Week Ahead

31st August - 4th September 2026

Attention on NFPs post-Jackson Hole

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INTRODUCTION

Writing just before Fed Chair Warsh takes the stage in Jackson Hole, the week just gone has seen most dollar pairs track sideways, largely undisturbed. Geopolitical stories have dominated, with US-Iran negotiations ongoing, US-Canada trade talks collapsing, and the CIA Chief paying a surprise visit to Moscow. For now though, traders continue to look through the noise, instead taking a steer from the light data calendar, meaning that quiet summer trading conditions have prevailed in another subdued period for FX markets.

The week ahead sees the end of August and the summer holidays, with September set to offer a busier calendar of events and likely, more market volatility. Kicking off the new month, traders will see rate decisions from the BoC and RBNZ, with the latter set to hike, and both banks facing questions about the forward-looking path for rates. Filling out the docket, CPI releases in the eurozone, Poland and Switzerland are also of note. But headlining the calendar, Friday's US jobs report will be key for the chances of a Fed rate hike later this month, and through to year-end. Absent a surprise from Chair Warsh this afternoon, we continue to expect no change in Fed rates through the end of 2026, an outlook that should weigh on the dollar at the margin as Q3 draws to a close.

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ECONOMIC CALENDAR

All times in BST

Monday 31/08

Time	Country	Event	Period	Estimate	Prior
2:30	China	Manufacturing PMI	Aug	49.6	49.2
		Non-manufacturing PMI	Aug	49.5	49
		Composite PMI	Aug		49.3
7:00	Sweden	Wages Non-Manual Workers YoY	Jun		2.80%
8:30	Poland	CPI MoM	Aug P	0.10%	0.80%
		CPI YoY	Aug P	3.20%	3.00%
9:00	Switzerland	Total Sight Deposits CHF	28-Aug		463.7b
9:30	Sweden	Riksbank's Jansson Speaks in Vasterhaninge, Sweden			
13:00	Germany	CPI MoM	Aug P	0.20%	0.80%
		CPI YoY	Aug P	2.90%	2.80%

Tuesday 01/09

Time	Country	Event	Period	Estimate	Prior
2:45	China	RatingDog China PMI Mfg	Aug	51.3	50.9
6:00	Japan	Consumer Confidence Index	Aug	35.3	34.9
9:30	Eurozone	ECB's Kocher Speaks in Alpbach			
10:00	Eurozone	CPI Estimate YoY	Aug P	3.30%	2.90%
		CPI YoY	Aug P	3.30%	2.90%
		CPI MoM	Aug P	0.50%	0.20%
		CPI Core YoY	Aug P	2.50%	2.50%
		Unemployment Rate	Jul	6.20%	6.30%
	Italy	CPI NIC incl. tobacco YoY	Aug P	3.20%	2.90%
		CPI NIC incl. tobacco MoM	Aug P		0.30%
13:00	Brazil	GDP QoQ	2Q	0.40%	1.10%
		GDP YoY	2Q	1.80%	1.80%
13:30	Eurozone	ECB's Nagel Speaks in Asheville, US			
15:00	United States	ISM Manufacturing	Aug	55.2	55.6
		ISM Prices Paid	Aug	72	71.1
		ISM New Orders	Aug	57	56.7
		ISM Employment	Aug	52.5	52.8
		JOLTS Job Openings	Jul	7380k	7359k
		JOLTS Job Openings Rate	Jul		4.40%
16:30	Eurozone	ECB's Vujcic Speaks in Berlin			

Wednesday 02/09

Time	Country	Event	Period	Estimate	Prior
2:30	Australia	GDP SA QoQ	2Q	0.30%	0.30%
		GDP YoY	2Q	1.80%	2.50%
3:00	New Zealand	RBNZ Official Cash Rate	2-Sep	2.75%	2.50%
4:00	New Zealand	RBNZ Governor Breman News Conference			
13:15	United States	ADP Employment Change	Aug	48k	44k
14:45	Canada	Bank of Canada Rate Decision	2-Sep	2.25%	2.25%
19:00	United States	Fed Releases Beige Book			
21:10	New Zealand	RBNZ Officials at Parliament Select Committee on MPS			
	Japan	BOJ Board Member Takata Speech in Sapporo			

Thursday 03/09

Time	Country	Event	Period	Estimate	Prior
2:00	Australia	RBA's Jones-Panel			
2:45	China	RatingDog China PMI Composite	Aug		50.8
		RatingDog China PMI Services	Aug	50.5	50.4
6:15	Australia	RBA's Hunter-Testimony			
7:30	Switzerland	CPI YoY	Aug	0.50%	0.40%
		CPI MoM	Aug	0.10%	-0.10%
		CPI Core YoY	Aug		0.30%
8:00	Switzerland	GDP QoQ	2Q	1.70%	0.70%
		GDP YoY	2Q	2.20%	0.50%
	Turkey	CPI YoY	Aug	31.60%	31.75%
		CPI MoM	Aug	1.92%	1.78%
		CPI Core Index YoY	Aug	30.10%	29.91%
10:30	United States	Challenger Job Cuts YoY	Aug		-46.10%
13:30	United States	Fed's Waller in Moderated Conversation			
		Initial Jobless Claims	29-Aug	205k	203k
		ISM Services Index	Aug	54.3	54.1
		ISM Services Prices Paid	Aug	70	70.3
		ISM Services New Orders	Aug	57	57.2
		ISM Services Employment	Aug	49	47.4

Friday 04/09

Time	Country	Event	Period	Estimate	Prior
9:30	United Kingdom	DMP 1 Year CPI Expectations	Aug		3.00%
		DMP 3M Output Price Expectations	Aug		3.90%
9:50	United Kingdom	BOE Governor Speaks in London			

Time	Country	Event	Period	Estimate	Prior
10:00	Eurozone	ECB's Lane Speaks in Dublin			
13:30	United States	Change in Nonfarm Payrolls	Aug	55k	-23k
		Two-Month Payroll Net Revision	Aug		-103k
		Average Hourly Earnings MoM	Aug	0.30%	0.10%
		Average Hourly Earnings YoY	Aug	3.00%	3.20%
		Average Weekly Hours All Employees	Aug	34.3	34.3
		Unemployment Rate	Aug	4.10%	4.10%
	Canada	Net Change in Employment	Aug	17.5k	75.1k
		Unemployment Rate	Aug	6.40%	6.40%
		Full Time Employment Change	Aug		38.6k
		Hourly Wage Rate Permanent Employees YoY	Aug		3.00%

DATA PREVIEWS

Poland CPI preview: Inflation rebound could close the door on a September cut

Poland's August flash CPI, due on August 31st, will be the final major inflation signal ahead of the NBP's September 9th rate decision. We expect inflation to reaccelerate from July's 3.0% YoY reading, consistent with our forecast of CPI averaging 3.4% in Q3. That would leave inflation close to the top of the NBP's 2.5% ±1pp target band and, in our view, make another rate cut difficult to justify in September. With some further easing still reflected in market pricing, a firmer print should support PLN.

July's inflation mix already points to upside risks. Headline CPI rose 0.8% MoM, while core inflation remained sticky at 3.1% YoY. Energy inflation stood at 4.5% YoY, with fuel prices up 15.8%, while producer prices have reversed sharply, rising 2.8% YoY in July after beginning the year in deflation. Wage growth is an additional domestic source of pressure, with July earnings rising 6.8% YoY.

"Taken together, stronger pipeline costs and persistent wage growth suggest that underlying disinflation is losing momentum."

There are offsets, granted. Food prices fell 0.4% YoY in July, consumer confidence weakened again in August, and manufacturing remains in contraction, limiting the scope for a broad demand-driven inflation surge. A relatively firm zloty should also continue to dampen imported price pressures. But these factors would need to dominate the energy and services impulse to produce a meaningful downside surprise.

For the NBP, this CPI print will be an important input into the September 9th decision. The reference rate has stood at 3.75% since March, but the MPC remains divided over whether easing should resume. Governor Glapiński has opened the door to another cut, while other members have argued for greater caution. A print moving towards our 3.4% Q3 inflation profile should strengthen the case for holding rates and reduce the probability of a September cut. We expect rates to remain unchanged in Poland, but with one further reduction still partly reflected in forward pricing, this leaves risks asymmetric for PLN: firmer inflation can remove easing expectations and support the zloty, while a meaningful downside surprise would be needed to revive near-term cut expectations and push EURPLN higher.

Eurozone CPI preview: CPI set to reinforce September hike call

Eurozone inflation looks set to remain uncomfortably above target in August, reinforcing our call for another 25bp ECB rate hike in September. Early national releases already point in that direction. Spanish HICP accelerated sharply to 4.5% YoY, its highest since 2023, while French inflation rose from 2.4% to 2.7%, marginally above expectations. Energy remains the dominant driver in both countries. Still, with eurozone inflation already at 2.9% in July, the first August prints suggest little immediate relief for policymakers, while expectations for the aggregate release have shifted above 3%.

That matters with the ECB meeting just nine days later. The Bank raised the deposit rate by 25bp to 2.25% in June before pausing in July, but the meeting account made clear that the pause should not be interpreted as the end of the tightening cycle. Policymakers saw another hike as likely unless the inflation outlook improved significantly, while some members argued that policy may need to become mildly restrictive.

"This chimes with our existing view that another 25bp increase is very likely in September, and the first August inflation readings do little to challenge that call."

The national data increasingly suggest that the question for September is not if headline inflation remains too high, but whether energy costs are beginning to spill into core and services inflation. For now, we think the evidence remains limited. In France, energy prices rose 16.7% YoY and accounted for most of August's acceleration, while services inflation eased slightly and core inflation rose only marginally to around 1.5%. Another energy-led eurozone increase alongside subdued underlying inflation would thus support a September hike without necessarily pointing to an extended tightening cycle. A simultaneous pickup in core or services inflation would be much more consequential, but for now, that looks unlikely.

Still, for the euro, the distinction is key. A headline print above 3% should reinforce the September hike call, but with markets already fully pricing another 25bp move, the immediate EUR reaction may be limited if the surprise remains concentrated in energy. Firmer core or services inflation would offer a clearer positive catalyst by increasing the risk that September is not the final move. But given our CPI expectations, we are biased to look for only modest euro upside.

RBNZ preview: A more dovish follow-up

We expect RBNZ to follow up on its July rate increase, which saw the OCR rise from 2.25% to 2.50%, with another dose of policy tightening on Wednesday morning, taking the policy rate to 2.75% post-meeting. Markets place the odds of a rate rise at 90%, meaning that the decision itself is unlikely to surprise. But three further hikes priced over the subsequent 12 months look overly aggressive in our eyes. A dovish hike, tightening policy while leaning against the market-implied rate path, seems a reasonable compromise from the MPC. If correct, that should check the kiwi's recent advance shy of 0.60 versus the greenback.

Looking at the evolution of data since the July 8th announcement makes the immediate decision clear-cut in our view. Private wages grew by 0.7% in Q2, 0.1pp above consensus expectations, and an acceleration from the 0.4% seen in Q1. That difference is all the more stark when looking at hourly earnings growth, which jumped from 0.2% to 1.4% over the same period. Accompanied by a simultaneous acceleration in employment, which rose 0.5% in Q2, and inflation above expectations at 4.1% YoY, with prices rising 1.5% last quarter alone, the labour market now appears to be feeding into price pressures, a dynamic that warrants tighter policy.

That said, we see reason for caution in the details too. The unemployment rate stands at 5.6%, up from 5.4% in Q1, albeit with that latter data point revised up by a tenth. And, while the rise in unemployment is more than fully explained by increased participation, this in turn suggests an expansion in the supply side of the economy that can absorb inflation pressures. Similarly, it is notable that inflation expectations have moderated, with the Q3 figure at 2.34%, down from 2.53% previously. Meanwhile, retail sales dipped 0.5% in Q2, and August ANZ consumer confidence also fell, modestly.

"Putting this all together, we think the RBNZ needs to find a balance. Hard data favours higher rates, but indications are that inflation pressures may have softened in recent months, weighing against overtightening."

Accordingly, we anticipate a dovish hike, with guidance accompanying the decision that pushes back on the current market-implied path for rates. If correct, and with the headline decision close to fully priced, dovish guidance is likely to dictate the FX reaction, ensuring NZDUSD remains stuck below 0.60 in the week ahead.

BoC preview: Tariffs and data pull in opposite directions

The Bank of Canada announces policy on Wednesday at 14:45 BST, and we expect a seventh consecutive hold, leaving the overnight rate at 2.25%, unchanged since last October's cut. Markets broadly agree with swaps assigning only a marginal probability to a hike, while the roughly 20bp of tightening priced by year-end back in July has unwound further in response to more recent US tariff news.

Indeed, that trade shock now dominates the backdrop to this BoC meeting. Talks between Ottawa and Washington collapsed late on Friday 21st August, with the US following through on 50% tariffs covering Canadian vehicles, steel and agricultural products, and Ottawa's retaliation on $20bn of US goods set for September 8th. President Trump has since threatened to lift tariffs on all Canadian vehicles, auto parts and steel to 50% from January 1st. With USMCA having lapsed on July 1st and little prospect of negotiations resuming before the US midterms, the Governing Council now faces a sizeable demand shock, estimated to shave 0.3-0.6pp from growth over the next year, landing on an economy only just beginning to show signs of recovery.

Still, a weaker outlook needs to be weighed against current economic conditions. July CPI reached 3.0% YoY, the top of the Bank's tolerance band, as gasoline prices surged 25.7% annually on the back of renewed US–Iran hostilities — with supply risks from Washington's fresh secondary sanctions doing little to ease the pressure. Retaliatory tariffs and a softer loonie add further upside price risks. Even so, as we argued in our reaction to the July inflation report, core-median at 2.0% and core-trim at 1.9% suggest underlying pressures remain contained, leaving little reason for the Governing Council to overreact, consistent with our long-held scepticism towards 2026 hike pricing.

"As such, with no new forecasts due until the October MPR, we look for a hold paired with guidance that tilts dovish at the margin: reiterating July's readiness to respond while conceding that trade risks have deteriorated sharply, keeping the door ajar to easing should hard data confirm the damage."

That would be in keeping with guidance from earlier in 2026, when downside trade risks and a weak economic backdrop saw BoC communications skew consistently dovish relative to market pricing. Against a Fed holding at 3.50–3.75% with hikes still live, a dovish-leaning hold should do little to arrest the recent move higher in USDCAD. We see 1.40 as the obvious topside target over the coming weeks.

Swiss CPI preview: Still too soft to shift the SNB

Swiss August CPI lands on September 3rd, with headline inflation having eased to 0.4% YoY in July and core inflation stuck at 0.3% for four consecutive months. We expect another subdued reading, reinforcing our view that the SNB will keep its policy rate at 0.00% through the end of 2027. A soft print does nothing to that call, so the more interesting story sits with the franc, not the rate. With Russia warning the UK of consequences over its arming of Ukraine and a rare CIA visit to Moscow this week, geopolitical risk is broadening beyond the Middle East, keeping safe-haven demand for CHF firm.

The SNB has held rates at zero since June 2025, after 175bps of easing since early 2024. Its June conditional forecast puts average inflation at 0.6% in both 2026 and 2027, with the upward revision from late last year driven largely by imported energy pressures rather than stronger domestic inflation. The SNB's July policy discussion found second-round effects from the energy shock had so far been limited, while domestic producer prices were still 2.3% lower YoY in July and CHF strength continues to suppress imported inflation.

Headline growth remains a counterpoint, however. Q2 GDP expanded by an estimated 1.5% QoQ after adjusting for sporting-event distortions, far above the 0.3% expected, while firms surveyed by KOF expect nominal wages to rise 1.2% over the coming year. But much of the GDP surge came from chemicals and pharmaceuticals, limiting the read-through to broader domestic demand. Wage pass-through should also operate with a lag, while core inflation at 0.3% offers little evidence that stronger activity is translating into broader price pressure. In short, strong growth is not yet producing strong inflation.

For CHF, the risks around the release remain asymmetric. An upside surprise could offer modest support by reducing the risk of negative rates, but would not challenge our call for unchanged policy through 2027 unless accompanied by a clear pickup in underlying inflation. The more meaningful risk is a renewed slide towards zero, particularly if core inflation softens as well. That would revive the easing debate after Board member Petra Tschudin reiterated on August 21st that negative rates remain available if needed. Even then, the reaction may prove short-lived, with detailed Q2 GDP data arriving 30 minutes later. Beyond the release, safe-haven demand should keep CHF supported on dips, while the SNB's discomfort with rapid appreciation limits the scope for outsized gains into the September 24th assessment.

US jobs preview: August payrolls should decide if September is live

Writing just prior to Fed Chair Warsh's speech in Jackson Hole, the main event of the week ahead arrives Friday, with the August US employment report due at 13:30 BST, landing just before Labor Day weekend. Coming on the heels of Chair Warsh's keynote and the preliminary benchmark payroll revisions, this is the last major labour market reading before the FOMC convenes in September, and it should help settle whether that meeting is live, with markets currently attaching roughly a one-in-three probability to a 25bp hike.

The July report set a low bar. As we wrote at the time, headline payrolls printed at -23k against the 80k expected, undershooting all sell-side forecasts, while back-month revisions subtracted a further 103k. Even so, the single largest drag came from a 50k contraction in local government jobs, while private payrolls still rose by 30k, helping moderate an otherwise alarming slowdown. On the flip side, a fall in unemployment to 4.1% was more than fully explained by sliding participation, now down a full percentage point year-to-date at 61.4%. This divergence leaves us nervous about data quality, albeit while doing little to alter our long-standing view that the labour market is more fragile than official statistics suggest.

> "For August, consensus looks for a rebound to 55k as last month's education-driven public sector distortion washes out, implying private hiring broadly unchanged from July."

The unemployment rate is seen steady at 4.1%, though we would again read this in the context of any change in participation. On pay, average hourly earnings are expected to rise 0.3% MoM, with the annual rate cooling from 3.2% to 3.0%, undercutting the wage-price spiral narrative favoured by the FOMC's hawks. All told, this mix, if realised, should offer little to push the FOMC toward tightening policy.

Admittedly, the June dot plot signalled a tightening bias, while July's hold at 3.50-3.75% drew three dissents in favour of a quarter-point hike. We doubt August payrolls will alter those dissents, absent a large downside surprise. Rather, an in-line set of figures likely means FOMC division will persist into Q4, although updated September projections could well see the Committee's tightening bias eased, and prompt markets to trim rate rise bets at the margin. With more clarity on the Fed's reaction function, we would ordinarily expect this to kill off September tightening bets entirely. That looks unlikely at present, however, barring a surprise from Chair Warsh's Jackson Hole keynote, meaning swaps are likely to carry a residual tightening bias into the Fed's upcoming decision if payrolls match expectations.

That said, we think the immediate market risk in response to August payrolls stems from a print north of 100k with firm wages. Such an outcome would likely see hike bets rebuilt quickly, lifting front-end yields and the dollar — all the more so if Warsh struck a hawkish note in Wyoming, albeit neither eventuality is our base case. On balance, we look for Friday's data to keep the Fed on hold in September, leaving dollar risks around the release skewed to the downside overall, but with a much sharper upside reaction likely if the data exceeds expectations.

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