Week Ahead

7th - 11th September 2026

A soft start to September for the dollar

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INTRODUCTION

Following a solid end to August, the beginning of September has brought with it a reversal of fortunes for the dollar, despite domestic data broadly exceeding expectations. Indeed, in the main data release of the past week, nonfarm payrolls rose by 162k, overshooting all economist estimates. And yet, the DXY index finished up the week trading around the 99 mark after USDJPY carry trade unwinds weighed notably on wider dollar performance. Interestingly, the dynamic seems to have been sparked by a surprise outbreak of BoJ hawkishness. Whether or not such rhetoric persists will now be closely watched as the September round of central bank decisions approaches.

The week ahead sees one such G10 announcement, with the ECB set to hike rates. After Lagarde dropped some unusually strong hints in July, data since has all but confirmed the decision. The NBP is due to meet too, albeit we expect no change in the policy stance. CPI readings across Scandinavia will help inform upcoming rate decisions, but nowhere is an inflation release as likely to attract as much scrutiny as in the US, with August CPI due to drop Friday. This one data print, we think, could swing the balance of evidence for or against a Fed rate increase on September 16th, and as such, should invite plenty of greenback volatility to close out the end of the coming week. We lean toward a softer dollar again, but with admittedly low conviction.

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ECONOMIC CALENDAR

All times in BST

Monday 07/09

Time	Country	Event	Period	Estimate	Prior
2:30	Australia	ANZ-Indeed Job Advertisements MoM	Aug		0.80%
7:00	Sweden	CPI MoM	Aug P	-0.10%	-0.30%
		CPI YoY	Aug P	0.50%	0.20%
		CPIF MoM	Aug P	-0.10%	-0.30%
		CPIF YoY	Aug P	0.90%	0.70%
		CPIF Excl. Energy MoM	Aug P	-0.30%	0.40%
		CPIF Excl. Energy YoY	Aug P	0.70%	0.60%
8:00	Switzerland	Unemployment Rate SA	Aug	3.10%	3.10%
9:00	Switzerland	Total Sight Deposits CHF	4-Sep		457.3b

Tuesday 08/09

Time	Country	Event	Period	Estimate	Prior
0:30	Japan	Labor Cash Earnings YoY	Jul	3.90%	3.40%
		Cash Earnings - Same Sample Base YoY	Jul	4.30%	4.40%
4:20	Australia	RBA's Hunter-Fireside Chat			
7:30	Hungary	CPI YoY	Aug	1.40%	1.20%
		CPI MoM	Aug	0.20%	-0.10%
10:30	Australia	RBA's Hauser-ABC Interview			
11:00	United States	NFIB Small Business Optimism	Aug	99.2	99.8

Wednesday 09/09

Time	Country	Event	Period	Estimate	Prior
0:40	New Zealand	RBNZ Assistant Governor Karen Silk Speaks			
2:30	China	CPI YoY	Aug	0.90%	0.50%
13:00	Mexico	CPI MoM	Aug	0.26%	0.03%
		CPI YoY	Aug	3.32%	3.12%
		CPI Core MoM	Aug	0.20%	0.23%
		CPI Core YoY	Aug	3.93%	3.95%
17:00	Sweden	Riksbank's Seim Speaks in Stockholm			
18:00	Eurozone	ECB's Nagel Speaks in Berlin			
	Poland	Poland Base Rate Announcement	9-Sep	3.75%	3.75%

Thursday 10/09

Time	Country	Event	Period	Estimate	Prior
0:01	United Kingdom	RICS House Price Balance	Aug		-30.00%
7:00	Norway	CPI Underlying MoM	Aug		0.80%
		CPI Underlying YoY	Aug		2.70%
		CPI MoM	Aug		1.00%
		CPI YoY	Aug		3.00%
	Sweden	GDP Indicator SA MoM	Jul		-0.20%
		GDP Indicator WDA YoY	Jul		2.40%
12:00	Turkey	One-Week Repo Rate	10-Sep	37.00%	37.00%
13:15	Eurozone	ECB Deposit Facility Rate	10-Sep	2.50%	2.25%
13:30	United States	Initial Jobless Claims	5-Sep	205k	206k
13:45	Eurozone	ECB President Christine Lagarde Holds Press Conference			
TBC	Japan	BOJ Board Member Masu Speaks in Fukui			

Friday 11/09

Time	Country	Event	Period	Estimate	Prior
7:00	United Kingdom	Monthly GDP (MoM)	Jul	0.00%	0.30%
		Monthly GDP (3M/3M)	Jul	0.30%	0.70%
8:00	Turkey	Expected Inflation Next 12 Mth	Sep		23.69%
13:00	Brazil	IBGE Inflation IPCA MoM	Aug		0.07%
		IBGE Inflation IPCA YoY	Aug		4.44%
13:30	United States	CPI MoM	Aug	0.40%	0.10%
		Core CPI MoM	Aug	0.20%	0.20%
		CPI YoY	Aug	3.40%	3.40%
		Core CPI YoY	Aug	2.40%	2.50%

DATA PREVIEWS

Scandi CPI preview: Inflation puts hawkish rate pricing to the test

Norwegian and Swedish inflation data next week will test increasingly hawkish market pricing across Scandinavia, albeit from very different starting points. The Norges Bank still retains a tightening bias despite underlying inflation undershooting its forecasts, while the Riksbank has only conditionally opened the door to higher rates even as markets now effectively price a hike by November. In our view, this leaves both currencies vulnerable to softer inflation prints, though the broader FX implications remain markedly different. NOK continues to benefit from substantially higher carry and favourable energy exposure, while SEK faces a widening rate disadvantage against the euro and higher imported energy costs.

In Norway, headline CPI has been volatile, ranging between 2.7% and 3.6% YoY this year and rebounding from 2.7% in June to 3.0% in July. The more important signal comes from CPI-ATE, however, which remained at just 2.7% last month. The Norges Bank acknowledged in August that inflation had been lower than projected over the summer, softening its guidance from June, when another hike was judged likely to be necessary, albeit retaining a hawkish skew, saying that further tightening may still be required. Activity and unemployment, meanwhile, have evolved broadly as expected, making inflation the clearest challenge to the Bank's June rate path.

> "Another soft CPI-ATE print would thus challenge a meaningful amount of tightening already embedded in the curve, with a 56% chance of a September hike priced."

Swedish policymakers face a similar question, but from a very different starting point. Headline CPI slowed to just 0.2% YoY in July, while CPIF fell from 1.3% to 0.7%. Even CPIF-XE, which excludes energy, stood at only 0.6%, despite edging higher from June. The Riksbank nevertheless held its policy rate at 1.75% in August while retaining the possibility of a hike later this year, arguing that policy would need to tighten if unexpectedly strong summer inflation proved the beginning of a broader and more persistent increase. Markets have moved considerably further: pricing now assigns a 42% probability to a September hike and almost fully prices a 25bp move by November. This raises the hurdle for the August CPI report. A rise driven predominantly by energy or other temporary components would do little to demonstrate the persistence the Riksbank says it needs to see, while another subdued underlying print would leave current market pricing looking increasingly difficult to justify.

From an FX perspective, a soft Norwegian print could temporarily weigh on NOK by trimming expectations for another Norges Bank hike, but a 4.25% policy rate still provides substantial carry, and elevated oil prices remain supportive for Norway's terms of trade. SEK has less protection. Even with markets pricing a Riksbank tightening cycle, Sweden's policy rate remains below the ECB's, while higher energy prices work against rather than in favour of the economy. We therefore continue to expect NOK to outperform SEK over the medium term. The main challenge next week is whether inflation data validate increasingly hawkish Scandinavian rate pricing; the broader macro backdrop still suggests that Norway is better placed if they do not.

NBP preview: Inflation rebound strengthens the case for a hold

The NBP looks set to leave its reference rate unchanged at 3.75% on September 9th, with the latest data strengthening our conviction in that call. August CPI accelerated from 3.0% to 3.4% YoY, while prices rose 0.4% on the month, reversing much of the disinflation seen earlier in the summer.

> "That leaves inflation close to the upper edge of the NBP's 2.5% ±1pp target band and, in our view, makes another rate cut difficult to justify at this stage."

The growth backdrop points in the same direction. Statistics Poland revised Q2 GDP growth up to 3.9% YoY, from the 3.8% flash estimate, with seasonally adjusted output rising 1.0% QoQ. That suggests the economy is absorbing restrictive monetary settings reasonably well and gives the MPC little urgency to support activity through lower rates. Fiscal policy adds another reason for caution. Poland's draft 2027 budget envisages a general government deficit of 7.1% of GDP, with spending consolidation delayed yet again. While this is primarily a medium-term consideration, continued fiscal support should reinforce the case for a cautious NBP easing cycle.

This marks a notable change from the inflation picture earlier in the summer. CPI touched the NBP's 2.5% target midpoint in June before rising to 3.0% in July and 3.4% in August. The latter is especially important for next week's decision: even if part of the rebound ultimately proves temporary, policymakers have little reason to pre-empt that outcome by cutting now. Governor Glapinski's emphasis on a flexible, data-dependent approach reinforces that logic. Having already slowed the pace of easing materially following the aggressive cutting cycle in late 2025 and a final 25bp move in March, we think the bar for additional near-term cuts has risen further.

We therefore expect the NBP to hold at 3.75% in September, remaining on pause through the end of this year and well into 2027. Our baseline still sees scope for a 25bp cut later in 2027, once favourable base effects and softer inflation create greater room to ease. For the zloty, that leaves the near-term balance supportive. A hold is largely expected, limiting the immediate reaction to the decision itself, but a cautious policy message that pushes back against renewed easing expectations should help keep the zloty supported. The main risk to our view is a faster reversal in inflation than we currently expect, but after August's upside surprise and another solid GDP print, we think the burden of proof now sits firmly with the doves.

ECB preview: One hike is locked in; December is not

Thursday's ECB decision, due at 13:15 BST, should deliver the 25bp hike to 2.50% we have called for since July. As we noted after July's hold, Lagarde came close to giving markets a green light to price a September move, while the meeting account published on 27th August went further, with another hike judged likely unless the outlook improved significantly. That has not been the case, based on recent CPI outturns. Unsurprisingly then, almost every economist surveyed by Bloomberg expects a 25bp rate increase, while swaps fully price Thursday's move, and imply almost two hikes by year-end in total.

> "With no policy rate surprise likely, guidance accompanying the decision will be key for the euro, although, if Lagarde maintains her typical non-committal approach, the immediate FX impact should be modest."

Of course, the key consideration for policymakers stems from conflict in the Middle East. As of writing, the Strait of Hormuz is effectively closed to shipping, having pushed Brent above $96 per barrel in the past week. European gas prices now sit at a three-year high, while August CPI rose to 3.3% YoY largely on higher energy costs. With the cut-off for the new staff projections likely predating this flare-up, eurosystem forecasts risk looking stale on arrival, as June's had by July, even if higher gas futures lift the 2027 inflation projection above June's 2.3%. Either way, the hawks will lean on energy persistence to press for a third hike in December, a call some sell-side houses now share.

That said, we remain unconvinced at present. As we noted after August's flash PMIs, evidence of energy cost pass-through into underlying inflation remains thin. July's core upside surprise, which we flagged at the time as strengthening the September case, reversed in August, with core easing to 2.4% and services slipping to 3.0%, a four-month low. The ECB's own research, published just this past week, argues a supply-driven shock warrants a more measured response. Meanwhile, wage growth is cooling, and firms appear to be absorbing rather than passing on costs.

We therefore expect Lagarde to pair a hike with a firmly meeting-by-meeting message, keeping December open without endorsing the market-implied path towards 3.00%. That offers the euro limited upside, barring an upward revision to core projections that recent data argues against. Accordingly, EURUSD should remain hostage to Hormuz headlines, and the dollar leg of the pair, with risks skewed towards a retest of the mid-1.15s, should hostilities escalate further.

US CPI preview: August inflation should settle the September debate

Friday's CPI report is the last major data point before the Fed's decision on September 16th, and after payrolls it carries the casting vote. As we noted in our reaction to the August jobs report, which delivered a 162k print against 55k consensus, the debate has tilted toward the hawks. Taken as a whole, the jobs report doesn't add support for higher rates, but it no longer weighs against such a move. September hike odds now stand at around 60%, with only CPI left to shift the balance.

Looking ahead then, consensus looks for headline CPI to accelerate to 0.4% MoM from 0.1% in July, leaving the annual rate unchanged at 3.4%. Energy will again be the culprit, with renewed hostilities in the Middle East having pushed Brent to near $95, while US pump prices held above $4 a gallon every day in August for the first time on record, and diesel has just hit an all-time high. Core is a different story: a 0.2% MoM print is expected, which would leave annual core inflation at 2.4%, down from 2.5% previously and its lowest since early 2021. We concur on this occasion, but it looks likely to be a close call.

Chair Warsh used Jackson Hole to warn that the summer's better readings had not convinced him that underlying trends had improved, three FOMC members had already dissented in favour of a hike in July, and Governor Waller has tied his own September vote explicitly to this release. Our call for the Fed to remain on hold this year is under clear pressure; a 0.3% core print would, in our view, make a 25bp hike to 3.75-4.00% the path of least resistance. A 0.2% reading, particularly with limited pass-through into airfares and transport services, keeps a hold on the table, though with a 0.4% headline alongside, we doubt it would be enough to fully unwind hike pricing ahead of the September rate decision. For the dollar, that poses asymmetric risks. While we favour modest downside on a 0.2% print, a beat is likely to elicit an upside response of greater magnitude.

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