

## **Week Ahead: RBA, FOMC Minutes and Non-Farm Payrolls.**

Central Bank heads were in the spotlight last week at the European Central Bank Forum. Fed Chairman Powell, ECB President Lagarde, and BOE Governor Bailey told the same message: We must get inflation lower at any cost, even if it causes a recession. Will the news and data due out this week continue to paint a picture of a world economy with high inflation and slower growth? The RBA meets on Tuesday and is expected to hike 50bps. On Wednesday, the US will release June's FOMC meeting minutes. Finally, on Friday the US releases Non-Farm Payrolls.

### **RBA**

The RBA meets on Tuesday this week for its July Interest Rate decision meeting. Markets are expecting an increase of 50 bps, which would raise the key rate level from 0.85% to 1.35%. At the last meeting on June 7th, the board decided that due to inflationary pressures and a strong labor market, there would be further tightening to come. However, for those who may be hoping for an increase of 75bps at this week's meeting (just as the FOMC), RBA Governor Lowe already shut that down, saying in late June that the decision at the upcoming meeting will be between 25bps and 50bps.

### **FOMC Minutes**

At the June FOMC meeting, the Committee hiked by 75bps. Markets were expecting a 50bps until just a few days before the meeting, when the Fed leaked the news to the Wall Street Journal that it would be hiking 75bps due to the higher-than-expected CPI and Michigan Inflation Expectations Index. Markets will be watching to see how much of a discussion took place to hike the 75bps vs 50bps. In addition, the Committee raised its rate forecast to 3.4% by the end of year. The current rate sits at 1.75%. Inflation forecasts were also increased. Powell noted in this press conference that the Fed is "highly attentive" to inflation risks and that the Committee continues to see risks for inflation to the upside.

### **Non-Farm Payrolls**

At the June FOMC meeting, Powell indicated that "our goal is to bring inflation down to 2%, while the labour market remains strong". On Friday, the US will get a better sense as to if the jobs numbers are still strong. The expectation for the headline print is +265,000 vs May's reading of +390,000. Last month's print was higher than expectations, but the lowest reading since May 2020 after the pandemic struck. In addition, the Unemployment Rate is expected to remain at 3.6% while Average Hourly earnings is also expected to remain unchanged at 0.3% MoM.



### **Monday**

Germany: Trade Balance (MAY)

Canada: Manufacturing PMI Final (JUN)

### **Tuesday**

Global: Services PMI Final

China: Caixin Services PMI (JUN)

Australia: RBA Interest Rate Decision

### **Wednesday**

EU: Retail Sales (MAY)

US: ISM Non-Manufacturing PMI (JUN)

US: FOMC Minutes

### **Thursday**

Germany: Industrial Production (MAY)

US: ADP Employment Change (JUN)

Canada: Ivey PMI s.a. (JUN)

### **Friday**

Canada: Employment Change (JUN)

US: Non-Farm Payrolls (JUN)

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