Week Ahead

21st - 25th September 2026

Rate decisions keep the dollar in control

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INTRODUCTION

The past week was dominated by three major central bank decisions. First, the Fed, where the FOMC hiked by 25bps for the first time since Kevin Warsh took charge. We are inclined to see Wednesday's tightening as a fine-tuning operation, though we are far from certain that this is a one-and-done scenario. Given Chair Warsh's comments, and more hawkish SEPs, we doubt the economic picture will look all that much improved come the October meeting. As such, we are revising our Fed call, adding a rate increase next month to our baseline, before an extended pause. Second, the BoE, which held rates on Thursday, to minimal surprise, although a hawkish tweak in guidance means we see growing risk of a rate increase before year-end. And finally, the BoJ, which hiked rates Friday. But as expected, tighter policy was accompanied by guidance that disappointed market expectations. The net result is a stronger dollar on the week, a modestly weaker pound, and a yen that has now largely given up its early September gains.

The week ahead is likely to follow a similar pattern, with a triple-header of European central banks delivering rate decisions Thursday morning. The Norges Bank, Riksbank, and SNB are all on deck, though all are likely to leave policy untouched. Monetary policy moves aside, the week also plays host to Australian employment data for August, and flash September PMIs. Still, we think the backdrop favours the dollar again on balance, as quarter-end draws closer, despite the somewhat lighter US data calendar.

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ECONOMIC CALENDAR

All times in BST

Monday 21/09

Time	Country	Event	Period	Estimate	Prior
2:00	China	1-Year Loan Prime Rate	21-Sep	3.00%	3.00%
		5-Year Loan Prime Rate	21-Sep	3.50%	3.50%
9:00	Switzerland	Total Sight Deposits CHF	18-Sep		451.6b
	Eurozone	ECB's Kazimir, Dolenc Speak in Bratislava			
11:30	United States	Fed's Goolsbee Speaks About Monetary Policy			
16:20	Canada	Bank of Canada Governor Tiff Macklem Speaks in Halifax			

Tuesday 22/09

Time	Country	Event	Period	Estimate	Prior
4:10	Australia	RBA's Bullock-Fireside Chat			
7:00	United Kingdom	Public Sector Net Borrowing	Aug	15.7b	1.8b
9:30	Eurozone	ECB's Nagel Speaks in Frankfurt			
13:00	Hungary	Central Bank Rate Decision	22-Sep	5.50%	5.50%
13:30	Eurozone	ECB's Sleijpen, Buch Speak in Amsterdam			
15:00	Eurozone	Consumer Confidence	Sep P	-16	-15.5
15:05	United States	Fed's Williams Gives Keynote Remarks			
15:20	United States	Fed's Jefferson Speaks on Treasury Market Functioning			
18:00	United States	Fed's Barkin Speaks to the CFA Society Baltimore			
20:30	Eurozone	ECB's Nagel Speaks in London			

Wednesday 23/09

Time	Country	Event	Period	Estimate	Prior
6:00	Singapore	CPI YoY	Aug	2.30%	2.20%
		CPI NSA MoM	Aug	0.60%	-0.20%
		CPI Core YoY	Aug	2.20%	2.00%
8:00	Eurozone	ECB's Vujcic Speaks in Frankfurt			
8:15	France	S&P Global France Manufacturing PMI	Sep P	50.9	51.1
		S&P Global France Services PMI	Sep P	48.3	48
		S&P Global France Composite PMI	Sep P	48.6	48.5
8:30	Germany	S&P Global/BME Germany Manufacturing PMI	Sep P	54	54.3
		S&P Global Germany Services PMI	Sep P	50	49.7
		S&P Global Germany Composite PMI	Sep P	51.8	51.8
9:00	South Africa	CPI MoM	Aug	0.10%	0.20%
		CPI YoY	Aug	4.50%	4.30%

Time	Country	Event	Period	Estimate	Prior
		CPI Core MoM	Aug	0.10%	0.50%
		CPI Core YoY	Aug	4.20%	4.20%
	Eurozone	S&P Global Eurozone Manufacturing PMI	Sep P	52.6	52.7
		S&P Global Eurozone Services PMI	Sep P	51.4	51.6
		S&P Global Eurozone Composite PMI	Sep P	51.6	52
9:30	United Kingdom	S&P Global UK Manufacturing PMI	Sep P	51.5	51.7
		S&P Global UK Services PMI	Sep P	52.1	52.5
		S&P Global UK Composite PMI	Sep P	52	52.5
9:50	Eurozone	ECB's Zigman Speaks in Zagreb			
14:00	South Africa	SARB Announce Interest Rate	23-Sep	7.25%	7.00%
14:45	United States	S&P Global US Manufacturing PMI	Sep P	53.6	53.9
		S&P Global US Services PMI	Sep P	56	56.5
		S&P Global US Composite PMI	Sep P		56
15:05	United States	Fed's Barr Speaks on Housing			
17:30	Eurozone	ECB's Lane Speaks in Geneva			

Thursday 24/09

Time	Country	Event	Period	Estimate	Prior
2:30	Australia	Employment Change	Aug	20.0k	-15.8k
		Unemployment Rate	Aug	4.50%	4.50%
		Participation Rate	Aug	66.90%	66.90%
8:30	Switzerland	SNB Policy Rate	24-Sep	0.00%	0.00%
	Sweden	Riksbank Policy Rate	24-Sep	1.75%	1.75%
9:00	Switzerland	SNB's Schlegel Speaks After Rate Decision			
	Norway	Deposit Rates	24-Sep	4.50%	4.25%
	Eurozone	ECB Publishes Economic Bulletin			
	Germany	IFO Business Climate	Sep	89	88.8
		IFO Current Assessment	Sep	88.9	88.5
		IFO Expectations	Sep	89.4	89.1
9:10	United States	Fed's Williams Speaks During Moderated Discussion			
10:30	United Kingdom	BOE's Dhingra Speaks in London			
12:00	Canada	CFIB Business Barometer	Sep		57.6
13:00	United States	Fed's Barkin In Fireside Chat With Economic Club of Washington			
13:30	United States	Initial Jobless Claims	19-Sep		196k
13:50	United States	Fed's Hammack Delivers Opening Remarks at Inflation Conference			
14:30	United Kingdom	BOE's Breeden Speaks in London			
15:00	United Kingdom	BOE's Lombardelli Speaks in Poland			
20:00	Mexico	Overnight Rate	24-Sep	6.50%	6.50%

Friday 25/09

Time	Country	Event	Period	Estimate	Prior
0:01	United Kingdom	GfK Consumer Confidence	Sep	-16	-14
10:15	United States	Fed's Williams Participates in Policy Panel			
19:00	United States	Fed's Hammack Participates In Policy Panel Discussion			
	Eurozone	ECB's Vujcic Speaks in Cleveland			

DATA PREVIEWS

MNB preview: Staying on pause for now

Tuesday's Monetary Council meeting is the one the MNB has been steering markets towards all summer. Having delivered the three-step mini easing cycle Governor Varga signalled in June, taking the base rate from 6.25% to 5.50%, policymakers pointedly declined to pre-commit in August, saying the path from here would be settled in September alongside a fresh Inflation Report. Consensus looks for no change at 5.50%, and we concur.

The case for pausing rests largely on the Middle East. Headline inflation is no constraint after CPI ran at 1.2% in July and 1.3% in August, the latter half a point below the Bank's own projection, leaving a real policy rate above four percent. But Hungary imports over 80% of its crude and over 70% of its gas. Critically, the protected fuel price scheme was scrapped in late June, so pump prices now feed into CPI unhindered, with diesel already at a four-year high.

Moreover, the services caveat we flagged in August also stands: restaurant, health and communication prices were rising at 4–6% even as headline inflation collapsed.

"Combined with the ECB's hike to 2.50% on 10th September and Wednesday's Fed move to 3.75–4.00%, the room to ease has narrowed sharply. A confirmed pause and lower target should support HUF on the day, though we would fade strength much below 360."

PMIs preview: Not so hot anymore

Wednesday's September flash PMIs should provide the first broad read on how European businesses are responding to the latest escalation in the Middle East, at a point when the inflationary consequences of disrupted energy flows are again colliding with concerns over growth. This backdrop failed to meaningfully impact the August readings, but September figures are likely to look more concerning. Granted, consensus is relatively sanguine. The eurozone composite is expected to ease from 52.0 to 51.6, with manufacturing almost unchanged at 52.6 and services slipping to 51.4. The UK composite is similarly seen moderating from 52.5 to 52.0. In both cases, we see risks skewed to the downside.

Within the eurozone, the country split will also be important. French manufacturing is expected to remain just in expansion at 50.9, but services at 48.3, in line with consensus, would leave the composite at 48.6 and signal another month of declining private-sector activity. Germany is expected to fare better, with manufacturing still robust at 54.0, services returning to the 50.0 threshold and the composite unchanged at 51.8. Even so, energy-intensive German manufacturing is hardly insulated from another sustained rise in fuel and transport costs, leaving us sceptical that last's month's resilience has continued.

For the ECB, this data likely changes little. The Governing Council raised the deposit rate by 25bp to 2.50% on September 10th, while our post-meeting assessment kept a December hike on the table but argued for greater caution from here.

"A composite miss accompanied by weak new orders would strengthen the case for patience at the October 29th meeting, even as concerns that the energy shock is broadening will likely keep a December move in play."

The UK release could be even more consequential. Consensus sees manufacturing slipping to 51.5 and services to 52.1, while we expect a softer set of numbers. Putting that in context, the BoE held Bank Rate at 3.75% on September 17th in a 6-3 vote, but its communication turned materially more hawkish as the Middle East conflict persisted. We continue to expect no change on November 5th, though that call is now under pressure. A soft activity print with contained prices would support our view that the MPC will wait for clearer second-round effects. An acceleration in price indices, however, would make that position harder to sustain and should prove the more supportive outcome for sterling, if realised.

Australia jobs preview: Confirming further tightening

Thursday's employment report is the last top-tier Australian release before the RBA's late September decision (announced on the 29th), and it lands with the Aussie firmly on the back foot. Consensus looks for a +20.0k rebound in employment after July's shock -15.8k contraction, with unemployment steady at 4.50% and participation unchanged at 66.90%. That said, July's fall was less alarming beneath the surface, with a 32.2k drop in part-time roles masking a 16.3k rise in full-time employment. We expect this strength to show through more clearly in the August figures, looking for a print modestly above consensus forecasts.

If correct, this should reinforce our call for the RBA to hike again later this month, likely lifting the market implied odds of a rate hike to near fully priced, up from around 90% currently. While elevated energy costs have seen traders align with our call for further policy tightening, solid labour market figures should seal that decision, with a robust labour market offering a channel to embed inflation spillovers.

"With this in mind, we also look for AUDUSD to hold its ground in the coming week in the face of a resurgent dollar, pencilling in a modest bounce higher on this latest round of jobs data."

SNB preview: No need to tweak

Thursday's quarterly assessment should be among the more predictable events of the week. We expect the SNB to leave its policy rate unchanged at 0.00% at 08:30 BST on September 24th, the call we set out in our September FX Forecasts and one shared by almost the entire analyst community. Markets agree. No move is priced for Thursday, and a first 25bp hike is not fully discounted until March 2027.

Admittedly, recent data have made that call marginally more interesting. August CPI accelerated from 0.4% to 0.8% YoY, comfortably above the 0.5% consensus and the fastest pace since August 2024, with core inflation rising to 0.4%. Importantly, the increase was not solely driven by energy, as higher housing rents and hospital services also contributed. Growth was firm too, although the 1.9% headline Q2 GDP print overstates the surprise, with sport-event-adjusted growth of 1.5% landing exactly in line. Even so, inflation sits well within the 0-2% band, and June's conditional forecast of 0.6% for both 2026 and 2027 already anticipated some near-term acceleration. That should reinforce the case for rates at 0.00% while removing any lingering rationale for a move back below zero.

Communication is therefore where the interest lies, and here, the Middle East is central. In March, the Bank explicitly tied an increased willingness to intervene to the conflict, seeking to counter "rapid and excessive" franc appreciation. That risk has since inverted. With the ECB having hiked to 2.50% on September 10th and the Fed following to 3.75-4.00% last Wednesday while the SNB stands still, and with the franc increasingly used as a funding currency, EURCHF has climbed from roughly 0.90 in March to around 0.945, its highest since early 2025, meaning a softer franc is now adding to imported inflation rather than suppressing it.

That raises a genuine question over whether the enhanced intervention language is retired. We doubt it. Hormuz remains contested; last week's strikes on Saudi Arabia's East-West pipeline are a reminder of how quickly haven demand can return, and dropping the reference risks being read as an invitation to buy francs.

"Upward revisions to the inflation profile are thus the main hawkish risk, potentially pulling hike expectations forward and lending the franc modest support."

We therefore look for a quiet meeting, retaining our EURCHF forecasts of 0.95 in three months and 0.97 in twelve.

Riksbank preview: Not yet ready to move

We look for the Riksbank to leave the policy rate at 1.75% for an eighth consecutive meeting, matching both consensus and market pricing. The substance sits in the September Monetary Policy Report, the first full set of forecasts since June, and specifically in how far the projected rate path is revised higher.

"The hawkish case has strengthened considerably since August, when the Board held while keeping the door open to a rise before year-end, and Governor Thedéen told the meeting that his next move in rates would have to be upwards."

Renewed hostilities in the Middle East have since overtaken the energy assumptions underpinning June's projections, which read oil futures as pointing to normalising supply and falling prices. Attacks on Gulf shipping have pushed Brent back above $100, with the Strait of Hormuz still effectively closed. Add the ECB's 25bp hike to 2.50% on 10 September, which widened the euro-Swedish policy gap to a record 75bp, plus hikes from the Fed and the BoJ this week, and the case for standing still looks thinner than it did in the summer.

Measured inflation nonetheless gives the doves cover. August CPIF was confirmed at 0.7%, the softest reading since December 2020, with the ex-energy measure slipping to 0.5%. As we have stressed in our reactions to recent Swedish prints, these figures are heavily distorted by temporary fiscal measures, chiefly the halving of food VAT from 12% to 6% on April 1st, alongside fuel and electricity tax relief. The Riksbank puts the combined drag at roughly 1.5 percentage points and judges underlying inflation, stripping out energy and those direct effects, to be close to target.

As we see it, there is no immediate need for tighter policy, even if upside risks are building. That leaves November as the earliest realistic date for a first move. Our base case remains a hold, but with a meaningfully steeper path and an explicit November option retained. If correct, that should help to steady the krona around 11.3 in the short term.

Norges Bank preview: Tightening, but only later in the year

We expect the policy rate to be left at 4.25% at the Norges Bank's September meeting – a decision that markets currently price as a coin flip. Economists are also split on the outcome, albeit with a narrow majority favouring a hike. Aside from the decision itself, there should be plenty of focus on the MPR and the rate path, where we see risks of an upward revision in 2027. Assuming no surprises, we will be updating our call for a rate hike in November or December post-announcement.

We flagged after the June meeting that the decision changed the timing rather than the destination, with August and September the most plausible windows for a follow-up to May's off-consensus hike. The data since have eroded that case. CPI-ATE rebounded to 3.0% in August from 2.7%, but that sits three tenths below the June projection of 3.3%, and the monthly fall of 0.5% was deeper than consensus. Q2 wage growth of 4.0% is well under the Bank's 4.5% assumption for this year.

Wednesday's Regional Network survey removed another plank of the hawkish argument. Contacts still expect output growth of 0.3% in both Q3 and Q4, little changed, but the share reporting full capacity utilisation fell to 28% and those citing recruitment difficulties to 17%, both further below historical averages and down from 32% and 21% in March. Wage expectations for 2027 were also trimmed to 4.0%.

That leaves the Middle East as the hawks' remaining ground, although the impacts cut differently in Oslo. Brent above $100 per barrel is a terms-of-trade windfall whose inflationary sting is blunted by the currency. Norway remains relatively insulated from higher global energy prices, limiting the near-term monetary policy implications.

"Putting that all together, we think current economic conditions favour a wait-and-see approach, and no change in rates."

Middle East concerns, however, might warrant a hawkish tilt in guidance simply out of caution, even if a more immediate policy adjustment is unnecessary. As such, we look for a hawkish tweak to the rate path in 2027 that should offset any headline disappointment, with EURNOK likely to remain trading below 11.0 post-announcement.

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