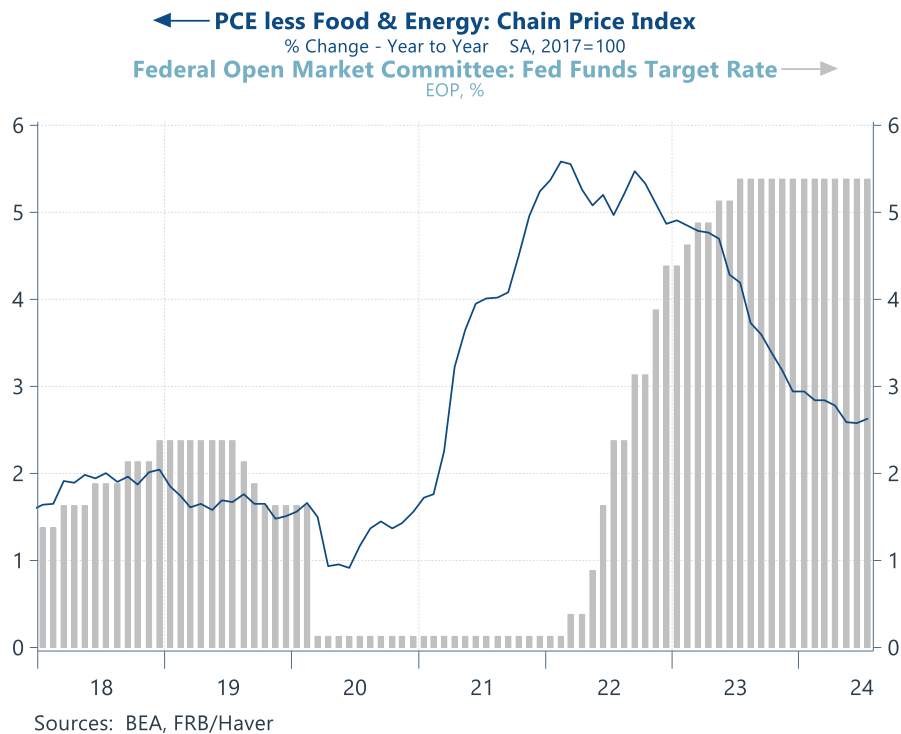


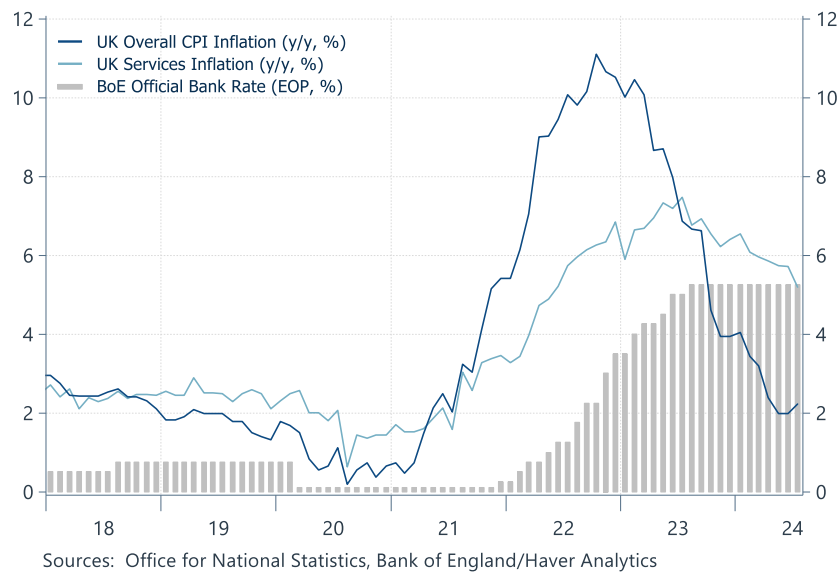
The week ahead

In the US, all eyes are on the Fed's interest rate decision scheduled for Wednesday, which is expected to mark the beginning of an easing cycle. The August jobs report, released last week, showed signs of a continued cooling labor market, with just 142,000 jobs added in the month and a downward revision of 89,000 jobs for the previous two months. Despite this, the unemployment rate fell to 4.2%, and wage growth slightly exceeded expectations. Markets are pricing in a rate cut, but the debate remains whether it will be 25 basis points (bps) or 50 bps. As of now, market expectations lean toward a 25 bps reduction. Other US data releases this week, including August retail sales, industrial production, and inventory figures, are likely to take a backseat to the Fed's decision.



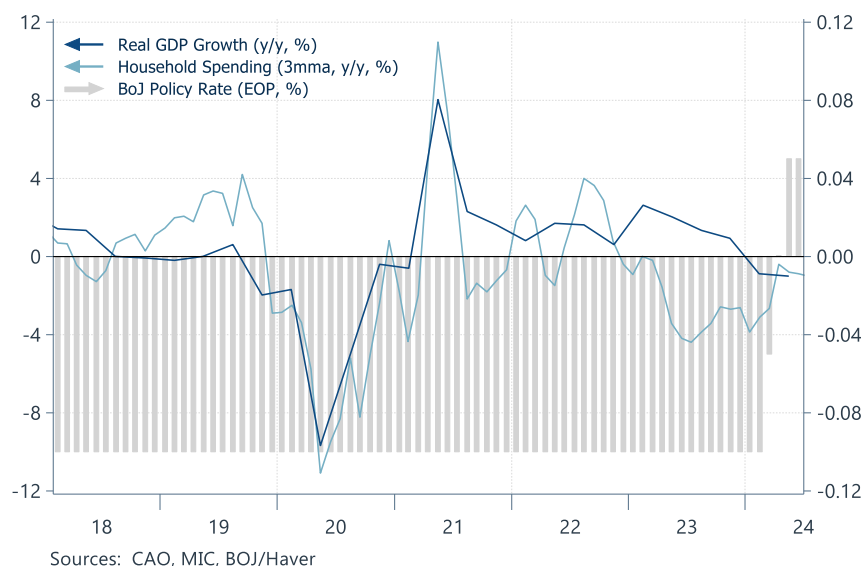
This week also brings significant interest rate decisions in Europe, including the Bank of England's (BoE) September meeting. The BoE is not expected to implement another rate cut this month, following its reduction in August. Recent remarks from BoE Governor Andrew Bailey suggest a cautious approach. Additionally, persistently high inflation in the services sector continues to impede overall disinflation. Consequently, further rate cuts are anticipated to be postponed until Q4. The UK's August CPI reading, released just before the BoE's decision, will be a crucial data point. In Norway, the central bank is also set to announce its interest rate decision. It is widely expected to keep its current policy rate unchanged in September, given considerations of a weak domestic currency on inflation. Additionally, Japan's economic and labor market data for July will be noteworthy, with industrial production, retail sales, and labor market figures scheduled for release on Friday.

UK CPI Inflation and BoE Policy Rate



This week also features key interest rate decisions in Asia, with particular attention on the Bank of Japan (BoJ). There is considerable uncertainty regarding potential tightening moves by the BoJ in its upcoming meeting, given recent data and developments. Japan's Q2 GDP was revised slightly downward, and July's household spending data fell short of expectations. Additionally, recent market volatility following the BoJ's last rate hike has raised concerns about the viability of the carry trade. Despite this, the BoJ may still pursue further tightening in October or December. In addition to the BoJ, interest rate decisions are also anticipated from China, Indonesia, and Taiwan. Bank Indonesia is expected to begin cutting rates only at the end of the year, following the appointment of the new Prime Minister and subsequent Fed cuts. In Taiwan, the central bank is likely to keep its policy rate unchanged, though it will continue to monitor the domestic real estate market closely.

Japan's Economy and the BoJ's Policy Rate



Data featured in the above charts:

Series 1: yyr%(JCXFEBM@USECON)

JCXFEBM@USECON [PCE less Food & Energy: Chain Price Index (SA, 2017=100)]

Series 2: FFEDTARE@USECON

FFEDTARE@USECON [Federal Open Market Committee: Fed Funds Target Rate (EOP, %)]

Series 1: yyr%(D7BT@UK)

D7BT@UK [UK: Consumer Price Index: All Items (NSA, 2015=100)]

Series 2: yyr%(D7F5@UK)

D7F5@UK [UK: Consumer Price Index: All Services (NSA, 2015=100)]

Series 3: N112RTAR@G10

N112RTAR@G10 [U.K.: Official Bank Rate (EOP, %)]

Series 1: JNNGPCY@JAPAN

JNNGPCY@JAPAN [Japan: Real GDP (NSA, Y/Y % Chg)]

Series 2: movv(FIAALEC@JAPAN,3)

FIAALEC@JAPAN [Japan: Avg Disb per HH, Real: 2+ Person HH Inc Agr: Living Exp (NSA, Y/Y%Chg)]

Series 3: movv(JPNRTARE@JAPAN,3)

JPNRTARE@JAPAN [Japan: Monetary Policy Rate [Spliced Series] (EOP, % p.a.)]

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