| Reserve Bank of New Zealand (RBNZ)            | 28    | -     | 9     | -     | 10  | 17    | -     | 5     | 16    | -   | 4   | 15    | 27    |
| Reserve Bank of India (RBI)                   | 5-7   | -     | 2-4   | -     | 3-5 | ...   | ...   | ...   | ...   | ... | ... | ...   | ...   |
| Bank of Korea (BoK)                           | 22    | 26    | -     | ...   | ... | ...   | ...   | ...   | ...   | ... | ... | ...   | ...   |
| Brazilian Central Bank (BCB)                  | -     | 4     | 9     | 27    | -   | 17    | 28    | -     | 16    | -   | 4   | 22    | -     |
| South African Reserve Bank (SARB)             | -     | 19    | -     | ...   | ... | ...   | ...   | ...   | ...   | ... | ... | ...   | ...   |
| National Bank of Poland (NBP)                 | 6-7   | 3-4   | 1-2   | ...   | ... | ...   | ...   | ...   | ...   | ... | ... | ...   | ...   |
| Central Bank of the Republic of Türkiye (CBT) | 22    | -     | 10    | 21    | -   | 18    | 22    | -     | 10    | ... | ... | ...   | ...   |
| Bank of Israel (BoI)                          | 21    | 23    | -     | ...   | ... | ...   | ...   | ...   | ...   | ... | ... | ...   | ...   |
| Central Bank of Egypt (CBE)                   | 29    | -     | 17    | ...   | ... | ...   | ...   | ...   | ...   | ... | ... | ...   | ...   |
| <b>Key international meetings</b>             |       |       |       |       |     |       |       |       |       |     |     |       |       |
| WBG-IMF, Spring and Annual meetings           | 12-18 | -     | -     | -     | -   | -     | -     | -     | -     | -   | -   | -     | -     |
| <b>Elections/Key political meetings</b>       |       |       |       |       |     |       |       |       |       |     |     |       |       |
| US Mid term election                          | -     | 3     | -     | -     | -   | -     | -     | -     | -     | -   | -   | -     | -     |
| New Zealand general election                  | -     | 7     | -     | -     | -   | -     | -     | -     | -     | -   | -   | -     | -     |
| Brazil general election                       | 4, 25 | -     | -     | -     | -   | -     | -     | -     | -     | -   | -   | -     | -     |
| Israel general election                       | 27    | -     | -     | -     | -   | -     | -     | -     | -     | -   | -   | -     | -     |

Note: (-) No event, (...) Event yet to be confirmed.

Source: Central banks, IMF, European Commission, Reuters, Bloomberg, Market News, Barclays Research

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