Week Ahead

14th - 18th September 2026

More likely hiking

AUTHORS

NICK REES
Head of Macro Research
+44 (0) 203 650 3736
Nicholas.Rees@monexeurope.com

BARRY VAN DER LAAN
Senior FX Market Strategist
+31 208 08 5450
Barry.vanderLaan@monexeurope.eu

INTRODUCTION

The past week has seen a sharp ramp-up in yields across the board, as conflict in the Middle East pushes energy costs to new highs, while hotter-than-expected inflation readings in the US, and market disappointment over the scale of Treasury buybacks, only adds to the upward pressure. But with debasement fears continuing to linger, the dollar is struggling against a backdrop that would ordinarily be seen as constructive. Indeed, as we write late on Friday, the DXY index hovers around 99, having shed several tenths over the course of the week just gone. The euro is similarly little changed, despite an ECB rate hike on Thursday, accompanied by a hawkish tilt in guidance that puts further 2026 tightening firmly in play.

Looking ahead to the new week, central banks are again in focus, with the BoE, BoJ, and the Fed all set to deliver rate decisions. Only the first is projected to remain on hold, with the latter two expected to increase rates by 25bps. That mix should leave the pound vulnerable, though we see upside risks to the yen too, given the BoJ's tendency to accompany hikes with dovish guidance, and a high bar to match market expectations. But it will be the FOMC's decision on Wednesday that likely steals the spotlight, especially after August core CPI overshot expectations to rise 0.3% MoM. Assessing that data in the context of recent comments from Warsh and Waller, we have changed our house call and now expect the FOMC to raise rates at this meeting. A surprise hold is still a risk worth watching for; however, given that such a move would further undermine Fed credibility, likely triggering an ugly sell-off for both Treasuries and the dollar on supercharged debasement fears.

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ECONOMIC CALENDAR

All times in BST

Monday 14/09

Time	Country	Event	Period	Estimate	Prior
3:30	Australia	RBA's Hunter-Fireside Chat			
9:00	Switzerland	Total Sight Deposits CHF	11-Sep		452.6b
13:30	Canada	CPI NSA MoM	Aug	0.00%	0.50%
		CPI YoY	Aug	3.00%	3.00%
		CPI Core- Median YoY%	Aug	2.00%	2.00%
		CPI Core- Trim YoY%	Aug	1.90%	1.90%

Tuesday 15/09

Time	Country	Event	Period	Estimate	Prior
7:00	United Kingdom	Average Weekly Earnings 3M/YoY	Jul		4.10%
		Weekly Earnings ex Bonus 3M/YoY	Jul		3.50%
		ILO Unemployment Rate 3Mths	Jul	5.00%	4.90%
		Employment Change 3M/3M	Jul		84k
		Payrolled Employees Monthly Change	Aug		-13k
10:00	Germany	ZEW Survey Expectations	Sep	42.3	34.2
		ZEW Survey Current Situation	Sep	-54.1	-61.1
	Eurozone	ZEW Survey Expectations	Sep		31.4
15:00	Eurozone	ECB's Cipollone Speaks in Frankfurt			
TBC	Eurozone	ECB's Reinesch Speaks in Luxembourg			

Wednesday 16/09

Time	Country	Event	Period	Estimate	Prior
7:00	United Kingdom	CPI MoM	Aug		0.30%
		CPI YoY	Aug	3.00%	2.90%
		CPI Core YoY	Aug		2.60%
		CPI Services YoY	Aug		3.40%
	Sweden	Unemployment Rate SA	Aug		8.60%
9:00	Eurozone	ECB Wage Tracker			
13:00	Poland	CPI Core MoM	Aug	0.40%	0.40%
		CPI Core YoY	Aug	3.30%	3.10%
13:15	Eurozone	ECB's Vujcic Speaks in Frankfurt			
13:30	United States	Retail Sales Advance MoM	Aug	0.90%	-0.60%
		Retail Sales Ex Auto and Gas	Aug	0.40%	-0.20%
		Retail Sales Control Group	Aug	0.40%	-0.40%

Time	Country	Event	Period	Estimate	Prior
18:30	Canada	Bank of Canada Summary of Deliberations			
19:00	United States	FOMC Rate Decision (Upper Bound)	16-Sep	3.75%	3.75%
		FOMC Rate Decision (Lower Bound)	16-Sep	3.50%	3.50%
22:30	Brazil	Selic Rate	16-Sep	13.75%	14.00%
23:45	New Zealand	GDP SA QoQ	2Q	0.10%	0.80%
		GDP YoY	2Q	2.20%	1.50%

Thursday 17/09

Time	Country	Event	Period	Estimate	Prior
11:00	Eurozone	ECB's Rehn Speaks in London			
12:00	United Kingdom	Bank of England Bank Rate	17-Sep	3.75%	3.75%
	Canada	CFIB Business Barometer	Sep		57.6
13:15	Eurozone	ECB's Lane Speaks in Frankfurt			
13:30	United States	Initial Jobless Claims	12-Sep		206k

Friday 18/09

Time	Country	Event	Period	Estimate	Prior
0:01	United Kingdom	GfK Consumer Confidence	Sep		-14
0:30	Australia	RBA's Bullock-Testimony			
	Japan	Natl CPI YoY	Aug	2.00%	1.90%
		Natl CPI Ex Fresh Food YoY	Aug	1.80%	1.80%
		Natl CPI Ex Fresh Food, Energy YoY	Aug	2.00%	1.90%
7:00	United Kingdom	Retail Sales Inc Auto Fuel MoM	Aug		-0.50%
		Retail Sales Inc Auto Fuel YoY	Aug		1.60%
		Retail Sales Ex Auto Fuel MoM	Aug		-0.90%
		Retail Sales Ex Auto Fuel YoY	Aug		2.30%
9:00	Eurozone	ECB 1 Year CPI Expectations	Aug		2.90%
		ECB 3 Year CPI Expectations	Aug		2.70%
TBC	Japan	BOJ Target Rate	18-Sep	1.25%	1.00%

DATA PREVIEWS

Swedish election preview: A tighter race, but rates and energy still steer the krona

Sweden votes on Sunday 13th September, and what looked a foregone conclusion a month ago is now a genuine contest. A ten-point lead for Magdalena Andersson's four-party opposition in mid-August has narrowed to 50.3% against 47.9% for Ulf Kristersson's Tidö bloc in last Monday's Novus poll, within the margin of error. But even a clear opposition win does not guarantee a quick government formation, with post-election coalition wrangling still to navigate. The 2018 precedent, when installing a prime minister took over four months, looms large.

That said, on policy, the main parties of both blocs back the budget balance target that applies from 2027, with defence to be financed outside of this. As such, any future fiscal impulse will likely differ more in composition than in size, likely limiting immediate market implications of the initial election outcome. A preliminary result should be clear early Monday morning, before the new Riksdag convenes on 28th September.

"With this in mind, we see the vote as yet another cause for investor caution, but with the result likely to generate more headlines than FX price action in the near-term."

As we argued in our September forecasts, while SEK remains cheap on long-run valuation measures, relative rates and energy point the other way. And with Sweden also an oil importer facing an effectively closed Strait of Hormuz, the election leaves markets less willing to look through such headwinds until the political picture clears.

Still, our base case is that the political premium fades rather than builds: a decisive outcome and rapid coalition formation would likely see EURSEK ease toward our one-month forecast of 11.10, though we doubt it goes much further absent a hawkish Riksbank surprise. A deadlock, in contrast, poses upside risks to our projections, albeit modestly, with rates and energy likely to remain the primary krona drivers.

Canada CPI preview: Core to keep the BoC on hold

Monday's August CPI report, due at 13:30 BST, is the first inflation read since the Bank of Canada's hawkish hold on September 2nd, and one of two before the Governing Council next meets on October 28th. Consensus looks for prices to be flat on the month in unadjusted terms after July's 0.5% jump, leaving headline inflation unchanged at 3.0%, the top of the BoC's 1-3% control range, with core-median and core-trim steady at 2.0% and 1.9% respectively.

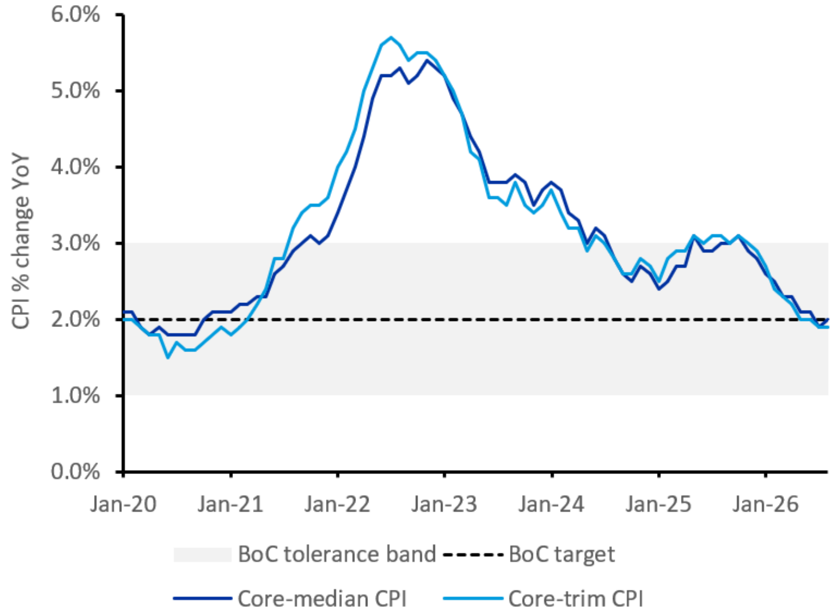
"In terms of the detail, gasoline, which drove July's upside surprise with a 25.7% annual gain, was little changed through August, while a World Cup-driven spike in travel tours and airfares should unwind now that the tournament is over."

This skews the immediate risk for next week's print to the downside, albeit with limited policy implications. Importantly, the data predates both Ottawa's counter-tariffs of 15-50% on some $20bn of US goods, in force since September 8th, and a renewed surge in crude as US-Iran hostilities have intensified. With Brent climbing from the mid-$80s a month ago to above $105, an August stabilisation is likely to prove temporary.

Even so, Governor Macklem noted on September 2nd that the Bank is looking through the direct impact of higher oil prices and, with ex-gasoline inflation at 2.2%, sees little evidence of spillovers so far. A hawkish tilt to the assessed balance of risks was, however, enough to see traders accelerate hiking bets, with swaps now pricing an almost 70% chance of a rate increase next month. We struggle to square that with recent data, after an unambiguously weak August jobs report, with employment down 41.7k and wage growth slowing to 2.0%, has since left that hawkishness looking dated. Absent a broad-based pickup in core, extending July's firmer short-run momentum, we expect the data to favour no October tightening from the BoC.

For the loonie, we have argued in our recent notes that risks tilt towards higher USDCAD, and a consensus print should serve to reinforce this call at the margin, pushing back on rate hike expectations. Still, with a Fed hike around 70% priced in for Wednesday's FOMC as of writing and Hormuz headlines steering crude, the loonie will in any case owe more to the dollar leg and oil than to this release.

Despite elevated headline price growth, stable core inflation should keep the BoC on hold in October



Source: Bloomberg, Monex Europe

Fed preview: Warsh's first hike

Wednesday's FOMC decision, due at 19:00 BST with new projections and a Warsh press conference to follow, has loomed over the September calendar since June, when nine of eighteen participants pencilled in at least one hike in 2026. Rates have sat at 3.50–3.75% all year, but July's 9–3 vote, with Hammack, Kashkari and Logan dissenting in favour of a hike, and Warsh's Jackson Hole verdict that softer summer readings had not shown underlying inflation improving, left September hanging on the data.

That data has since broken hawkish, likely forcing Chair Warsh's hand. As recently as mid-August, with July payrolls down 23k and CPI in line, we judged a September hike improbable and markets priced it below 40%. Since then, August payrolls beat at 162k, PPI accelerated to 5.4% YoY, and CPI showed core prices rising 0.3% against a consensus unanimous on 0.2%, with a sharp 0.5% single month rise in supercore hinting at increased energy passthrough. Having said and written in recent weeks that such a print would likely cement a hike, we have changed our call: we now expect a 25bp increase to 3.75–4.00%. That is in line with swap markets, which now project the odds of a rate increase this month at close to 90%.

Beyond the headline decision, expect 2026 inflation projections, already lifted to 3.3% for core PCE in June, to rise again, with the dots keeping further hikes in play. Still, we think the prospect of future tightening, remains up for debate. Some of the core strength sits in volatile categories such as lodging away from home, while rents and owners' equivalent rent rose just 0.2% apiece, a mix that leaves us cautious of extrapolating. Nor can the political dimension be dismissed, with mid-term elections less than two months away and a President who has made no secret of his preference for lower rates.

In any case, Warsh's aversion to forward guidance means the statement and presser may say little about what follows, leaving the dots to do the talking. For the dollar, a hike delivered despite political pressure should help counter the debasement narrative that has stopped the greenback benefiting from higher yields. As such, we see the DXY holding above 99 into Wednesday and beyond, with upside risks if most of the FOMC pencil in a further rate increase before year end. A surprise hold, although no longer our base case, is still a risk worth monitoring, given such a move would supercharge debasement fears, likely triggering an ugly sell-off for both Treasuries and the dollar.

BoE preview: A hold still beckons, despite Hormuz

Thursday's decision, due at 12:00 BST, should see Bank Rate held at 3.75% for a sixth straight meeting, in line with our call and that of every economist surveyed, while swaps price only around a one-in-five chance of a 25bp move, leaving the vote split and guidance as the focus. In July, the MPC held 6-3, with Greene, Mann and Pill favouring an immediate rise to 4.00%, while the majority countered that tighter financial conditions offer sufficient insurance against broadening price pressures, with underlying disinflation intact and second-round effects yet to appear. We expect the same split again, though a 5-4 vote is a live risk.

"Unsurprisingly, concerns stemming from conflict in the Middle East are likely to remain the primary worry."

Brent stood at $84 per barrel when the MPC met in July; the past week's US strikes on Iranian tankers and Tehran's retaliation against Hormuz shipping have pushed it back through $100, and above $107 on Thursday. European gas prices sit at three-year highs, and Ofgem's cap rises a further 4% in October, leaving the Bank's July projection of a 3.2% Q4 inflation peak looking stale and strengthening the dissenters' case. Even so, Governor Bailey used Tuesday's Treasury Select Committee appearance to reject the idea that a hike is a matter of when rather than if, signalling a strong preference to keep rates unchanged absent clear evidence of second-round effects.

That said, next week's data could tilt the message, if not the decision itself. Tuesday's labour market report is likely to show some signs of further loosening, with unemployment at 4.9% and regular pay growth of 3.5% already near target-consistent rates. Wednesday's August CPI is the bigger test after headline inflation rose to 2.9% in July, despite softer airfares. Assuming this reverses, a hot services print, following Friday's surprisingly strong 0.4% July GDP reading, would embolden the hawks and likely see the majority sharpen its readiness to act. The MPC will also set next year's QT pace, where a slowing from the current £70bn looks likely.

Markets see November as live for a first hike, with a full 25bp move priced by year-end and three by mid-2027. We have argued since March that this overstates the MPC's appetite to tighten, and a 6-3 hold delivered with Bailey-style caution should see some of that premium unwind, leaving sterling modestly softer on the day. A 5-4 vote is the main upside risk for the pound, especially if Wednesday's CPI lands hot, though even then we anticipate renewed weakness over the coming month as the Autumn Budget draws closer and fiscal concerns build.

BoJ preview: A high bar to meet market expectations

The Bank of Japan should raise its policy rate by 25bp to 1.25% on Friday, a 31-year high, just three months after June's move. This month, Governor Ueda used the G20 to flag September as live, while board member Takata called for hikes unconstrained by the intervals and increments markets had come to expect. All 55 economists surveyed by Bloomberg expect a hike, and swaps fully price it, with this conviction underpinning a carry trade unwind that has seen USDJPY sink to 154 as of writing.

"While we have previously suggested that BoJ would need to accelerate the pace of tightening, recent data should have removed any doubt for officials."

July cash earnings rose 4.7% YoY, the fastest since 1997; real wages grew 2.4%, second-quarter growth was revised higher, and August producer prices rose 7.6%. And with Brent back above $100, Japan, heavily reliant on Gulf crude, faces a renewed import-cost shock. July's statement explicitly tied the timing and pace of hikes to Middle East developments, and board member Masu warned on Thursday that firms are passing on war-driven fuel costs which, together with food, could have a lasting effect on prices.

A rate increase in the coming week should thus be a done deal, with market attention instead likely to focus on any forward guidance. Swaps assign a high probability to a follow-up by December and price roughly 75bp of tightening by next spring. We see that as a high bar for officials to validate on Friday, with the Board split and no new Outlook Report until October. Our expectation is for Ueda's 07:30 BST press conference to offer no timetable, repeating only that hikes can be accelerated if financial conditions remain too loose. That outcome is likely to fall short of market pricing, leaving the yen exposed to a modest squeeze, albeit consistent with the relative dovishness that has typically accompanied prior BoJ rate increases. As such, we expect USDJPY to end the week higher, though by how much will depend on Wednesday's FOMC meeting and oil prices.

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