Global Economics Weekly

From uncertainty to multi-shock

As the US administration seems determined to impose high tariffs and 'detox' the domestic economy, US growth is set to slow sharply with global spillovers. Any effect from higher European investment will take time but could be significant. Next week, the Fed, BoE and BoJ will likely wait and see.

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Global Synthesis

From uncertainty to multi-shock

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Amid all the uncertainty, the shocks are taking shape

Uncertainty has been the dominant theme in markets for weeks now, and while Oscar Wild thought of uncertainty as "the very essence of romance", real life investors, corporates and consumers find nothing romantic about it. It makes them cautious, delays investment decisions and leads to increased precautionary savings. Falling confidence and deteriorating economic indicators have been the consequence. Growth forecasts have been revised down, including ours (more below), and faith in US exceptionalism has turned into US recessions fears.

However, not all is 'uncertain'. Amid the frequent and rapidly shifting policy announcements coming from the US administration, a number of trends are crystallizing. Leaving aside the domestic agenda, it has become clear that the Trump 2.0 administration i) will increase tariffs substantially — perhaps not 'literally' as high as mentioned in some election campaign statements, but higher than markets had expected in the (since corrected) belief that the administration would feel constrained by stock market sell-offs (ie, no 'Trump put' for the S&P 500); ii) will no longer automatically provide a security umbrella for Europe; iii) will no longer support the multilateral institutional framework of the post-WWII order and instead is pursuing a direct, transactional approach to international affairs and geopolitics (eg, Ukraine, Gaza, Greenland, Canada, Panama).

Indeed, the growing certainty about these US policy developments is best evidenced by the fact that they have started to create meaningful counter-reactions. Even before any Ukraine peace deal has been settled or any 'reciprocal' tariffs have been announced (on 2 April), Europe's largest economy this week decided to implement the most far-reaching fiscal policy package since the country's unification over three decades ago. Against its long-standing fiscally prudent stance, enshrined in its national 'debt brake', Germany is about to make constitutional changes to allow itself to boost defence and infrastructure spending by up to an additional 2% of GDP annually.

Sure, uncertainty remains about many details and implementation. But the situation that investors, as well as monetary policymakers, now face is exposure to multiple shocks rather than broad uncertainty. It is about figuring out how a likely imminent shock of aggressive US tariffs against Europe interacts with the more medium-term shock of an aggressive German investment offensive. Size, sequencing, speed, spillovers, multipliers and persistence of these two mixed demand and supply shocks will matter. Other types of shocks could be underway at the same time, such as the potential return of cheaper energy in the event of peace with Russia or the diversion of Chinese exports away from the US to the rest of the world.

Hence, as the Trump 2.0 administration has now been in office for 50+ days and its policies are increasingly taking shape, the global macro environment also turns from one of general uncertainty to one perhaps best described as multi-shock.

The US administration is determined to 'detox' the economy

No 'Trump put' as tit-for-tat trade wars escalate

After the hectic back-and-forth on Canada and Mexico tariffs last week, this week brought another escalation of trade tensions and policy uncertainty, as the previously announced 25% tariffs on steel and aluminium came into force. In response, the EU retaliated by reimposing tariffs put in place during the 2018 trade war (from 1 April, c.€8bn worth of goods) and setting in motion a plan to place tariffs on an additional €18bn of US goods from mid-April. In the same vein, Canada retaliated with 25% counter-tariffs on c.$20bn of US goods and, briefly, an export charge on electricity. In turn, the US administration hit back with threats of a 200% tax on EU wine and higher tariffs on Canadian metals.

However, even as the tit-for-tat trade wars escalate, the US administration is throwing a wet blanket on any hopes for a 'Trump put'. Not only did the president indicate this week that he would not back down from the steel and aluminium or 2 April tariffs, but both he and other major members of the administration have been recently speaking in unison about their willingness to face economic pain to implement their agenda and transform the economy. Whether there is a point at which this will no longer be true is anyone's guess, but the latest communications do not give any indication that we are near that point.

Separately, on the foreign policy front, Trump continues to pursue a ceasefire in Ukraine. This week, the Ukrainian and US delegations in Saudi Arabia reached an agreement on a 30-day partial ceasefire. However, it remains to be seen if this will be successful, as Russian President Putin has expressed reservations.[1] In addition, this would only be the first step and it is unclear whether Russia would ultimately abide by the terms of this or any future agreements.

Market narrative shifts to recession fears

Meanwhile, the US administration's tolerance for economic pain is of course not lost on markets, where the narrative has swiftly shifted from one where Trump's deregulation and possible tax cuts were supposed to boost the economy to fearing a recession on the back of chaotic policy. As a result, the S&P 500 has declined over 10% from its peak just under a month ago, while Treasuries have rallied, partly reflecting hopes for a 'Fed put' (more on this below).

Consumer and business sentiment continue to deteriorate

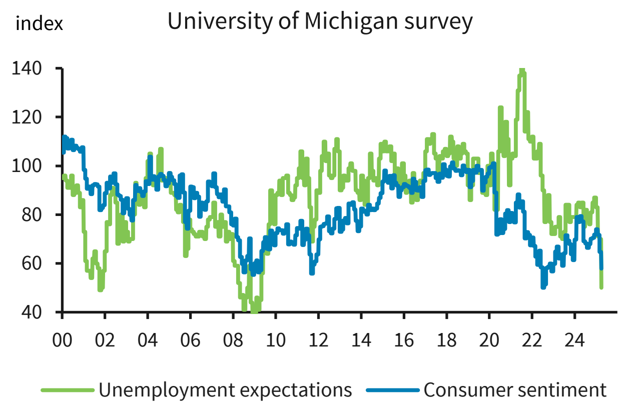
We also continue to see consumer and business sentiment react. For example, the NFIB small business optimism index, which spiked in November, pulled back somewhat this week, and the small business's uncertainty index increased. Moreover, the University of Michigan survey of consumer sentiment pulled back further, and respondents expect unemployment to rise.

Next week, we will see whether the drop in US consumer sentiment is echoed in Europe with the release of March flash consumer confidence. In addition, February US retail sales will provide an indication of the extent to which sentiment is spilling over into the hard data. For the control group, we are pencilling in a thin 0.4% m/m nominal increase following January’s 0.8% m/m

[1] 'Putin Stops Short of Endorsing Immediate Ukraine Ceasefire', Bloomberg, 13 Mar 2025

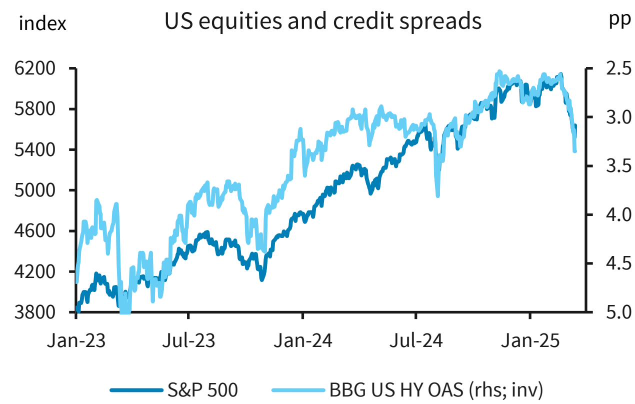
decline, just enough to keep pace with February's projected increase in the control group price deflator.

FIGURE 1. As the administration digs in, consumer and business sentiment continue to deteriorate...



Unemployment expectations are for the next year. A lower value of the index implies higher unemployment.
Source: University of Michigan, Bloomberg, Haver Analytics

FIGURE 2. ...and the market narrative has shifted to recession fears



Source: Bloomberg, Barclays Research

2025 growth expectations have been lowered

US to slow sharply from recent years

Reflecting the greater-than-expected US policy volatility and the resulting rise in uncertainty, softening in the data, and indications that the US administration could impose larger tariffs than previously thought, we again revised down our US growth forecasts. Specifically, we lowered our GDP growth rate by 0.5pp in Q1 (to 1.0% q/q saar), 1pp in Q2 and Q3 (to 0.5% q/q saar), and 0.5pp in Q4 (to 1.0% q/q saar). For 2025 as a whole, this implies a Q4/Q4 growth rate of 0.7%, roughly half of our previous forecast (1.5%) and a fraction of the growth rates seen in the past two years.

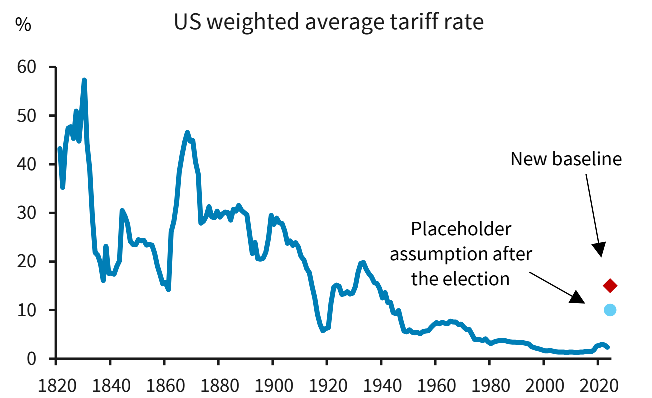
This incorporates our view that the 10% ultimate weighted average tariff rate (30% on China, 5% on the rest of the world) that we had assumed since the election might have been too low. While reaching a 30% tariff on China has played out largely as we had thought, Trump has shown more appetite to impose widespread tariffs, targeting countries and sectors even at the cost of disruptions to domestic production and supply chains (eg, with tariffs on Canada). Thus, we now pencil in a little over 10% tariff on the rest of the world. Combined with 30% on China, this implies the US weighted average tariff could ultimately reach 15%.

Tariffs, uncertainty, and US spillovers to weigh on the rest of the world

Trade wars, uncertainty, and slower US growth are also likely to drag on growth elsewhere. In the euro area, we think that these effects will dominate the fiscal expansion in the near term, and we revise down our Q4/Q4 forecast for 2025 from 0.7% to 0.4%. In contrast, we raise our 2026 growth estimate 0.4pp to 1.7% Q4/Q4, as we factor in the announcements on EU fiscal rules and defence spending in the EU. For Germany, we project higher defence and investment spending of 0.26% and 0.15% of GDP in 2026, respectively, which would have a positive impact on German growth of 0.4pp in 2026. While the German fiscal plans are not yet written in law, the Bundestag is widely expected to approve them next Tuesday, following an agreement reached between the CDU, SPD, and the Greens this Friday.

Economies in EM Asia are also exposed to the spillovers of US policy, particularly those that are more open, such as Korea, Taiwan, Singapore, Malaysia, and Thailand. In China, we estimate that the 20pp added to tariffs since inauguration will drag on GDP by 0.8-1.0pp, although this is already reflected in our baseline and the official GDP data might not fully reflect the economic realities. In LatAm, growth could also be lower than forecast in countries exposed to tariffs, uncertainty, and/or US growth spillovers.

FIGURE 3. Reflecting likely higher tariffs, uncertainty, and softer data...



On all products, including those that are duty free.
Source: USITC, US Department of Commerce, Bureau of Census, Historical statistics of the United States 1789-1945, U.S. International Trade Commission, Barclays Research

FIGURE 4. ...we revise down US growth, pencilling in a sharp slowdown

2025 is our forecast.
Source: BEA, Haver Analytics, Barclays Research

Central banks likely hold next week

Fed's SEP to show only one cut due to higher inflation expectations

However, higher tariffs also imply higher inflation. Thus, despite this week's somewhat encouraging CPI report (core CPI eased 22bp to 0.23% m/m on the back of a number of volatile services components snapping back), we increase our US inflation forecasts for 2025. We now expect core CPI to record a 3.6% Q4/Q4 (+0.3pp) increase this year, and core PCE to print at 3.2% (+0.4pp).

In turn, the Fed is facing a difficult trade-off. While an argument could be made that the coming bout of inflation is a one-time cost-push shock that the FOMC should look through, we think that this overlooks the broader context, and the usefulness of the 2018 trade war analogy is limited. This is because the Fed is no longer facing an environment in which inflation has been too low for too long, but one in which core PCE is on track to exceed 2% for the fifth consecutive year.

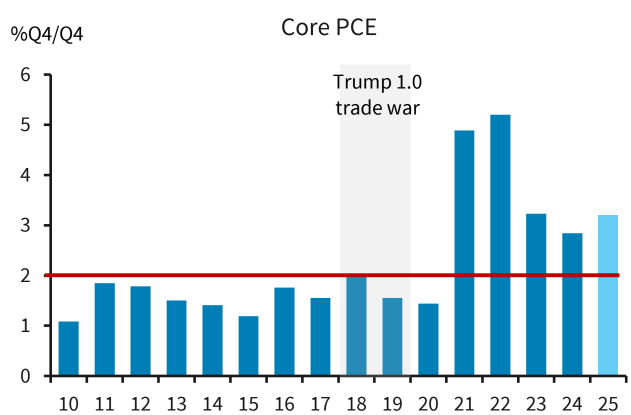
Critically, there is also a risk of inflation expectations de-anchoring to the upside. This week, the University of Michigan 5-10y inflation expectations spiked further, rising to 3.9% y/y, the highest since 1993. Despite the drawbacks of the UofMich survey and little corroboration from other measures of expectations, this is becoming increasingly difficult to dismiss.

Next week's meeting could provide a little more indication of how the Fed will navigate this trade-off. Although the FOMC will almost certainly hold rates steady, we will closely watch the Summary of Economic Projections (SEP). We expect the participants to forecast lower growth and a higher unemployment rate, but also higher inflation. The first two factors would argue for more cuts, but we think higher inflation, and particularly risks to inflation expectations, will lead the Fed to revise the dot plot and only indicate one cut this year. We also expect greater disagreement about the appropriate rate policy across participants.

Besides the SEP, however, we think that the statement and Chair Powell will aim to retain maximum optionality, emphasising uncertainty and steering away from any commitment. To this end, we expect Chair Powell to signal that the FOMC is in no rush to adjust rates and to say that the policy stance is well positioned to deal with the risks and uncertainties that the FOMC faces. We expect him to acknowledge the rising inflation expectations.

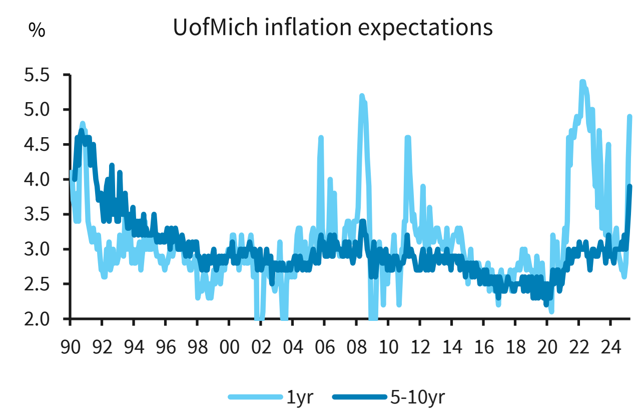
Following our revisions to growth and inflation this week, we now show two 25bp cuts (June, September) in our forecast for 2025. However, the risks are skewed toward fewer cuts, and we will be attentive to inflation expectations data.

FIGURE 5. **Core PCE is on track to exceed 2% for the fifth year in a row, unlike in 2018-19...**



2025 is our forecast
Source: BEA, Haver Analytics, Barclays Research

FIGURE 6. **...and inflation expectations are at risk of de-anchoring**



Source: University of Michigan, Haver Analytics, Barclays Research

BoE on hold as it awaits clarity on global and domestic unknowns

We also expect the Bank of England to stress heightened uncertainty when it likely holds Bank Rate steady next week. Apart from elevated global uncertainty, the BoE is also facing domestic unknowns, such as the effect of the planned increases in national insurance contributions and the national minimum wage, the effect of April's price resets, and the government's response to the updated OBR forecast on 26 March. Combined with some increases in inflation expectations and data outturns, which have been mixed with respect to the BoE's February forecast, the path of least resistance is for the BoE to wait for some of the uncertainty to clear before proceeding with another cut in May. We also expect little change in the communication and a vote split of 7-2, but 8-1 or 6-3 are also plausible, and we would not take much signal from those outcomes.

Aside from the BoE, next week also brings the January labour market report, which we expect to show regular private sector wage growth edging down 0.1pp to 6.1% 3m/y and the unemployment rate increasing 0.1pp to 4.5%.

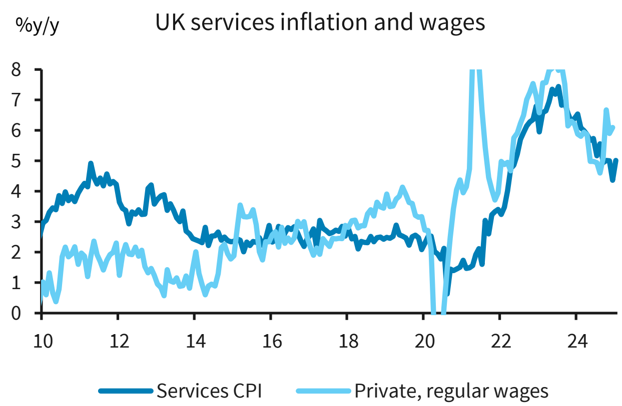
BoJ to remain 'on track' for another hike later in the year

The BoJ is also likely to remain on hold next week. This will be motivated by uncertainty about Trump tariffs and global growth, as well as the effect of the January hike and the domestic economic outlook. On the latter, we think the BoJ will keep its assessment that growth and inflation remain 'on track', but will also desire to wait for the final tally of Shunto wage results (this week's first result showed a 5.46% wage hike, the highest since 1991) and a few more months of macro data, which should ultimately boost the BoJ's confidence that the second round of the virtuous cycle between wages and inflation is firmly underway. For example, the recent wage data, including this week's, show that pay gains continue to rise, but services inflation (ex. public services and imputed rents) has weakened, suggesting less urgency to hasten the pace of hikes.

Regarding the communication in the post-MPM press conference, we expect Governor Ueda to signal that rate hikes will continue, but the market will be attentive to whether he emphasises the 'gradual' pace or the 'continuation'.

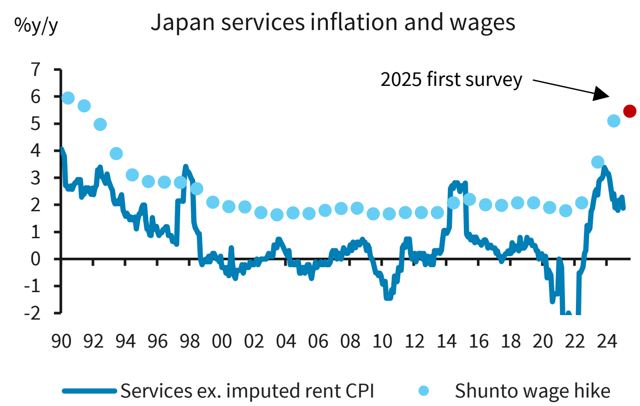
Later in the week, we expect February Japan nationwide CPI to ease 0.3pp to 2.9% y/y on the back of softer food and energy inflation.

FIGURE 7. **The BoE to remain 'gradual' amid global and domestic uncertainties**



Source: ONS, Haver Analytics, Barclays Research

FIGURE 8. **Shunto results show a large wage hike but the BoJ will be monitoring passthrough to inflation**



Source: MIC, JTUC-Rengo, Haver Analytics, Barclays Research

Global Forecasts

Data as of 14 March 2025

		Real GDP									Consumer prices							
		% over previous period, saar						% annual change			% over a year ago					% annual change		
	Weight#	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	2024	2025	2026	4Q24	1Q25	2Q25	3Q25	4Q25	2024	2025	2026
Global*	***100.0***	3.0	3.8	2.7	2.3	2.0	2.9	3.3	2.9 ↓	2.9	2.4	2.5	2.4	2.4	2.5	2.5	2.5	2.2
Advanced	***40.5***	2.2	1.7	1.0	0.4 ↓	0.3 ↓	0.8 ↓	1.6	1.1 ↓	1.1 ↓	2.6	2.7	2.7	2.9	2.8	2.7	2.8	2.2
United States	*17.9*	3.1	2.3	1.0 ↓	0.5 ↓	0.5 ↓	1.0 ↓	2.8	1.5 ↓	1.2 ↓	2.7	2.8	2.8	3.3	3.2	2.9	3.0 ↑	2.5
Euro area	*15.8*	1.7	0.9	0.8	0.2	-0.1 ↓	0.6 ↓	0.8	0.7	1.1	2.2	2.4	2.3	2.2	2.2	2.4	2.2	1.8
Germany	*3.8*	0.4	-0.8	0.7	0.0	-0.4 ↓	0.5	-0.2	0.0	1.1	2.5	2.6	2.4	2.4	2.4	2.5	2.4	1.9
France	*2.7*	1.6	-0.4	0.6	0.4	0.1 ↓	0.7	1.1	0.5	1.1	1.7	1.5	1.4	1.6	1.8	2.3	1.6	1.9
Italy	*2.2*	0.0	0.5	0.2	0.0	0.1 ↓	0.6 ↓	0.5	0.2 ↓	0.9	1.3	1.8	2.4	2.2	2.0	1.1	2.1	1.5
Spain	*1.6*	3.2	3.1	1.6	0.9	0.7 ↓	1.1	3.2	1.9	1.4	2.4	2.8	2.5	2.9	3.0	2.9	2.8	1.7
Japan	*4.1*	1.4	2.2 ↓	1.6	0.8	1.0	1.1	0.1	1.5 ↓	0.9	2.9	3.7	3.3	2.5	2.3	2.7	2.9	2.0
United Kingdom	*2.7*	-0.1	0.4	1.0	0.4 ↓	0.7 ↓	1.1 ↓	0.9	0.7 ↓	1.3	2.5	2.8	3.1	3.4	3.0	2.5	3.1	2.0
Emerging*	***59.5***	3.5	5.2	3.9	3.5	3.0	4.2	4.5	4.1	4.0	2.2	2.2	2.0	1.8	2.2	2.2	2.0	2.2
EM ex China*	***37.2***	2.9	3.6	4.9	3.1	2.5	4.7	4.1	4.1	4.0	4.1	3.8	3.6	3.5	3.3	4.0	3.5	3.2
Emerging Asia	*41.3*	4.0	7.1	4.0	3.7	3.1	4.9	5.1	4.8	4.6	1.3	1.2	1.1	1.0	1.5	1.3	1.2	1.7
EM Asia ex China	*19.0*	3.4	6.1	6.1	3.3	2.1	6.4	5.3	5.3	5.2	3.2	2.7	2.6	2.6	2.5	3.2	2.6	3.0
China	*22.3*	4.5	7.9	2.2	4.1	4.0	3.5	5.0	4.3	4.0	0.2	0.3	0.2	0.0	1.0	0.2	0.4	1.0
India	*9.4*	3.3	9.3	7.5	3.0	2.2	9.3	6.5	7.1	6.9	5.6	4.4	4.4	4.1	3.6	4.9	4.1	4.3
Indonesia	*2.8*	3.8	5.5	6.1	4.9	3.6	5.7	5.0	5.1	5.0	1.6	0.8	1.1	1.8	1.8	2.3	1.4	2.7
Korea	*2.0*	0.4	0.4	4.0	3.0	-0.5	1.2	2.0	1.6	1.6	1.6	1.8	1.6	1.7	1.9	2.3	1.9	1.9
Thailand	*1.1*	4.7	1.5	3.1	2.8	3.1	1.2	2.5	2.8	2.9	1.5	1.9	1.0	0.8	0.6	0.5	1.1	1.2
Taiwan	*1.1*	0.9	3.8	2.9	2.4	0.9	0.9	4.3	2.3	2.1	2.1	2.7	1.7	1.6	1.5	2.2	1.8	1.5
Malaysia	*0.8*	7.6	-4.5	7.4	4.5	2.0	4.5	5.1	4.0	4.0	1.8	1.5	1.2	1.4	1.8	1.8	1.5	2.1
Philippines	*0.8*	6.3	7.3	4.3	6.1	6.4	7.1	5.6	5.8	6.1	2.6	2.5	2.9	3.1	3.4	3.2	3.0	3.6
Singapore	*0.5*	12.5	2.0	0.8	0.4	-1.2	0.4	4.4	2.3	1.5	1.4	0.9	0.6	0.8	1.0	2.4	0.8 ↓	1.5
Hong Kong	*0.4*	-4.3	1.5	7.5	3.0	-3.4	3.8	2.5	2.0	1.8	1.7	1.7	1.9	1.7	1.8	1.8	1.8	1.8
Latin America*	*7.3*	3.3	0.7	3.6 ↑	2.0	1.7	1.1 ↓	2.8	2.3	2.4	4.6	4.4	4.4	4.2	4.3	4.5	4.3	3.7
Brazil	*2.9*	3.0 ↓	0.7 ↓	4.2 ↑	1.4 ↑	0.8 ↓	0.1 ↓	3.4	2.1	1.7	4.8	5.0	5.4	5.6	5.3	4.4	5.4	4.2
Mexico	*2.0*	3.7	-2.5	1.9	1.2	2.7	1.3	1.5	1.2	2.0	4.5	3.7	3.4	2.8	3.5	4.7	3.4	3.6
Argentina	*0.9*	7.0	6.6	4.5	3.6	3.0	2.4	4.5	5.0	5.0	117	52	36	29	36	117	35	12
Colombia	*0.7*	2.8	3.6	5.3	0.4	2.8	3.6	2.2	3.1	3.0	5.3	4.5	3.8	3.6	3.7	5.9	3.9	3.0
Chile	*0.4*	2.7	1.6 ↑	3.2	2.8	2.4	1.6	2.3 ↑	2.2 ↑	2.2 ↑	4.6	4.9	4.9	4.9	4.2	4.6	4.2	3.2
Peru	*0.4*	-2.9	-1.4	3.0	9.8	-2.9	-1.4	2.9	2.4	2.0	2.5	2.3	2.3	2.4	2.5	2.4	2.1	2.0
EEMEA*	*10.9*	1.6	1.2	3.5	3.4	3.6	3.9	3.0	2.9	2.8	5.3	5.4	5.0	4.5	3.8	5.1	4.7	3.2
Russia	*4.2*	2.4	1.7	2.1	1.9	1.7	1.3	3.9	2.1	1.4	8.6	8.5	7.8	7.0	5.5	8.4	7.2	4.4
Turkiye	*2.1*	-1.4	-3.4	5.2	6.5	6.5	6.5	3.0	2.9	4.1	45.6	38.9	35.7	30.6	27.8	58.6	33.9	21.8
Poland	*1.2*	2.6	4.3	3.6	3.6	3.6	5.6	3.1	3.9	4.2	4.6	5.6	5.0	3.7	3.3	3.8	4.3	2.8
South Africa	*0.6*	-1.4	3.4	1.4	1.2	1.6	2.0	0.6	1.5	2.0	2.9	3.1	3.1	3.9	4.6	4.4	3.7	4.6
Hungary	*0.3*	1.2	-1.1	3.5	4.8	6.7	8.4	1.0	3.0	3.6	4.1	3.6	4.0	4.4	3.5	3.7	3.9	3.0
Israel	*0.3*	4.0	8.5	2.7	2.9	3.5	3.9	0.6	3.9	3.4	3.4	3.5	3.1	2.7	2.6	3.1	3.0	2.4
Saudi Arabia	*1.3*	4.7	-1.1	8.0	2.6	7.1	4.7	1.6	5.0	3.2	1.4	1.5	1.5	1.5	1.5	1.4	1.5	1.3
Nigeria	*0.9*	0.7	5.5	0.4	5.5	0.7	6.3	2.8	3.0	3.3	32.2	28.4	24.2	21.1	18.4	32.6	22.7	14.0

Note: Arrows appear next to numbers if current forecasts differ from that of the previous week by 0.5pp or more for quarterly annualized GDP, by 0.2pp or more for annual GDP and by 0.2pp or more for Inflation. Weights used for real GDP are based on IMF PPP-based GDP (5y centred moving averages). Weights used for consumer prices are based on IMF nominal GDP (5y centred moving averages)". # IMF PPP-based GDP weights for 2023. Nigeria growth figures are GVA. Russia GDP is using SA series by Haver Analytics. *Aggregates for CPI exclude Argentina, Turkiye & Nigeria inflation rates.
Source: Barclays Research

Global Data and Events

Week ahead

UNITED STATES		Period	Prev – 2	Prev – 1	Forecast	Consensus
17 Mar 12:30	Retail sales, % m/m; to show a nominal increase in February.	Feb	0.7	-0.9	0.7	0.7
18 Mar 12:30	Housing starts, k saar; to increase after the strong decline in the prior month that was partially weather affected.	Feb	1515	1366	1400	1380
18 Mar 12:30	Import prices, % m/m (y/y)	Feb	0.2 (2.3)	0.3 (1.9)	0.0 (1.6)	-0.1
18 Mar 13:15	IP, % m/m; to gain with the Big Three automakers ramping up assemblies in advance of anticipated tariffs.	Feb	1.0	0.5	0.7	0.2
19 Mar 18:00	FOMC rate decision, %	Mar-19	4.25 - 4.50	4.25 - 4.50	4.25 - 4.50	4.25 - 4.50
19 Mar 18:30	Press Conference by Powell – The FOMC will likely keep policy rates unchanged as they await greater clarity on evolution of the economy in coming months in the face of rising economic uncertainty, new tariffs & sharply rising inflation expectations.					
20 Mar 14:00	Existing home sales, mn saar; to decline, as continually elevated mortgage rates weigh on demand.	Feb	4.3	4.1	4.0	3.9

EURO AREA		Period	Prev – 2	Prev – 1	Forecast	Consensus
15 – 21 Mar	Events: ECB's Lagarde (Sat.& Mon.); General Affairs Council (Tue.); ECB's de Guindos & Elderson (Wed.); EU Summit (Thu.-Fri.); ECB publishes Economic Bulletin (Thu.); ECB's Lagarde & Lane (Thu.)					
17 Mar 09:00	Italy: HICP, % m/m (y/y)	Feb F	-0.81 (1.66)	0.08 (1.74) P	0.08 (1.74)	(1.74)
19 Mar 10:00	EA20: HICP, % m/m (y/y)	Feb F	-0.30 (2.50)	0.50 (2.40) P	0.50 (2.40)	0.50 (2.40)
21 Mar -	France: Retail sales sa, % (y/y)	Feb	-0.8	-0.7	-	-
21 Mar 07:45	France: Business climate, index	Mar	94.9	95.6	-	96.0
21 Mar 15:00	EA20: Consumer confidence, % bal	Mar P	-14.2	-13.6	-	-13.3

UK		Period	Prev – 2	Prev – 1	Forecast	Consensus
20 Mar 07:00	Average weekly earnings, % 3m/y	Jan	5.5	6.0	5.8	5.9
20 Mar 07:00	ILO unemployment rate, %	Jan	4.4	4.4	4.5	4.4
20 Mar 07:00	Change in HMRC payrolls, thous	Feb	-13.9	20.7	-	-
20 Mar 12:00	BoE bank rate decision, %	Mar	4.75	4.50	4.50	4.50
20 Mar 12:00	BoE MPC meeting minutes – We expect the MPC to hold Bank Rate at 4.50% at its March meeting next week, leaving guidance little changed and stressing data are broadly on track amid heightened uncertainty.					
20 Mar 12:00	BoE Agents' summary of business conditions	Q1				
21 Mar 00:01	GfK consumer confidence, index	Mar	-22	-20	-	-21

JAPAN		Period	Prev – 2	Prev – 1	Forecast	Consensus
18 Mar 23:50	Trade balance, nsa / sa, JPY bn; a larger surplus with exports remaining firm, while imports decrease.	Feb	128 / -221	-2737 / -857	950 / -	688 /509
18 Mar 23:50	Core machinery orders, % m/m; to fall for the second consecutive month, with declines projected in both mfg. & non-mfg.	Jan	3.4	-1.2	-0.1	-0.1
19 Mar -	BoJ overnight call rate, %	Mar	0.50	0.50	0.50	0.50
19 Mar -	BoJ MPM – We expect the BoJ to keep its "on track" assessment of growth & prices, but to take more time to gauge the impact of its January rate hike, tariffs & wages. We still expect the next hike in July & a terminal rate of 1.25% based on our inflation outlook.					
20 Mar 23:30	Nationwide CPI ex perishables, % y/y; to be weaker, as the earlier rise in food takes a breather & energy comes down on policy supports.	Feb	3.0	3.2	2.9	2.9

CHINA		Period	Prev – 2	Prev – 1	Forecast	Consensus
17 Mar 02:00	FAI, YTD % y/y; to stay unchanged, in view of moderating property sales entering 2025.	Jan-Feb	3.3	3.2	3.2	3.2
17 Mar 02:00	IP, % y/y; to slow, in view of a sharp slowdown in exports.	Jan-Feb	5.4	6.2	5.1	5.3
17 Mar 02:00	Retail sales, % y/y; to slow	Jan-Feb	3.0	3.7	3.7	3.8
20 Mar 01:00	1y Loan prime rate, %; PBoC to keep the 1y LPR unchanged.	Mar	3.10	3.10	3.10	3.10

REST OF THE WORLD		Period	Prev – 2	Prev – 1	Forecast	Consensus
19 Mar 07:20	Indonesia: BI rate, %; BI to remain on hold, but this is a close call, given BI's recent pro-growth pivot – the risk is of a 25bp rate cut.	Mar	5.75	5.75	5.75	5.75
19 Mar 21:30	Brazil: Selic overnight rate, %; BCB to hike rate, in line with the guidance originally provided in December & reinforced in January.	Mar	13.25	13.25	14.25	14.25

20 Mar -	Taiwan: Benchmark interest rate, %; CBC to hold the policy rates but deliver relatively hawkish rhetoric.	Mar	2.00	2.00	2.00	2.00
20 Mar -	South Africa: Repo rate, %; SARB to stay on hold, given an apparent clear shift in 'SARB-think' at the last MPC meeting.	Mar	7.50	7.50	7.50	7.50
20 Mar 08:30	Switzerland: Interest rate announcement, %	Mar	1.00	0.50	0.25	0.25
20 Mar 08:30	Sweden: Interest rate announcement, %	Mar	2.50	2.25	2.25	2.25
21 Mar 10:30	Russia: 1wk auction rate, %	Mar	21.00	21.00	21.00	21.00

Note: For details, refer to corresponding Data Review and Preview sections. Events and speeches that do not show the time are in local timezone. Rest are reported in GMT. Consensus data are from Bloomberg.
Source: Barclays Research

US Outlook

Rock | Fed | Hard Place

Trump and his administration have expressed more tolerance for adverse economic fallout from tariffs than we had thought. We adjust assumptions accordingly, incorporating softer trajectories of activity and a bigger inflation upsurge, with the Fed weighing a profound policy dilemma.

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- February inflation data sent mixed signals, with core CPI inflation (0.23% m/m) retreating even as PPI details point to another elevated core PCE print (+0.36% m/m). Although these swings reflect volatile components, tariffs pose an intensifying threat to the Fed's inflation mandate, with Michigan 5-10y inflation expectations visiting levels not reached since the early 1990s.
- We have adjusted our outlook to allow for higher tariffs, with our placeholders assuming a 15% trade-weighted tariff that is 5pp higher than our prior assumption. With tariffs undermining purchasing power by boosting import prices, policy-related uncertainty instilling precaution on spending, and balance sheets less supportive, we now expect even slower growth this year.
- With a shutdown averted, attention turns to the FOMC next week. We expect another hold, consistent with recent signals. With updated SEPs likely showing slower growth and a more significant price effect from tariffs, we expect the median dot to show just one cut this year and two next. Powell will likely talk tough on inflation, citing uncertainty as a reason to remain on hold.

This was another eventful week, as markets weighed incoming February data showing mixed inflation developments and still-resilient labor demand against numerous indications of an intensifying tariff war between the US and its trade partners. The threat of a government shutdown has also been averted, once again. With new tariffs taking effect this week and many signs that the Trump administration is willing to stomach economic fallout from further tariff increases, we have adjusted our placeholder assumptions, assuming higher levies that unfold more quickly than before. Alongside an intensifying drag from policy uncertainty, disruptions imply slower growth, a looser labor market, and a much higher inflation peak this year.

Mixed inflation data, with a tariff storm on the horizon

CPI data delivered a welcome downside surprise after the beginning-of-the-year jump, mostly reflecting swings in volatile components. The headline decelerated 25bp, to 0.22% m/m (2.8% y/y), helped by a diminished impulse from food and energy prices, and core inflation slowed to 0.23% m/m (Barclays 0.31% m/m, consensus 0.3% m/m) and 3.1% y/y, about half its January pace of 0.45% m/m (3.1% y/y). While the pace for core goods eased only slightly, to 0.22% m/m, core services inflation unwound its January upswing amid some softening in housing rents and a 42bp deceleration in the ex-housing core services ("supercore") component, to 0.25% m/m.

Much of this reflected outright price declines in the volatile transportation component, particularly airfares and auto rentals, reversing much of January's steep gains.

But after taking on details from the February PPI release, our translation points to a 0.36% m/m (2.8% y/y) increase in the core PCE price deflator in February, somewhat faster than January's 0.28% m/m (2.6% y/y) gain. February's firmness reflects weighting differences that amplify increases in the core goods component, as well as an acceleration in numerous components of the volatile "supercore" grouping (such as finance, healthcare, and "other") and a much flatter airfares print in the PPI than in the CPI. Smoothing through monthly noise, we think the 3mma of supercore inflation accelerated to 0.4% m/m, 0.2pp higher than its pre-pandemic average. For March, we expect core CPI to rise 0.24% m/m, similar to February's print, assuming only modest initial effects from already-implemented tariffs (on China and on aluminum and steel). However, we highlight upside risks that retailers pass through higher costs for goods drawn from inventory, particularly Chinese imports that have been subject to recent tariffs, such as apparel, toys, electronics, and household furnishings.

Indeed, evidence of rising longer-term inflation expectations poses an acute dilemma for the FOMC as it weighs upside threats to inflation and downside risks to the labor market (Figure 2). In the preliminary March reading from the Michigan survey, median 5-10y inflation expectations jumped 0.4pp, to 3.9%, from an already elevated February level, and inflation expectations over the coming year jumped 0.6pp, to 4.9%. Although markets have discounted much of the increase in the 5-10y measure on account of the diverging expectations of Republicans (1.3%) and Democrats (4.6%), most of the action at the median likely reflects political independents, whose expectations have jumped from 3.2% in January to 3.7% in March. We doubt that the Fed would brush aside March's median, as it now stands about 0.7pp above its comfort zone of 2.8-3.2%.

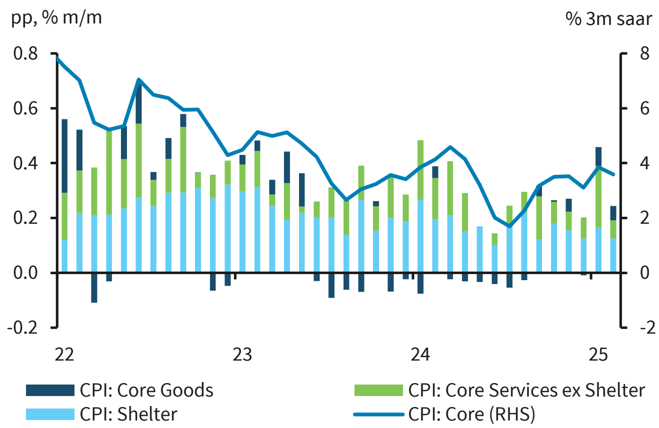
Little concrete evidence of weakening, with retail sales on tap

Incoming data on activity were scarce this week, and what we did see seemed stale. Estimates from the January JOLTS release suggested that labor demand was holding up fairly well in early 2025, prior to February's DOGE cuts and intensifying policy uncertainty. Job openings posted a 0.2mn rise, to 7.7mn (Barclays 7.9mn, consensus 7.5mn), with the underlying trend seemingly resembling the much flatter trajectory of the competing indicator from Indeed.com. Initial jobless claims, which had spiked to 241k two weeks earlier, slipped to 220k over the week ended March 6, and claims under the federal program (UCFE) edged down only slightly, to 1580 from an upwardly revised prior estimate. These numbers downplay labor market fallout, to date, from DOGE spending cuts and layoffs, somewhat at odds with the 122k February jump in layoffs in last week's Challenger, Gray, and Christmas measure.

For the moment, we are tracking a 1.1% q/q saar increase in real GDP in Q1. Although soft compared with gains in recent quarters, this is notably stronger than the 2.4% q/q saar decline in the Atlanta Fed's GDPNow indicator. In our view, this measure has been distorted by nuances in the recent data flow, especially an arbitrage-driven surge in gold imports in February (Yahoo Finance, March 6)). These imports, which inflated February's trade deficit by about $30bn, will be subtracted by the BEA when it forms its Q1 NIPA estimates.

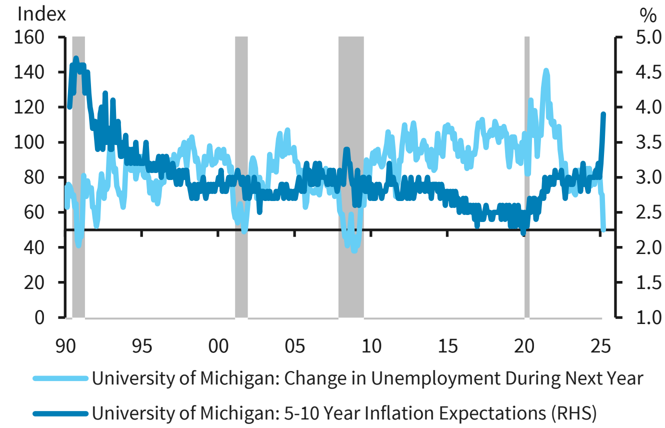
The Q1 GDP picture should be sharpened considerably by next week's data flow, which will feature February estimates of retail sales, industrial production and housing starts. Our forecast is that headline retail sales retraced much of January's sharp 0.9% m/m decline (Barclays and consensus 0.7% m/m), reflecting a rebound in light vehicle sales reported earlier this month. We also think that the control group rose 0.4% m/m, unwinding January's nominal decline, though gains will likely be negated, in inflation-adjusted terms, by February's rise in goods prices. Preliminary March readings from the University of Michigan survey show intensifying concern about adverse fallout from expected tariffs, with sentiment dropping to a range not reached since the height of post-pandemic inflationary pressures in mid-2022, and expectations about upcoming changes in the unemployment rate plunging to levels normally associated with downturns (Figure 2). We we will be watchful for signs that precaution is weighing more forcefully on household spending, undermining the key driver of this expansion.

FIGURE 1. Core CPI inflation moderated, on the heels of January's beginning-of-year price resets



Source: BLS, Haver Analytics, Barclays Research

FIGURE 2. With households expecting tariff fallout on activity and inflation, the Fed faces a policy dilemma



Note: Unemployment indicator moves inversely with measured rate.
Source: University of Michigan, Haver Analytics

We adjust our baseline in the direction of downside risks

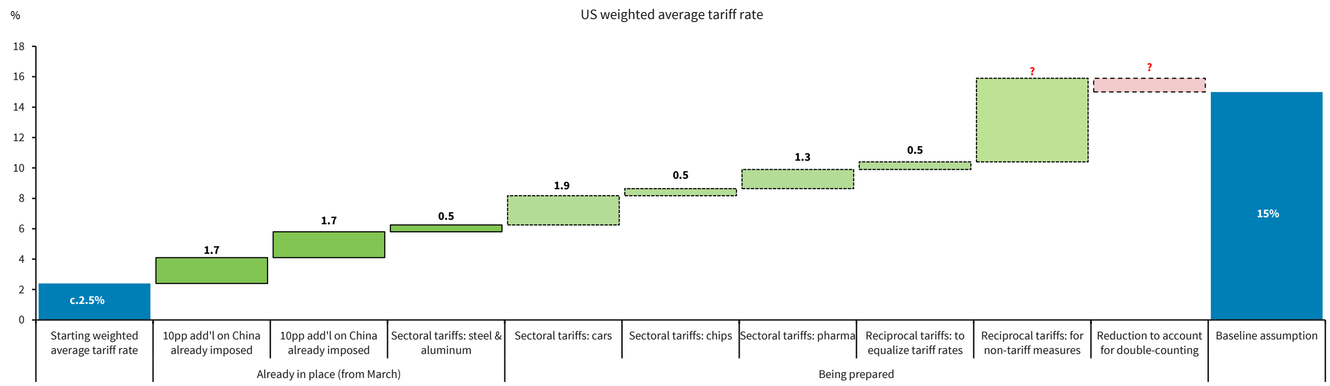
Since the 2024 election, our outlook has been conditioned on a placeholder assumption that the Trump administration will boost trade-weighted tariffs from a pre-inauguration rate of 2.5% to 10%, including 30% on China and 5% on the rest of the world. Over the past two weeks, it has clearly communicated more of an appetite to impose widespread tariffs than we had previously anticipated. In particular, it has moved quickly to boost China tariffs 20pp, followed through on prior threats to lift tariffs on aluminum and steel to 25%, and introduced tariffs on Canadian oil and non-compliant imports within USMCA. Trump has promised a range of tariff announcements on April 2 that will affect a wide range of countries and goods, including "reciprocal tariffs" that will compensate not only for explicit differences in tariff rates, but also implicit non-tariff barriers.

With evidence mounting that Trump will follow through on threats, we have boosted these placeholder assumptions, assuming that the trade-weighted tariff rate jumps to 15% (Figure 3), with the ex-China rate rising to a little above 10%. We also assume that increases will unfold more quickly than before, leading to a less-prolonged price response.

We expect these higher tariffs to weigh on GDP growth over the next few quarters, for a variety of reasons. Supply chains of many US manufacturers are closely integrated with its close trade partners, including Canada and Mexico, which threatens to boost production costs and disrupt production significantly. They will also drive up prices of goods, undermining household purchasing power. Beyond this, evidence is mounting that policy-related uncertainty is contributing to a more precautionary spending environment from businesses and consumers, including fallout on equity markets in recent weeks. Taking account of these influences, we have lowered our GDP growth projection in 2025 0.8pp, to 0.7% Q4/Q4, and boosted our end-year unemployment rate projection 0.4pp, to 4.2%. We retain our outlook that GDP growth will remain at 1.5% q/q saar throughout 2026, with the labor market tightening over the course of the year amid labor supply constraints.

The higher tariffs also feed through to faster core PCE inflation this year, boosting our projection in 2025 0.4pp, to 3.2% Q4/Q4. With tariff-related prices no longer spilling into 2026, as in our prior baseline, we trim our 2026 projection 0.1pp, to 2.2% Q4/Q4. Our core CPI trajectory has been adjusted by similar magnitudes, to 3.6% Q4/Q4 in 2025 (+0.3pp) and 2.5% Q4/Q4 in 2026 (-0.1pp).

FIGURE 3. We now expect the trade-weighted tariff rate to be boosted to 15%



Source: Barclays Research

We expect a balanced approach from a no-win FOMC

With these projections, and downside risks of more intense tariff fallout, a policy dilemma is taking shape for the FOMC: should it continue to lean against inflation pressures, or cut rates to reflect the softening labor market and downside risks to activity? Absent recent signs of softening in activity, we suspect that the upswing in longer-term inflation expectations would prompt it to message the possibility of rate hikes.

We expect a balanced approach, with the FOMC delivering two 25bp cuts this year — in June and September — before holding during Q4. These would be sold on the basis of weakening activity and downside risks to the employment outlook, with the FOMC continuing to describe its policy stance as restrictive to counter high inflation. This balanced approach assumes that the FOMC will be able to message its policy in a way that sustains credibility, emphasizing that policy will remain tight enough to ensure that inflation reverts toward the target as tariff-induced price increases abate. Under our baseline where all goes according to plan, we assume that the FOMC would then deliver three every-other-meeting 25bp cuts, starting in March 2026, as it regains confidence that inflation is reverting to its 2% target. This would place the funds rate in neutral territory by year-end.

Nevertheless, we acknowledge risks that the FOMC's reaction function differs from our assessment, with risks to both the upside and the downside. We also acknowledge risks to the outlook and that policy will be data dependent. Indeed, with this week's surprise in inflation expectations, risks are tilting toward more delayed rate cuts.

All eyes will be on Powell and the SEPs next week

The FOMC is almost certain to hold the target range for the policy rate at 4.25-4.50% as it awaits greater clarity on the evolution of the economy. Markets will be focused on signals about the Committee's reaction function in the updated economic projections and Chair Powell's post-meeting press conference.

The statement will likely acknowledge that inflation expectations have moved up and that households and businesses face heightened uncertainty about the economic outlook, emphasizing that the committee is attentive to measures of inflation expectations. We do not expect any dissents. The updated Summary of Economic Projections (SEPs) should show slower GDP growth, a higher trajectory of unemployment and upward revisions to inflation over the projection period (Figure 4). We expect the dots to indicate a relatively hawkish reaction function, indicating just one 25bp cut this year (one fewer than in December), then two 25bp cuts each in 2026 and 2027, and an unchanged longer-run dot at 3.0% (Figure 5).

At the press conference, we expect Powell to signal that the FOMC is in no rush to adjust rates and continue to state that the policy stance is well positioned to deal with the risks and uncertainties that the FOMC faces. We expect him to emphasize that the FOMC is attentive to movements in inflation expectations, which may come as a surprise to markets that have downplayed recent Michigan survey readings. Inflation expectations should warrant plenty of discussion, and we would not be surprised if he echoed our view that the FOMC would be contemplating hikes if evidence were not pointing to some softening in activity.

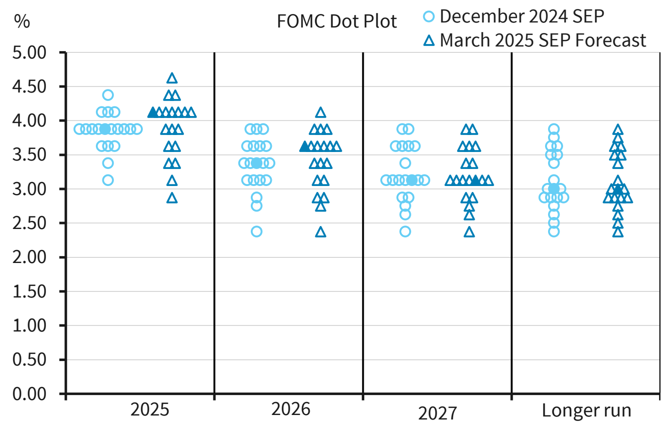
FIGURE 4. We expect the updated SEPs to show slower growth, higher inflation, and fewer cuts

March 2025 FOMC Summary of Economic Projections Forecast (vs. December 2024 projections)

Q4/Q4 %chg (unless indicated)	2025	2026	2027	Longer run
Change in real GDP	1.5	1.7	1.9	1.8
December projection	2.1	2.0	1.9	1.8
Unemployment rate (%, Q4 avg)	4.5	4.5	4.3	4.2
December projection	4.3	4.3	4.3	4.2
PCE inflation	2.8	2.3	2.0	2.0
December projection	2.5	2.1	2.0	2.0
Core PCE inflation	2.9	2.4	2.0	
December projection	2.5	2.2	2.0	
Federal funds rate	4.1	3.6	3.1	3.0
December projection	3.9	3.4	3.1	3.0

Source: Federal Reserve, Barclays Research

FIGURE 5. The dot plot will likely indicate a divergence of views about 2025



Source: Federal Reserve, Barclays Research

US Q1 GDP TRACKING AT 1.1%

Colin Johanson, BCI, US | Jonathan Millar, BCI, US

Earlier this week, we realigned our trackers for net exports and CIPI to better reflect the accounting the BEA does in relation to shipments of gold. The BEA strips out gold that was imported for use outside of production from overall imports when it does its translation of monthly data into quarterly net export levels and CIPI levels. We therefore did a similar adjustment, stripping out a large portion of gold imports from January's sharp expansion of the trade balance, and made a similar adjustment to the CIPI level. These changes did not alter our overall GDP tracker, leaving it at 1.2% q/q saar, but did reduce our import and CIPI trackers. CPI data for February then slightly reduced our PCE tracker, rounding to 1.0% q/q saar, as food CPI was stronger than anticipated, but this change had no material effect on our headline GDP tracker. February PPI data then reduced our overall GDP tracker 0.1pp, to 1.1% q/q saar, as PPI components involved in our CIPI tracker were stronger than expected, reducing it for Q1. We finally aligned our tracker to our forecasts for next week, which left it unchanged at 1.1% q/q saar to end the week.

FIGURE 6. The effect of incoming data on our GDP tracking model

		Details of Q1 2025 GDP tracking estimate (% q/q saar, unless indicated)											
Date	**Data release**	**GDP**	**Final sales**	**PCE**	**Res. inv.**	**Equip**	**Struct**	**IPP**	**Gov**	**Exports**	**Imports**	**Net exports (level)**	**CIPI (level)**
Mar-11	Realignment	1.2	1.5	1.1	-0.2	10.9	-1.5	2.0	1.4	3.4	**12.1**	**-1145.9**	**62.5**
Mar-12	CPI	1.2	1.5	**1.0**	-0.2	10.9	-1.5	2.0	1.4	3.4	12.1	-1145.9	62.5
Mar-13	PPI	**1.1**	1.5	1.0	**-0.1**	**10.7**	**-1.9**	2.0	**1.6**	**3.5**	12.1	**-1145.8**	**56.0**
Mar-14	Calibration to match forecasts for the following week's indicators	1.1	1.5	1.0	**-0.5**	10.7	**-2.0**	2.0	1.6	3.5	12.1	-1145.8	56.0
Current quarter tracking		**1.1**	**1.5**	**1.0**	**-0.5**	**10.7**	**-2.0**	**2.0**	**1.6**	**3.5**	**12.1**	**-1145.8**	**56.0**
	Contribution to GDP growth (pp)		*1.5*	*0.7*	*0.0*	*0.5*	*-0.1*	*0.1*	*0.3*			*-1.2*	*0.8*
Barclays official forecast		**1.0**	**1.4**	**1.0**	**-0.5**	**11.0**	**-1.5**	**2.0**	**1.0**	**3.0**	**12.0**	**-1148.1**	**60.2**

Note: Our GDP tracking estimate is distinct from our official published GDP forecast. It reflects the mechanical aggregation of monthly activity data that feed directly into the BEA's GDP calculation. Where data releases have implications for the tracking components, cells have been bolded.
Source: Barclays Research

US DATA REVIEW & PREVIEW

Marc Giannoni, BCI, US | Jonathan Millar, BCI, US | Pooja Sriram, BCI, US | Colin Johanson, BCI, US

Review of last week's data releases

Main indicators	Period	Previous	Barclays	Actual	Comments
NFIB small business optimism	Feb	102.8	-	100.7	NFIB small business optimism index fell by 2.1pp to 100.7 in February.
JOLTS, k job openings	Jan	7508R	7900	7740	Job openings rose to 7.74mn in January, in line with the average in Q4 24. The overall separation rate rose, reflecting higher quits, while the lay-off rate declined, indicating firms' willingness to retain workers, prior to the latest trade-related decrease in household and business confidence.
CPI, % m/m (y/y)	Feb	0.5 (3.0)	0.3 (2.9)	0.2 (2.8)	Core CPI inflation decelerated by 22bp, to 0.23% m/m (3.1% y/y), in February, almost entirely reversing the 24bp uptick in January, helped by core services prices. We revise our 2025 core inflation forecast higher to 3.6% y/y (+0.3pp), after baking in more tariffs in our baseline.
Core CPI, % m/m (y/y)	Feb	0.4 (3.3)	0.3 (3.2)	0.2 (3.1)	
CPI, NSA index	Feb	317.671	319.356	319.082	
Treasury budget balance, $ bn	Feb	-128.6	-	-307.0	The US Treasury reported a $307bn federal budget deficit in February.
PPI, % m/m (y/y)	Feb	0.6 (3.7)R	0.2 (3.2)	0.0 (3.2)	PPI inflation remained flat in February while core PPI showed a decline of 0.1% on monthly basis, signalling inflationary pressures are slowing.
Core PPI, % m/m (y/y)	Feb	0.5 (3.8)R	0.3 (3.6)	-0.1 (3.4)	
Initial jobless claims, k (4wma)	Mar-08	222 (225)R	225	220 (226)	Jobless claims decreased to 220k for the week ending 8 March.
"Flash" U. of Michigan consumer sentiment, index	Mar	64.7	63.4	57.9	Consumer sentiment dropped below expectations to 57.9 for March's preliminary estimates. 1y inflationary expectations grew to 4.9%, while those for 5-10y increased to 3.9%.
"Flash" U. of Michigan 1 Yr. inflation, %	Mar	4.3	-	4.9	
"Flash" U. of Michigan 5-10 Yr. inflation, %	Mar	3.5	-	3.9	

Preview of upcoming data

Monday, 17 March		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
08:30	Retail sales, % m/m	Feb	0.7	0.7	-0.9	0.7	0.7
08:30	Retail sales ex autos, % m/m	Feb	0.1	0.7	-0.4	0.3	0.4
08:30	Core retail sales, % m/m	Feb	0.1	0.8	-0.8	0.4	0.3
08:30	Empire State mfg. index	Mar	2.1	-12.6	5.7	-	-2.0
10:00	Business inventories, % m/m	Jan	0.0	0.1	-0.2	0.3	0.3
10:00	NAHB housing market index	Mar	46.0	47.0	42.0	-	42.0

Retail sales: We look for retail sales to show a 0.7% m/m nominal increase in February, recovering much of January's 0.9% m/m decline. Much of this rebound reflects the motor vehicle components, with estimates in hand showing a February strengthening of light vehicle sales in advance of anticipated tariffs. For the control group, we are pencilling in a thin 0.4% m/m nominal increase following January's 0.8% m/m decline, just enough to keep pace with February's projected increase in the control group price deflator. We also look for moderate nominal gains at building materials stores, gas stations, and food services. Our forecast puts the bulk of its weight on our models that take signals from income and wealth fundamentals, with indications from Barclays credit card tabulations from our Data Science team suggesting downside risks.

Tuesday, 18 March		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
08:30	Housing starts, k saar	Feb	1305	1515	1366	1400	1380
08:30	Building permits, k saar	Feb	1493	1482	1473	-	1450
08:30	Import prices, % m/m (y/y)	Feb	0.1 (1.4)	0.2 (2.3)	0.3 (1.9)	0.0 (1.6)	-0.1
08:30	Non petroleum import prices, % m/m (y/y)	Feb	0.2 (2.2)	0.2 (2.4)	0.1 (1.8)	0.2 (2.1)	-
09:15	Industrial production, % m/m	Feb	-0.1	1	0.5	0.7	0.2
09:15	Capacity utilization, %	Feb	76.8	77.5	77.8	-	77.8
09:15	IP: Manufacturing (SIC) production, % m/m	Feb	0.2	0.5	-0.1	0.9	0.1

Housing starts: We forecast an increase in housing starts of 2.5% m/m in February, to 1400k units saar, a gain after the strong decline in the prior month that was partially weather affected.

Industrial production: Production seems poised for a solid 0.7% m/m gain in February, with the ‘Big Three’ automakers ramping up assemblies in advance of anticipated tariffs. With auto assemblies rising to a five-month high of 10.3mn units saar, we expect manufacturing to post a 0.9% m/m gain after having edged down 0.1% m/m in January. Excluding motor vehicles, available estimates of hours worked, and other indicators point to a more subdued 0.2% m/m gain in manufacturing production. We expect the remaining two categories of IP to restrain production, on net, with an upturn in the mining component more than offset by a decline in utilities amid February’s mild weather.

Wednesday, 19 march		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
14:00	FOMC rate decision, %	19-Mar	4.25 - 4.50	4.25 - 4.50	4.25 - 4.50	4.25 - 4.50	4.25 - 4.50
14:30	Press Conference by Fed Chair Powell (FOMC voter)					-	-

FOMC rate decision: The FOMC will like keep policy rates unchanged at 4.25-4.50% next week, as it awaits greater clarity on the evolution of the economy in coming months in the face of rising economic uncertainty, new tariffs, and sharply rising inflation expectations. The March Summary of Economic Projections (SEP) should show lower GDP growth projections and higher unemployment and inflation projections. We expect the FOMC participants' median projections to show one 25bp cut this year, to 4.1%, and two cuts in 2026. We think the dot plot will show another two cuts in 2027 and an unchanged longer-run dot at 3.0%. At the press conference, we expect Chair Powell to signal that the FOMC is in no rush to adjust rates and to say that the policy stance is well positioned to deal with the risks and uncertainties that the economy faces. We expect him to acknowledge rising inflation expectations. In our own baseline projection, we expect the FOMC to cut rates twice 25bp this year, in June and September, and three times in 2026. We think the tariff shock will be more significant than we expect the FOMC to envisage in its SEP and accordingly expect it to show a higher GDP projection and a lower pick-up in inflation than we forecast. We see risks tilted toward fewer cuts this year. We do not anticipate any new announcements regarding the Fed's balance sheet next week.

Thursday, 20 March		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
08:30	Current account balance, $ bn	Q4	-241	-275	-310.9	-	-338
08:30	Initial jobless claims, k (4wma)	15-Mar	242 (224)	222 (225)	220 (226)	220	-
08:30	Insured unemployment (continued claims), k	8-Mar	1855	1897	1870	-	-
08:30	Philadelphia Fed mfg. index	Mar	-10.9	44.3	18.1	5.2	12
10:00	Conference Board leading economic index®, % m/m	Feb	0.3	0.1	-0.3	-	-0.2
10:00	Existing home sales, mn saar	Feb	4.2	4.3	4.1	4	3.9

Existing home sales: We expect existing home sales in February to decline by 3.2% m/m to 3.95mn, as still elevated mortgage rates weigh on demand. Mortgage rates coupled with the continued run-up in house prices over the past few years has priced many out of the market, keeping sales of existing homes muted recently.

Friday, 21 March		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
	No indicator release scheduled.						
09:05	New York Fed President Williams (FOMC voter) gives keynote remarks at a conference in Nassau, Bahamas						

Note: Consensus data from Bloomberg.
Source: BEA, BLS, Bloomberg, Census Bureau, Federal Reserve, ISM, University of Michigan, S&P Global, Haver Analytics, Barclays Research

US SNAPSHOT

Marc Giannoni, BCI, US | Jonathan Millar, BCI, US | Pooja Sriram, BCI, US | Colin Johanson, BCI, US

Data as of 14 March 2025

	2024				2025				2026				Calendar year avg		
% Change q/q saar	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**2024**	**2025**	**2026**
Real GDP	1.6	3.0	3.1	2.3	1.0	0.5	0.5	1.0	1.5	1.5	1.5	1.5	2.8	1.5	1.2
Real GDP (% y/y)	2.9	3.0	2.7	2.5	2.4	1.7	1.1	0.7	0.8	1.1	1.4	1.5			
Private consumption	1.9	2.8	3.7	4.2	1.0	0.5	0.5	1.0	1.0	1.0	1.0	1.0	2.8	1.9	0.9
Public consump and invest.	1.8	3.1	5.1	2.9	1.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	3.4	1.6	0.6
Gross private investment	3.6	8.3	0.8	-5.7	3.6	0.2	-1.3	1.2	2.9	2.9	2.9	2.9	4.0	0.3	1.9
Residential investment	13.7	-2.8	-4.3	5.4	-0.5	0.0	2.0	2.0	4.0	4.0	4.0	4.0	4.2	0.5	3.1
Nonresidential investment	4.5	3.9	4.0	-3.2	4.5	0.3	-2.1	1.0	2.7	2.7	2.7	2.7	3.6	1.1	1.6
Equipment	0.3	9.8	10.8	-9.0	11.0	-2.0	-8.0	0.0	3.0	3.0	3.0	3.0	3.3	1.3	0.7
Intellectual property	7.5	0.7	3.1	0.0	2.0	2.0	2.0	2.0	4.0	4.0	4.0	4.0	3.9	1.7	3.3
Structures	6.3	0.2	-5.0	1.1	-1.5	1.0	1.0	1.0	0.0	0.0	0.0	0.0	3.4	-0.4	0.4
Ch. inventories (contr to GDP, pp)	-0.5	1.1	-0.2	-0.8	0.9	0.1	-0.5	-0.5	0.0	0.2	0.1	0.1	0.1	0.0	-0.1
Net exports (contr to GDP, pp)	-0.6	-0.9	-0.4	0.1	-1.3	0.0	0.8	0.5	0.1	-0.1	0.0	0.0	-0.4	-0.3	0.2
Exports	1.9	1.0	9.6	-0.5	3.0	0.0	-6.0	-8.0	-2.0	-1.0	1.0	1.0	3.2	0.6	-2.8
Imports	6.1	7.6	10.7	-1.2	12.0	0.0	-10.0	-10.0	-2.0	0.0	1.0	1.0	5.4	2.4	-3.6
Final sales to domestic purchasers	2.7	2.8	3.7	3.0	1.4	0.4	0.1	0.9	1.4	1.4	1.4	1.4	3.0	1.9	1.0
Industrial production (%y/y)	-0.5	0.0	-0.4	-0.3	0.0	-0.6	-0.4	0.0	0.2	0.4	0.4	0.5	-0.3	-0.3	0.4
GDP price index	3.0	2.5	1.9	2.4	3.3	3.0	3.5	2.7	2.4	2.4	2.2	2.1	2.4	2.8	2.6
Nominal GDP	4.7	5.6	5.0	4.8	4.4	3.5	3.9	3.7	4.0	4.0	3.7	3.7	5.3	4.4	3.8
Employment (avg mthly chg, K)	196	133	133	209	117	75	75	75	75	75	75	75	168	86	75
Unemployment rate (%)	3.8	4.0	4.2	4.2	4.1	4.2	4.2	4.2	4.2	4.1	4.0	3.8	4.0	4.2	4.0
CPI inflation (%y/y)	3.2	3.2	2.6	2.7	2.8	2.8	3.3	3.2	2.8	2.6	2.3	2.2	2.9	3.0	2.5
Core CPI (%y/y)	3.8	3.4	3.2	3.3	3.1	3.2	3.6	3.6	3.3	3.1	2.7	2.5	3.4	3.4	2.9
PCE price index (% y/y)	2.7	2.6	2.3	2.5	2.4	2.5	3.0	3.0	2.8	2.6	2.2	2.0	2.5	2.7	2.4
Core PCE price index (%y/y)	3.0	2.7	2.7	2.8	2.7	2.7	3.1	3.2	3.1	2.9	2.4	2.2	2.8	3.0	2.6
Current account (%GDP)	-3.4	-3.8	-4.2	-4.0	-4.3	-4.3	-4.1	-3.9	-3.9	-3.8	-3.8	-3.8	-3.8	-4.1	-3.8
Federal budget bal. ($bn)													-1832	-1860	-2068
Federal budget bal. (%GDP)													-6.4	-6.2	-6.6
Government debt (%GDP)													124.1	126.1	128.5
Federal funds target range															
Upper bound (%)	5.50	5.50	5.00	4.50	4.50	4.25	4.00	4.00	3.75	3.50	3.25	3.25			
Lower bound (%)	5.25	5.25	4.75	4.25	4.25	4.00	3.75	3.75	3.50	3.25	3.00	3.00			

Note: % q/q saar unless indicated. Bold indicates quarter of projected federal funds rate change. The budget balance is fiscal year.
Source: BEA, BLS, FRB, US Treasury, Barclays Research

Euro Area Outlook

Tectonic shifts

We lower our growth forecast for 2025 as activity is set to decelerate further given US tariffs on EA exports. A more accommodative fiscal stance should support growth, but only from 2026. We still see the ECB's depo rate reaching 1.5% by year-end.

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- We lower our euro area GDP near-term growth forecast as we expect rising trade uncertainty and higher US tariffs to dampen exports, investment and consumption, particularly in Germany and Italy. The increase in defence spending in the EU and infrastructure in Germany should have a positive effect on growth from 2026, but the initial impulse is unlikely to offset the drag from tariffs. We still expect the ECB to cut policy rates by 25bp at the April and June meetings, with by two more cuts in H2 to counteract trade uncertainty and tariffs.

- EA industrial production rose 0.8% m/m in January, with notable rebounds in Germany and Italy. French and Spanish February headline HICP inflation were unrevised from the flash prints but German HICP was revised 20bp lower to 2.6% y/y. Next week (Mon), the EA final HICP release for February will help assess the latest developments in underlying inflation.

- The EU has reinstated countermeasures against US tariffs and is planning additional measures targeting industrial and agricultural products. The Commission will present its White Paper on the Future of European Defence ahead of the European Council meeting scheduled for 20-21 March.

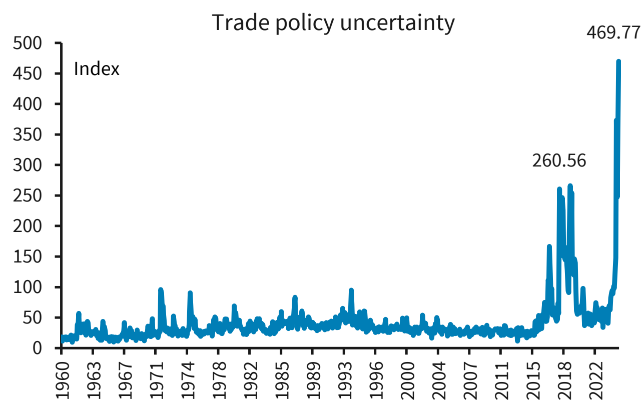
Tariffs hit, fiscal relief follows

Taking stock of the constellation of recent abrupt developments on both domestic and external fronts, as well as available soft and hard data indicators, we have revised (see EA and UK Themes: Tariffs hit now, fiscal relief follows) our real GDP growth forecasts for the euro area (EA) to 0.7% in 2025 (0.8% previously) and to 1.1% in 2026 (1.1% previously). EA growth is set to weaken further in the near term due to rising trade uncertainty and the higher tariffs that we assume the US administration will apply to trading partners. We now assume the US raises the average tariff on goods imported from the EU to 10% (5% previously). This implies lower net exports to the US, exerting an additional 0.2pp drag on growth by Q4 25, particularly in the most exposed countries, like Germany and Italy. We expect elevated trade-related policy uncertainty to further dampen business investment and private consumption, reducing real GDP growth in the euro area by an additional 0.1pp over 2025-2026.

Partially in response to this mounting external pressure, we expect more expansionary fiscal policy stances in 2026 as countries activate the national escape clause for defence spending, while reforms in Germany lead to a more expansionary fiscal outlook there. We assume this positive growth impulse adds approximately 0.4pp to German GDP by end-2026 and 0.2-0.3pp at the EA level. Overall, at the country level, we now expect real GDP growth to average

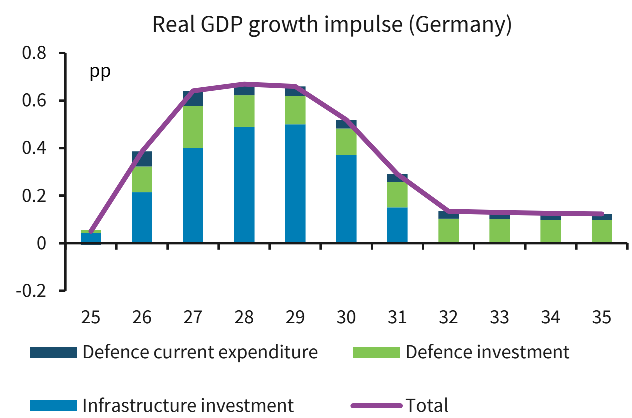
0.0/0.5/0.2/1.9% in Germany, France, Italy and Spain in 2025 respectively and 1.1/1.1/0.9/1.4% in 2026.

FIGURE 1. Trade uncertainty will put a lid on activity in 2025, but...



Source: Caldara, Dario, Matteo Iacoviello, Patrick Molligo, Andrea Prestipino, and Andrea Raffo, "The Economic Effects of Trade Policy Uncertainty," manuscript presented at the 91st meeting of the Carnegie-Rochester-NYU Conference on Public Policy, April 2019, Barclays Research

FIGURE 2. ...fiscal policy should turn more accommodative in 2026, notably in Germany

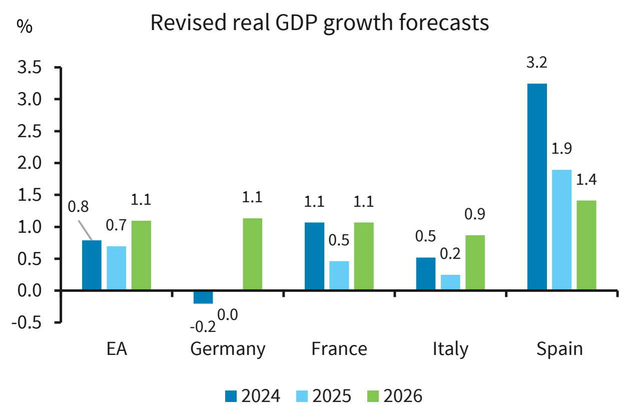


Source: Barclays Research

Strong start for industrial production

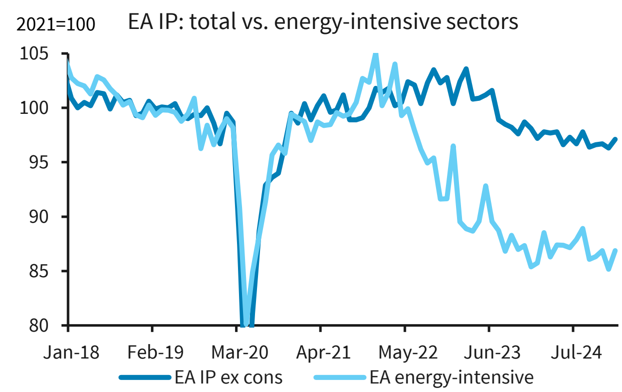
EA industrial production (excluding construction) printed at 0.8% m/m in January following a -0.4% m/m contraction in December (revised from -1.1% m/m). Excluding Ireland (-3.9% m/m), the improvement was more notable (+1.4% m/m), with production rebounding forcefully in both Germany (+2.3% m/m) and Italy (+3.2% m/m) but continuing to weaken in France (-0.6% m/m). We suspect part of the rebound from December can be attributed to difficulties in accounting for year-end closures in the data's seasonal adjustment, which depressed December figures. However, the January industrial production (IP) data, showing a 0.6% increase above Q4 average levels, provide tentative evidence that the gradual improvement in soft indicators at the turn of the year is making its way into the hard data. Sector-wise, production rebounded in the motor vehicles (+2.7% m/m), machinery and equipment (+1.3% m/m) and energy-intensive industries (+2.0% m/m). Conversely, pharmaceutical production dropped significantly in January (-12.0% m/m, after +19.4% m/m in December), alongside declines in the production of metals (-0.8% m/m), mining (-6.0% m/m) and electricity (-1.4% m/m).

FIGURE 3. We revise our real GDP growth forecasts for 2025 and 2026



Source: Eurostat, Haver Analytics, Barclays Research

FIGURE 4. Industrial production rebounded forcefully in January



Source: Eurostat, Haver Analytics, Barclays Research

The EU strikes back on trade...

In response to the US 25% steel and aluminum tariffs effective since 12 March, which are estimated to affect €26b of EU exports to the US, the European Commission (EC) announced that it will reinstate starting 1 April the 2018-2020 countermeasures against the US. Given the broader scope of the new US tariffs compared to those imposed during the first Trump administration, the Commission plans to introduce a complementary package of additional measures targeting a mix of industrial and agricultural products. Consultations will take place until 26 March, with the Commission expecting the new measures to have entered into force by mid-April.

...and the Commission will publish a white paper on defence on 19 March

On Wednesday 19 March, the EC will present its White Paper on the Future of European Defence, ahead of the European Council meeting scheduled for 20-21 March. As pointed out in Europe plays defence, and revealed by the Commission's ReArm Europe plan, the bulk of the effort to increase defence spending is likely to be shouldered by national governments in the short term. This approach would only allow for a gradual build-up in European defence spending and investment in the near term, especially given existing production capacity constraints and the relatively small industrial defence base in Europe.

ECB: we still expect 25bp cuts at the April and June meetings

ECB President Lagarde stated that abrupt geopolitical shifts, including changes in trade practices and defence policy, will complicate efforts to sustain a stable inflation environment. To address this challenge, Lagarde emphasized that the ECB will need an even stronger commitment to price stability and a clear framework to guide its response to various shocks with agility, deciding when is necessary to respond. In this new scenario, the ECB will continue to steer public expectations and help reduce uncertainty, rather than amplify it. Nuancing those observations, French Governor Villeroy de Galhau claimed that the return of inflation to target was "assured in France" and "ongoing and very, very soon in Europe". Taking this communication into account and based on our revised economic forecasts, we still expect the ECB to cur policy rates by 25bp at the April meeting.

Germany: deal reached with The Greens to support crucial reforms

Following a first parliamentary debate on 13 March, the Bundestag is expected to vote on 18 March on the set of reforms agreed upon by the CDU/CSU and SPD as part of their grand coalition negotiations. Parliamentary approval requires a two-thirds majority and, as such, the support of The Greens. Based on the latest press reports, the government-to-be and The Greens have reached an agreement on the stimulus package, which should allow for its adoption in the Bundestag. The media reports that in the negotiations, The Greens managed to allocate €100bn for the climate and economic transformation fund from the €500bn earmarked for infrastructure. Also, the planned amendment to the constitution would guarantee that spending on defence, civil and disaster protection, intelligence services and information security would be exempted from the 'debt brake' when they exceed 1% of GDP.

The week ahead

At the time of writing, we are awaiting Fitch's review of the French sovereign rating. In October 2024, Fitch maintained its AA- rating for France but revised its outlook to negative. Next week will bring the EA February final HICP reading (Mon), INSEE's March business survey for France (Fri) and the preliminary March consumer confidence print (Fri). On the policy side, we flag interventions from French Governor Villeroy (Wed and Thu), ECB President Lagarde (Thu) and Chief economist Lane (Fri).

EURO AREA DATA REVIEW & PREVIEW

Silvia Ardagna, Barclays, UK | Mariano Cena, Barclays, UK | Balduin Bippus, Barclays, UK | Mark Cus Babic, BCI, US | Saadalla Nadra-Yazji, BBI, Paris

Review of last week's data releases

Main indicators	Period	Previous	Barclays	Actual	Comments
EA20: Industrial production, % m/m (y/y)	Jan	-0.4 (-1.8) R	0.7 (-0.6)	0.8 (-0.1)	EA industrial production (excluding construction) printed at 0.8% m/m in January following a 0.4% m/m contraction in December (revised from -1.1% m/m). Sector-wise, production rebounded in the motor-vehicle sector (+2.7% m/m), machinery and equipment (+1.3% m/m), and energy-intensive industries (+2.0% m/m).
Germany: Industrial production, % m/m (y/y)	Jan	-1.5 (-2.3) R	1.5 (2.8)	2.0 (-1.5)	German industrial production (excluding construction) rebounded 2.3% m/m in January, following a 2.1% m/m decline in December.
Italy: Industrial production, % m/m (y/y)	Jan	-2.7 (-6.6) R	1.1	3.2 (-0.8)	Industrial production rebounded forcefully in Italy in January, driven by the motor vehicle sector (+5.4% m/m) and the production of machinery and equipment (+5.5% m/m).
Germany: "Final" HICP, % m/m (y/y)	Feb	0.62 (2.75) P	0.62 (2.75)	0.46 (2.59)	Headline inflation was confirmed at 0.9% y/y and 2.9% y/y in France and Spain, respectively, but revised 0.2pp lower in Germany.
France: "Final" HICP, % m/m (y/y)	Feb	0.02 (0.90) P	0.02 (0.90)	0.06 (0.93)	
Spain: "Final" HICP, % m/m (y/y)	Feb	0.39 (2.89) P	0.39 (2.89)	0.39 (2.89)	

Preview of upcoming data

Saturday 15 March		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
16:30	**EA20: ECB President Lagarde speaks at the IPU Global Conference of Women Parliamentarians in 2025 organised by the Inter-Parliamentary Union in Mexico City, Mexico**						
Monday 17 March		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
14:00	**EA20: ECB President Lagarde speaks at Faculty of Law and Political Science of Université Aix-Marseille in Aix-en-Provence, France**						
09:00	Italy: "Final" CPI, % m/m (y/y)	Feb	0.1 (1.3)	0.6 (1.5)	0.2 (1.7) P	-	-
09:00	Italy: "Final" HICP, % m/m (y/y)	Feb	0.08 (1.4)	-0.81 (1.66)	0.08 (1.74) P	0.08 (1.74)	(1.74)
Tuesday 18 March		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
-	**EU27: General Affairs Council in Brussels, Belgium**						
08:00	Slovakia: HICP, % m/m (y/y)	Feb	0.2 (3.6)	-0.5 (3.2)	1.8 (4.3)	-	-
10:00	Germany: ZEW economic expectations, % bal	Mar	15.7	10.3	26.0	-	45.0
10:00	EA20: ZEW economic sentiment, % bal	Mar	17.0	18.0	24.2	-	-
10:00	EA20: Trade balance sa, € bn	Jan	6.9	13.3	14.6	-	14.0
EU27 - General Affairs Council: Ministers will discuss the draft conclusions for the European Council meeting on 20-21 March 2025, exchange of views on the state of play of EU-UK relations and discuss the 2025 European Semester. Additionally, the Council will approve a joint declaration on the EU legislative priorities for 2025, as well as joint conclusions on policy objectives and priorities for 2025-29.							
Wednesday 19 March		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
12:00	**EA20: ECB Vice President de Guindos speaks at V Observatorio Finanzas in Madrid, Spain**						
13:00	**EA20: ECB Executive Board Member Elderson speaks at annual European Financials Conference organised by Morgan Stanley in London, UK**						
08:00	Austria: "Final" HICP, % m/m (y/y)	Feb	0.7 (2.1)	0.9 (3.4)	0.6 (3.5) P	-	-
10:00	EA20: "Final" HICP, % m/m (y/y)	Feb	0.40 (2.40)	-0.30 (2.50)	0.50 (2.40) P	0.50 (2.40)	0.50 (2.40)
10:00	EA20: 'Eurostat' core (HICP x fd, alc, tob, ene), % m/m (y/y)	Feb	0.45 (2.71)	-0.95 (2.70)	0.58 (2.60) P	0.58 (2.60)	(2.60)
10:00	EA20: HICP ex tobacco, index (2015 = 100)	Feb	126.05	126.50	126.11	126.72	-
Thursday 20 March		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
-	**EU27: EU Summit in Brussels, Belgium (to 21/03)**						

08:00	**EA20: ECB President Lagarde speaks at ECON Hearing before the Committee on Economic and Monetary Affairs (ECON) of the European Parliament in Brussels, Belgium**						
09:00	**EA20: ECB publishes Economic Bulletin**						
08:30	**Switzerland: Interest rate announcement, %**	**Mar**	**1.25**	**1.00**	**0.50**	**0.25**	**0.25**
08:30	**Sweden: Interest rate announcement, %**	**Mar**	**2.75**	**2.50**	**2.25**	**2.25**	**2.25**
12:00	**EA20: ECB Chief Economist Lane speaks at UCC Economics Society's Conference at University College Cork (UCC) in Cork, Ireland**						
07:00	Germany: PPI, % m/m (y/y)	Feb	0.5 (0.1)	-0.1 (0.8)	-0.1 (0.5)	-	0.2 (1.0)
10:00	EA20: Construction output, % m/m (y/y)	Jan	0.4 (-0.5)	0.6 (0.3)	0.0 (-0.1)	-	-

Friday 21 March		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
-	France: Retail sales sa, % (y/y)	Feb	-0.1	-0.8	-0.7	-	-
05:30	Netherlands: Consumer confidence, % bal	Mar	-26	-28	-32	-	-
07:45	France: Business climate, index	Mar	94.5	94.9	95.6	-	96.0
08:00	Switzerland: M3, % y/y	Feb	1.8	1.9	1.6	-	-
09:00	EA20: ECB current account sa, € bn	Jan	29.3	25.1	38.4	-	-
10:00	Belgium: Consumer confidence, % bal	Mar	-9.0	-11.0	-4.0	-	-
15:00	EA20: "Flash" consumer confidence, % bal	Mar	-14.5	-14.2	-13.6	-	-13.3

Note: All times reported are in GMT. Consensus figures are taken from Bloomberg.
Source: Bloomberg, Haver Analytics, Barclays Research

EURO AREA SNAPSHOT

Silvia Ardagna, Barclays, UK | Mariano Cena, Barclays, UK | Balduin Bippus, Barclays, UK | Saadalla Nadra-Yazji, BBI, Paris

Data as of 14 March 2025

	2024				2025				2026				Calendar year average		
% change q/q	**Q1**	**Q2**	**Q3**	**Q4**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**2024**	**2025E**	**2026E**
Real GDP	0.3	0.2	0.4	0.2	0.2	0.0	0.0	0.1	0.3	0.4	0.5	0.5	...	...	...
Real GDP (saar)	1.3	0.7	1.7	0.9	0.8	0.2	-0.1	0.6	1.3	1.6	2.0	1.8	...	...	...
Real GDP (y/y)	0.5	0.5	1.0	1.2	1.0	0.9	0.5	0.4	0.5	0.8	1.4	1.7	0.8	0.7	1.1
Private consumption	0.5	0.0	0.6	0.4	0.1	0.2	0.1	0.2	0.3	0.3	0.4	0.4	1.0	1.0	1.1
Public consumption	0.3	1.1	0.9	0.4	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.4	2.8	1.6	1.0
Investment	-2.0	-2.5	1.8	0.6	-0.5	-0.4	0.1	0.4	0.5	0.5	0.6	0.6	-2.0	0.1	1.5
Inventories contribution (pp)	-0.2	0.2	0.5	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	0.1	0.0
Final dom. demand cont. (pp)	-0.1	-0.3	0.9	0.5	0.0	0.1	0.1	0.2	0.3	0.3	0.4	0.4	0.7	0.9	1.1
Net exports contribution (pp)	0.6	0.3	-0.9	0.0	0.2	0.0	-0.1	-0.1	0.0	0.1	0.1	0.0	0.4	-0.3	0.0
Employment (q/q)	0.3	0.1	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.2	0.2	0.2	1.0	0.3	0.2
Unemployment rate %	6.5	6.4	6.3	6.2	6.2	6.3	6.6	6.7	6.8	6.7	6.7	6.5	6.4	6.5	6.7
HICP inflation y/y	2.6	2.5	2.2	2.2	2.4	2.3	2.2	2.2	1.8	1.8	1.8	1.8	2.4	2.2	1.8
Core HICP (ex food/energy) y/y	3.1	2.8	2.8	2.7	2.6	2.3	2.1	2.1	2.0	2.0	2.0	2.0	2.8	2.3	2.0
Nominal GDP (y/y)	…	…	…	…	…	…	…	…	…	…	…	…	3.7	3.1	3.0
Current account % GDP	2.9	3.6	2.2	2.4	2.8	3.0	2.8	2.7	2.7	2.8	2.9	2.9	2.8	2.8	2.8
Government balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-3.2	-3.3	-3.5
Government primary balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-1.3	-1.3	-1.3
Gross public debt % GDP	…	…	…	…	…	…	…	…	…	…	…	…	87.7	89.1	90.7
Refi rate (period end %)	4.50	4.25	3.65	3.15	2.65	2.15	1.90	1.65	1.65	1.65	1.65	1.65	3.15	1.65	1.65
Depo rate (period end%)	4.00	3.75	3.50	3.00	2.50	2.00	1.75	1.50	1.50	1.50	1.50	1.50	3.00	1.50	1.50

Note: All numbers expressed in % q/q swda unless otherwise specified. E = Forecast.
Source: Eurostat, Barclays Research

FRANCE SNAPSHOT

Silvia Ardagna, Barclays, UK | Mariano Cena, Barclays, UK | Balduin Bippus, Barclays, UK | Saadalla Nadra-Yazji, BBI, Paris

Data as of 14 March 2025

	2024				2025				2026				Calendar year average		
% change q/q	Q1	Q2	Q3	Q4	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	2024	2025E	2026E
Real GDP	0.1	0.3	0.4	-0.1	0.1	0.1	0.0	0.2	0.3	0.4	0.4	0.3	…	…	…
Real GDP (saar)	0.3	1.0	1.6	-0.4	0.6	0.4	0.1	0.7	1.3	1.5	1.8	1.4	…	…	…
Real GDP (y/y)	1.4	1.0	1.2	0.6	0.7	0.5	0.2	0.4	0.6	0.9	1.3	1.5	1.1	0.5	1.1
Private consumption	0.1	0.0	0.6	0.3	0.1	0.2	0.2	0.2	0.3	0.3	0.4	0.3	0.9	0.9	1.1
Public consumption	0.7	0.4	0.6	0.4	0.2	0.2	0.2	0.0	0.2	0.1	0.2	0.2	2.1	1.2	0.6
Investment	-0.7	0.1	-0.7	-0.1	-0.3	-0.4	0.0	0.5	0.5	0.6	0.6	0.6	-1.5	-1.0	1.7
Inventories contribution (pp)	0.0	-0.1	0.3	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.5	-0.1	0.0
Final dom. demand cont. (pp)	0.1	0.1	0.3	0.2	0.0	0.1	0.1	0.2	0.3	0.3	0.4	0.3	0.7	0.6	1.1
Net exports contribution (pp)	0.0	0.2	-0.1	0.0	0.1	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.8	0.0	0.0
Employment (q/q)	0.2	0.1	0.1	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.1	0.6	0.0	-0.1
Unemployment rate %	7.4	7.4	7.4	7.3	7.5	7.7	7.8	7.9	8.0	8.1	8.1	8.0	7.4	7.7	8.0
HICP inflation y/y	3.0	2.5	2.1	1.7	1.5	1.4	1.6	1.8	1.8	1.9	2.0	2.0	2.3	1.6	1.9
Core HICP (ex food/energy) y/y	2.5	2.4	2.3	2.1	2.0	1.9	1.9	2.1	2.2	2.2	2.2	2.2	2.3	2.0	2.2
Nominal GDP (y/y)	…	…	…	…	…	…	…	…	…	…	…	…	3.4	1.9	2.9
Current account % GDP	0.1	-0.8	-0.2	-0.2	-0.2	-0.2	-0.3	-0.5	-0.5	-0.5	-0.5	-0.5	-0.3	-0.3	-0.5
Government balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-6.1	-5.8	-5.6
Government primary balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-4.0	-3.3	-2.7
Gross public debt % GDP	…	…	…	…	…	…	…	…	…	…	…	…	112.5	116.2	118.4

Note: All numbers expressed in % q/q swda unless otherwise specified. E = Forecast.
Source: Eurostat, INSEE, Barclays Research

GERMANY SNAPSHOT

Silvia Ardagna, Barclays, UK | Mariano Cena, Barclays, UK | Balduin Bippus, Barclays, UK | Saadalla Nadra-Yazji, BBI, Paris

Data as of 14 March 2025

	2024				2025				2026				Calendar year average		
% change q/q	**Q1**	**Q2**	**Q3**	**Q4**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**2024**	**2025E**	**2026E**
Real GDP	0.2	-0.3	0.1	-0.2	0.2	0.0	-0.1	0.1	0.3	0.4	0.6	0.6	...	...	...
Real GDP (saar)	0.9	-1.2	0.4	-0.8	0.7	0.0	-0.4	0.5	1.3	1.7	2.3	2.3	...	...	...
Real GDP (y/y)	-0.1	-0.2	-0.3	-0.2	-0.2	0.1	-0.1	0.2	0.4	0.8	1.5	1.9	-0.2	0.0	1.1
Private consumption	0.2	-0.1	0.2	0.1	0.1	0.2	0.0	0.2	0.2	0.3	0.5	0.5	0.3	0.4	1.0
Public consumption	0.1	1.9	1.5	0.4	0.2	0.2	0.2	0.2	0.3	0.5	0.4	0.6	3.5	2.1	1.4
Investment	0.3	-2.0	-0.5	0.4	-0.4	-0.3	0.0	0.3	0.4	0.5	0.8	0.8	-2.6	-1.0	1.5
Inventories contribution (pp)	-0.2	0.2	0.8	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
Final dom. demand cont. (pp)	0.2	-0.1	0.4	0.2	0.0	0.1	0.1	0.2	0.3	0.4	0.5	0.6	0.4	0.5	1.2
Net exports contribution (pp)	0.2	-0.4	-1.0	-1.1	0.1	-0.1	-0.2	-0.1	0.1	0.0	0.1	0.0	-0.5	-1.5	0.0
Employment (q/q)	0.1	0.0	-0.1	0.0	0.0	0.0	-0.2	-0.1	0.0	0.1	0.2	0.2	0.2	-0.2	0.0
Unemployment rate %	3.3	3.4	3.5	3.4	3.6	3.8	4.2	4.4	4.4	4.3	4.2	4.1	3.4	4.0	4.2
HICP inflation y/y	2.7	2.6	2.2	2.5	2.6	2.4	2.4	2.4	2.0	1.9	1.9	1.9	2.5	2.4	1.9
Core HICP (ex food/energy) y/y	3.4	3.2	3.1	3.2	3.3	3.1	2.7	2.7	2.3	2.2	2.2	2.1	3.2	2.9	2.2
Nominal GDP (y/y)	…	…	…	…	…	…	…	…	…	…	…	…	2.9	2.5	3.2
Current account % GDP	6.5	6.8	5.2	3.9	4.6	5.0	5.2	5.0	4.9	4.9	4.9	4.9	5.6	4.9	4.9
Government balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-2.8	-2.9	-3.4
Government primary balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-1.8	-1.8	-2.3
Gross public debt % GDP	…	…	…	…	…	…	…	…	…	…	…	…	63.6	65.0	66.5

Note: All numbers expressed in % q/q swda unless otherwise specified. E = Forecast.
Source: Eurostat, Destatis, Barclays Research

ITALY SNAPSHOT

Silvia Ardagna, Barclays, UK | Mariano Cena, Barclays, UK | Balduin Bippus, Barclays, UK | Saadalla Nadra-Yazji, BBI, Paris

Data as of 14 March 2025

	2024				2025				2026				Calendar year average		
% change q/q	**Q1**	**Q2**	**Q3**	**Q4**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**2024**	**2025E**	**2026E**
Real GDP	0.3	0.1	0.0	0.1	0.1	0.0	0.0	0.2	0.2	0.3	0.3	0.3	...	...	...
Real GDP (saar)	1.4	0.3	0.0	0.5	0.2	0.0	0.1	0.6	0.9	1.3	1.4	1.4	...	...	...
Real GDP (y/y)	0.3	0.6	0.6	0.6	0.3	0.2	0.2	0.3	0.4	0.7	1.1	1.2	0.5	0.2	0.9
Private consumption	1.0	-0.3	0.6	0.2	0.1	0.1	0.1	0.2	0.1	0.4	0.3	0.4	0.4	0.7	0.8
Public consumption	-0.2	0.5	0.3	0.2	0.2	0.3	0.1	0.1	0.1	0.2	0.2	0.2	1.1	0.9	0.6
Investment	-0.1	-0.7	-1.6	1.6	-0.8	-0.4	0.2	0.5	0.5	0.3	0.4	0.4	0.0	-0.6	1.4
Inventories contribution (pp)	-0.1	0.9	0.4	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	0.1	0.0
Final dom. demand cont. (pp)	0.5	-0.2	0.1	0.5	-0.1	0.0	0.1	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.9
Net exports contribution (pp)	0.0	-0.6	-0.4	0.1	0.1	0.0	-0.1	-0.1	0.0	0.0	0.1	0.0	0.3	-0.3	0.0
Employment (q/q)	0.4	0.1	0.6	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	1.6	0.2	0.2
Unemployment rate %	7.1	6.7	6.3	6.2	6.4	6.6	6.7	6.8	6.9	6.9	6.8	6.6	6.6	6.6	6.8
HICP inflation y/y	1.0	0.9	1.2	1.3	1.8	2.4	2.2	2.0	1.6	1.4	1.4	1.5	1.1	2.1	1.5
Core HICP (ex food/energy) y/y	2.5	2.2	2.2	1.9	1.7	1.7	1.7	1.6	1.6	1.6	1.7	1.7	2.2	1.7	1.6
Nominal GDP (y/y)	…	…	…	…	…	…	…	…	…	…	…	…	2.6	2.4	2.5
Current account % GDP	1.5	1.6	1.0	1.4	1.3	1.1	1.0	0.8	0.9	0.9	1.0	1.0	1.4	1.1	1.0
Government balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-3.4	-3.7	-3.5
Government primary balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	0.5	0.2	0.5
Gross public debt % GDP	…	…	…	…	…	…	…	…	…	…	…	…	135.5	138.2	140.5

Note: All numbers expressed in % q/q swda unless otherwise specified. E = Forecast.
Source: Eurostat, Istat, Barclays Research

SPAIN SNAPSHOT

Silvia Ardagna, Barclays, UK | Mariano Cena, Barclays, UK | Balduin Bippus, Barclays, UK |
Saadalla Nadra-Yazji, BBI, Paris

Data as of 14 March 2025

	2024				2025				2026				Calendar year average		
% change q/q	**Q1**	**Q2**	**Q3**	**Q4**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**2024**	**2025E**	**2026E**
Real GDP	1.0	0.8	0.8	0.8	0.4	0.2	0.2	0.3	0.4	0.5	0.4	0.5	...	...	...
Real GDP (saar)	4.2	3.4	3.2	3.1	1.6	0.9	0.7	1.1	1.6	1.8	1.7	1.9	...	...	...
Real GDP (y/y)	2.7	3.3	3.5	3.5	2.8	2.2	1.6	1.1	1.1	1.3	1.5	1.7	3.2	1.9	1.4
Private consumption	0.4	1.1	1.2	0.9	0.4	0.3	0.3	0.4	0.4	0.5	0.5	0.5	2.9	2.5	1.7
Public consumption	1.4	0.5	2.5	0.4	0.4	0.4	0.2	0.3	0.4	0.4	0.4	0.3	4.9	2.5	1.3
Investment	1.1	0.5	-1.4	3.4	-0.2	-0.5	0.2	0.5	0.5	0.5	0.4	0.5	2.3	1.6	1.5
Inventories contribution (pp)	-0.2	0.0	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	0.0	0.0
Final dom. demand cont. (pp)	0.7	0.8	0.9	1.2	0.3	0.1	0.2	0.4	0.4	0.4	0.4	0.4	3.0	2.2	1.5
Net exports contribution (pp)	0.5	0.0	-0.1	-0.4	0.1	0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.4	-0.3	-0.1
Employment (q/q)	0.4	0.0	0.7	0.9	0.5	0.2	0.2	0.2	0.2	0.4	0.5	0.4	2.2	1.9	1.2
Unemployment rate %	11.8	11.6	11.3	10.7	10.7	10.9	11.0	11.2	11.4	11.3	11.2	11.0	11.4	11.0	11.2
HICP inflation y/y	3.2	3.6	2.3	2.4	2.8	2.5	2.9	3.0	1.8	1.7	1.7	1.6	2.9	2.8	1.7
Core HICP (ex food/energy) y/y	3.2	2.9	2.8	2.5	2.3	2.4	2.2	2.1	2.0	2.0	2.0	2.0	2.8	2.3	2.0
Nominal GDP (y/y)	…	…	…	…	…	…	…	…	…	…	…	…	6.3	5.0	3.1
Current account % GDP	3.6	3.3	3.4	1.9	2.0	1.9	1.9	1.7	1.7	1.7	1.7	1.8	3.0	1.9	1.8
Government balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-3.3	-3.2	-3.0
Government primary balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-0.8	-0.7	-0.4
Gross public debt % GDP	…	…	…	…	…	…	…	…	…	…	…	…	102.3	101.8	102.9

Note: All numbers expressed in % q/q swda unless otherwise specified. E = Forecast.
Source: Eurostat, INE, Barclays Research

United Kingdom Outlook

Uncertainty certainly a drag

A downwardly revised GDP outlook, following weaker data and intensifying tariffs threats and uncertainty, combines with signs of an easing labour market but rising inflation expectations to paint a complicated backdrop to next week's MPC meeting. We expect the MPC to hold Bank Rate at 4.5%.

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- Increased threats of tariffs and uncertainty have combined with weaker-than-expected GDP data outturns to lead us to revise down our GDP forecast for 2025 to 0.7% (previously 1.0%) and, despite sequentially stronger growth, 2026 to 1.3% (previously 1.4%).
- We expect the MPC to hold Bank Rate at 4.5% at its March meeting next week, leaving guidance little changed and stressing data are broadly on track amid heightened uncertainty.
- Inflation expectations have risen but remain anchored in our view, while we expect soft labour market survey results this week to foreshadow an easing in the official data next week.

GDP outlook revised down following intensifying tariffs

This week's developments on tariffs and trade have led us to reassess our assumptions and subsequently revise our real GDP growth forecasts for 2025 and 2026. The imposition of tariffs on steel and aluminum exports to the US are small in terms of their direct impact on the UK, with around £500mn exported in 2024, less than 0.02% of GDP. However, the increased rhetoric and threats around tariffs mean we now factor in a baseline assumption of 10% average tariffs on goods imported from the rest of the world to the US (previously 5%), alongside 30% tariffs on Chinese exports to the US. As outlined in EA and UK Themes: Tariffs hit now, fiscal relief follows, in this scenario, both trade and uncertainty channels are elevated and reduce sequential growth this year, but provide a boost in 2026 as uncertainty unwinds, leaving the level of GDP roughly 0.1% lower by the end of 2026. In calendar year terms, this leaves our forecast for y/y real GDP growth at 0.7% in 2025 (previously 1.0%) and 1.3% in 2026 (previously 1.4%).

The majority of this revision is seen in a worse net trade position, but there is also a slowdown in domestic consumption and investment, resulting from the heightened uncertainty. All three demand components see a stronger sequential performance in 2026 relative to our previous forecast, but y/y in 2025 and 2026 they are reduced to 0.7% and 1.1% for consumption, -0.1% and 1.2% for investment and -0.2pp and 0.1pp for net trade, respectively. Unlike European peers, the UK does not have a defence-motivated fiscal boost to act as an offset, as the announced increase in defence spending is being done in a way so as to be fiscally neutral.

This week's print for January monthly GDP is also incorporated into our GDP revision, coming in below our own below-consensus expectation at -0.1% m/m (Barclays 0.0%, Bloomberg consensus 0.1%). Weakness was particularly notable in the industrial production sector, which contracted by 0.9%, but even in the service sector, which grew 0.1% m/m, growth was narrow, with only six of the fourteen sub-sectors expanding. The combination of this and the additional drag from tariffs and uncertainty means we now expect Q1 real GDP growth to be 0.2% q/q (previously 0.3%) even with strong carry-over from Q4 and expected strength in public sector spending.

Growing clarity on the nature of fiscal adjustment

As we build towards the Spring Statement/OBR forecast update, we are increasingly seeing trails of measures that could be used to reduce current expenditure and ensure the Chancellor is able to rebuild her headroom against her fiscal rules, in light of what we calculate will be a worse economic and financial outlook from the OBR projections. The leading three of these, in our view, are reforms to welfare, trailed this week, adjustments to the organisation of the NHS in search of efficiency savings, and reductions in public sector headcounts. The last of these would exacerbate the picture seen in this week's REC/KPMG Report on Jobs, where demand for staff deteriorated in the public sector, both in an absolute sense, but also relative to the private sector.

Next week, focus on BoE: we expect a hold at 4.5%

We are expecting a majority of the MPC to vote to hold Bank Rate at 4.5% next week (20 March), most likely with a 7-2 vote and little change to the existing guidance. The minutes of the meeting should stress significant uncertainty but provide reassurance that data remain broadly on track with the MPC's expectations. For more detail on our views, see Uncertainty? Certainly, 13 March 2025.

Inflation expectations up, but still anchored

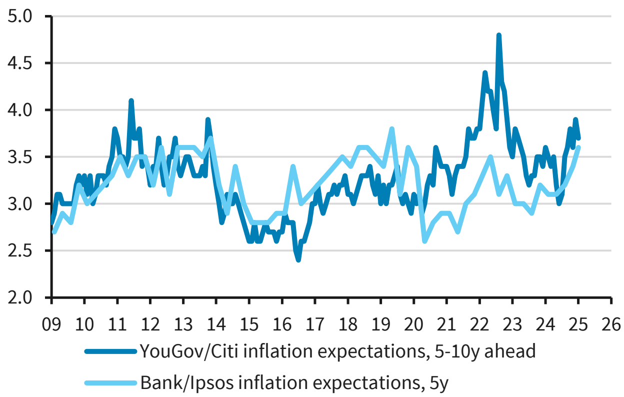
One thing that may have raised some eyebrows on the MPC was this week's Inflation Attitudes Survey, showing an increase in both short- and long-term inflation expectations. The 5-year ahead measure rose to 3.6% in Q1, up from 3.4% in 2024 Q4 and 3.1% a year ago. This remains within the range of 2.6-3.6% that the series has been in since 2009 but is edging to the top of that range, similar to the pattern we have seen in other metrics of long-run inflation expectations (Figure 1). We currently judge expectations to be anchored, but continue to flag further increases as a risk to our outlook for inflation persistence and Bank Rate, as anchored expectations are a key part of the MPC's confidence that it can look through this year's near-term inflation hump. Next week we will get an update on the BoE Agents' Business Conditions survey, which will provide a further read on both inflation and wage expectations of firms.

Looking for progress on wages

Next week will also see labour market data for January (20 March).[2] With wages front-and-centre of MPC deliberations, we expect the 0.1pp gap that opened up relative to the MPC's forecast last month in regular private sector AWE growth will be maintained, with a print of 6.1% 3m/y and a sequential growth rate of around 0.3% m/m. This would be consistent with the BoE's agents' survey expectations and also data cited recently by external MPC member Alan Taylor on realised wage settlements YTD. Outside of the AWE, we got soft data on wages from the KPMG/REC report this week, with the permanent salaries index for February slowing to a 4-year low of 52.1, well below the post-GFC average. This was alongside softening demand and increasing staff availability, consistent with our view that the labour market is loosening (Figure 2). In that spirit, our expectation is that the LFS unemployment rate will increase to 4.5% in the 3-months to January, in line with the signal from our alternative employment indicator and PAYE payrolls data.

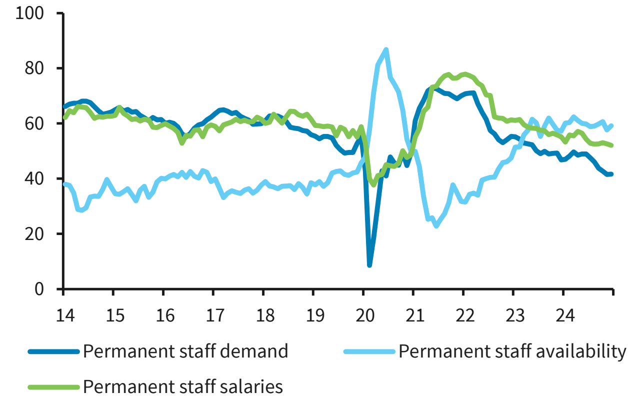
[2] This data will be seen by the MPC early, on 17 March.

FIGURE 1. Measures of longer-term inflation expectations



Source: YouGov/Citi, BoE, Barclays Research

FIGURE 2. REC/KPMG survey shows softening labour market



Source: REC/KPMG, Haver Analytical, Barclays Research

UK DATA REVIEW & PREVIEW

Jack Meaning, Barclays, UK

Review of last week's data releases

Main indicators	Period	Previous	Barclays	Actual	Comments
REC permanent staff placements, index	Feb	39.8	-	43.6	KPMG/REC for February showed permanent placements still well below 50.
REC permanent staff salaries, index	Feb	52.6	-	52.1	Vacancies (demand for staff) continued to decline for the 16th consecutive month, with permanent vacancies at 41.8, the second sharpest contraction since August 2020 (and more pronounced in public sector (39.7).
RICS house price balance, %	Feb	22	-	11	House price balance signalled a slight slowing in the sales market, as per the press release. On demand, new buyer enquiries posted a weak reading, while agreed sales turned negative.
Monthly GDP, % m/m (y/y)	Jan	0.4 (1.5)	0.0	-0.1 (1.0)	January monthly GDP came in below our own below-consensus expectation, at -0.1% m/m (Barclays 0.0%, Bloomberg consensus 0.1%). Weakness was particularly notable in the industrial production sector, which contracted by 0.9%.
Industrial output, % m/m (y/y)	Jan	0.5 (-1.9)	-0.1	-0.9 (-1.5)	
Manufacturing output, % m/m (y/y)	Jan	0.7 (-1.4)	-	-1.1 (-1.5)	
Construction output, % m/m (y/y)	Jan	-0.2 (1.5)	-0.2	-0.2 (0.2)	
Index of services, % m/m (y/y)	Jan	0.4 (2.0)	0.0	0.1 (1.4)	

Preview of upcoming data

Monday 17 March		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
	No data releases scheduled.						
Tuesday 18 March		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
	No data releases scheduled.						
Wednesday 19 March		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
	No data releases scheduled.						
Thursday 20 March		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
07:00	Average weekly earnings, % 3m/y	Jan	5.3	5.5	6.0	5.8	5.9
07:00	Regular average weekly earnings, % 3m/y	Jan	5.2	5.6	5.9	5.9	5.9
07:00	Regular private sector average weekly earnings, % 3m/y	Jan	5.5	5.9	6.2	6.1	6.2
07:00	ILO unemployment rate, %	Jan	4.3	4.4	4.4	4.5	4.4
07:00	Change in HMRC payrolls, thous	Feb	-26.3	-13.9	20.7	-	-
07:00	Jobless claims change (sa, k)	Feb	-25.1	-15.1	22.1	-	-
07:00	Headline job vacancies, % 3m moving average	Feb	814	818	819	-	-
11:00	CBI industrial trends, total orders	Mar	-40	-34	-28	-	-30
12:00	**BoE bank rate decision, %**	**Mar**	**4.75**	**4.75**	**4.50**	**4.50**	**4.50**
12:00	**BoE MPC meeting minutes**	**Mar**					
12:00	**BoE MPC bank rate vote (hold/-25, in bp)**	**Mar**	**1-8**	**6-3**	**2-7**	**7-2**	**-**
12:00	BoE Agents' summary of business conditions	Q1					
BoE monetary policy report: We expect the MPC to hold Bank Rate at 4.50% at its March meeting next week, leaving guidance little changed and stressing data are broadly on track amid heightened uncertainty.							
Friday 21 March		**Period**	**Prev – 3**	**Prev – 2**	**Prev – 1**	**Forecast**	**Consensus**
00:01	GfK consumer confidence, index	Mar	-17	-22	-20	-	-21
07:00	PSNB, £ bn	Feb	12.6	18.1	-15.4	-	7.0

Note: All times reported are in GMT. Consensus figures are taken as at 11am on Friday, 14 March 2025 from Bloomberg and hence, may be subject to significant change, given that the 'final cut' is 3pm London time of the same day.
Source: Haver Analytics, Bloomberg, Barclays Research

UK SNAPSHOT

Jack Meaning, Barclays, UK

Data as of 14 March 2025

	2024				2025				2026				Calendar year average		
% Change q/q	**Q1**	**Q2**	**Q3**	**Q4**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**2024**	**2025E**	**2026E**
Real GDP	0.8	0.4	0.0	0.1	0.2	0.1	0.2	0.3	0.3	0.4	0.5	0.6	…	…	…
Real GDP (saar)	3.4	1.8	-0.1	0.4	1.0	0.4	0.7	1.1	1.3	1.6	1.9	2.5	…	…	…
Real GDP (y/y)	0.5	0.9	1.0	1.4	0.8	0.4	0.6	0.8	0.9	1.2	1.5	1.8	0.9	0.7	1.3
Private consumption	0.8	0.1	0.6	-0.1	0.2	0.1	0.2	0.3	0.4	0.3	0.3	0.4	0.7	0.7	1.1
Public consumption	0.3	0.8	0.3	0.8	1.1	0.8	0.6	0.6	0.3	0.2	0.4	0.4	2.0	3.2	1.8
Investment (GFCF)	0.9	0.7	1.0	-0.9	-0.1	0.0	0.0	0.1	0.3	0.4	0.6	0.8	1.3	-0.1	1.2
Final domestic demand	0.5	2.6	-0.6	1.5	-0.8	-0.2	0.2	0.3	0.3	0.3	0.4	0.4	2.1	0.8	1.1
Inventories (pp)	-0.2	2.3	-1.3	1.6	-1.1	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	1.1	-0.3	-0.1
Net exports (pp)	0.3	-2.2	0.6	-1.5	1.0	0.3	-0.1	-0.1	0.0	0.1	0.1	0.2	-1.3	-0.2	0.1
Employment (Mn)	33.3	33.5	33.7	33.9	33.8	33.8	33.8	33.9	33.9	33.9	34.0	34.0	33.6	33.8	33.9
Unemployment rate %	4.3	4.2	4.3	4.4	4.6	4.7	4.7	4.7	4.7	4.7	4.8	4.8	4.3	4.7	4.7
CPI inflation (y/y)	3.5	2.1	2.0	2.5	2.8	3.1	3.4	3.0	2.3	1.8	1.9	2.0	2.5	3.1	2.0
Core CPI inflation (y/y)	4.6	3.6	3.3	3.3	3.6	3.1	2.9	2.8	2.3	2.0	2.0	2.1	3.7	3.1	2.1
Nominal GDP (y/y)	4.8	4.1	4.7	5.7	5.1	4.0	4.0	3.9	3.4	3.2	3.3	3.3	4.8	4.2	3.3
Current account % GDP	-1.7	-3.4	-2.5	-4.0	-2.5	-1.4	-1.4	-1.3	-1.3	-1.3	-1.2	-1.0	-2.9	-1.6	-1.2
Government balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-4.3	-3.5	-2.7
Government primary balance % GDP	…	…	…	…	…	…	…	…	…	…	…	…	-1.9	-1.2	-0.4
Government debt % GDP (PSND)	…	…	…	…	…	…	…	…	…	…	…	…	96.6	95.7	95.5
Bank Rate (EOP)	5.25	5.25	5.00	4.75	4.50	4.00	3.50	3.50	3.50	3.50	3.50	3.50	4.75	3.50	3.50

Note: Q4 24 current account entry is still a forecast as data is yet to be released. Final domestic demand is the sum of private consumption, public consumption, investment and inventories. Government balance, primary balance, and government debt are fiscal year forecasts, eg, 2024 = FY 24/25. Government balance is defined as public sector net borrowing excluding financial interventions (PSNBex). Government debt is defined as public sector net debt (PSND). E = Forecast.
Source: ONS, Barclays Research

Japan Outlook

BoJ on track, but likely on hold for now

We expect the BoJ to keep its "on track" assessment of growth and inflation, but to take more time to gauge the impact of its January rate hike as well as tariffs and wages. We still expect the next hike in July and a terminal rate of 1.25% based on our inflation outlook.

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We look for the BoJ to reiterate that growth and inflation remain on track, but expect it to stand pat at the monetary policy meeting (MPM) on 18-19 March. In speeches since the rate hike decision at the January MPM, Policy Board members Tamura and Takata and Deputy Governor Uchida have all been constructive about staying on the rate hike path. At the same time, Uchida tacitly approved the current market's pricing of gradual rate hikes (to less than 1.2% over two years), suggesting he sees the BoJ continuing at the current pace of once per six months. He also remarked that the underlying inflation emphasized by the BoJ remains shy of 2%, suggesting he does not see the need to hasten that pace of hiking. We expect Governor Ueda's communications at the upcoming post-MPM press conference to be in line with the views of other Policy Board members, stressing that rate hikes will continue, even if slowly, as long as wages and inflation continue to evolve in line with the BoJ's outlook. Depending on whether Ueda emphasizes the "gradual pace" of rate hikes or simply the "continuation" thereof, market reactions could differ, but that, in turn, could be influenced by the trend in equities, FX and long-term yields just prior to the MPM decision.

Although US President Trump recently cited currency manipulation as a justification for imposing tariffs on Japanese products, earlier JPY weakness has corrected to some extent. In addition, the observation period for examining the economic impact of the January hike remains too short. Moreover, consumption is slumping again. Also, uncertainty around Trump tariffs appears likely to remain elevated for now and US recession concerns have emerged, putting a damper on domestic and overseas equity markets. This, too, gives the BoJ an incentive to wait and see at the March MPM.

We expect the next hike to come in July. At that stage, six months will have passed since the January hike, making it possible to examine its impact, and the final tally of the annual spring wage negotiation results will be known and reflected to an extent on macro scheduled pay, enabling the BoJ to argue in the quarterly Outlook Report that the second round of the virtuous cycle between wages and inflation is firmly underway. We also look for Trump tariffs to have largely run their course by then, or at least for related uncertainty to have diminished. However, if Trump tariffs induce a series of retaliatory tariffs and evolve into a full-fledged trade war, we believe a rate hike could be delayed due to the risk of deterioration in the global economy. Domestic politics also warrant attention. The July MPM will follow an upper house election and while this would not ordinarily present a major impediment to rate hikes, if the ruling parties suffer a major loss, it may become difficult for the BoJ take action for a period of time. To avoid such an outcome, we believe the BoJ could also frontload the anticipated rate hike to June.

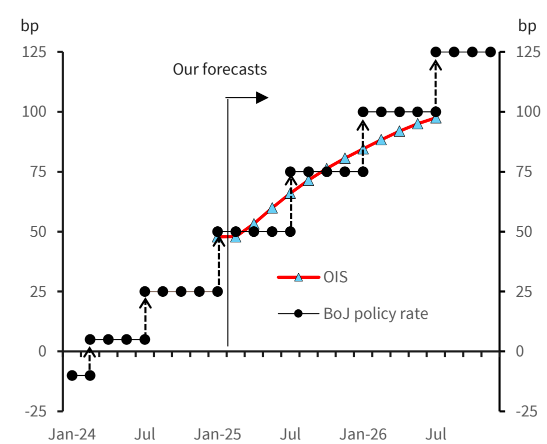
Given such elevated uncertainty around domestic and overseas politics, we have linked our outlook for the BoJ's terminal rate to our outlook for inflation. We expect CPI inflation excluding perishables and energy (aka "BoJ core") to remain strong in H1 25, then to start losing momentum until breaking below 2% in H2 26.

Looking at the breakdown of inflation by goods and services, we expect the strength of food prices as a whole, reflecting the surge in rice prices as well as the pass-through of both distribution and labor costs, to continue for now and to drive inflation through H1 25. Thereafter, however, we expect goods inflation to start slowing as y/y base effects wear off, while general services inflation (excluding public services, imputed rent), which has recently weakened, picks up momentum into the new fiscal year starting in April, reflecting the cumulative increase in labor costs to date, then stabilizes. In this regard, we look for annual spring wage negotiations (aka "shunto") to produce a hike of around 5% in 2025, as in 2024. The average wage hike came to 5.46% based on the JTUC-Rengo's first tally of the shunto results released on 14 March (wage hike requests came to 6.09% as of 6 March), slightly exceeding last year's 5.28% and broadly in line with expectations.

Assuming the BoJ continues to raise rates at the current pace of once per six months, we expect a hike in July 2025 to be followed by further hikes in January and July 2026 before inflation drops below 2%, undermining the justification to continue hiking any further. This is the main reason for our forecast of 1.25% for the terminal rate.

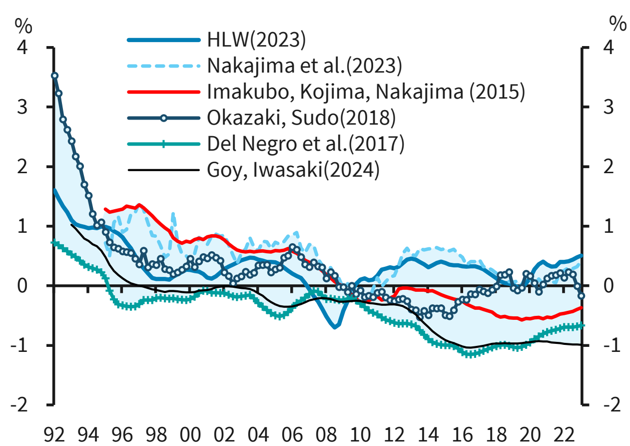
The BoJ has widely been thought to assume the neutral rate is around -1% in real terms and +1% in nominal terms (the lower bound of its range of published estimates). If our outlook is correct, the terminal rate will slightly exceed this level. In this regard, BoJ Governor Ueda remarked during his post-MPM press conference in January that its hike at that meeting brought policy rates close to the BoJ's estimates of the neutral rate (a range of 1.0-2.5% in nominal terms), but that "there is still some way to go." In our view, this remark reflected an intention to raise policy rates to a level exceeding the lower bound of the BoJ's neutral rate estimates.

FIGURE 1. We expect the BoJ to the raise policy rate to 1.25% (our outlook for BoJ policy rate vs. OIS pricing)



Source: Bloomberg, Barclays Research

FIGURE 2. BoJ's lowest estimate for the real (nominal) neutral rate is -1%(+1%; BoJ's estimates of real neutral rate)



Note: Latest values are for Q1 23.
Source: BoJ, Barclays Research

JAPAN DATA REVIEW & PREVIEW

Naohiko Baba, BSJL, Japan | Ryuichiro Hashimoto, BSJL, Japan | James Barber, CFA, BSJL, Japan

Review of last week's data releases

Main indicators	Period	Previous	Barclays	Actual	Comments
Nominal/real wages per worker (% y/y)	Jan	4.4/0.3	2.5/n.a.	2.8/-1.8	Nominal wages grew more slowly y/y as the boost from winter bonuses wore off and real wages turned down for the first time in three months amid stronger inflation, but scheduled pay rose faster and remained in line with the equilibrium sought by the BoJ (2% inflation target + 1% real wage growth).
BoJ current account, nsa/sa (JPYbn)	Jan	1077/2732	100/n.a.	-258/1938	The current account turned a deficit (nsa) with the primary income account holding firm while the trade and services deficit widened due mainly to an export undershoot reflecting the alignment of Lunar New Year (29 January to 12 February).
GDP, 2nd preliminary (% q/q saar)	Q4	2.8 (1st)	2.4 (2nd)	2.2	Q4 GDP was revised down on adjustments to consumption, but capex was revised up and growth remained elevated on support from net exports due to a steep drop in imports. Reflecting the latest data and recently sluggish consumption, we have lowered our 2025 GDP forecast to +1.5% from +1.7%, but continue to expect growth to remain positive, led by consumption (improving real wages) and capex (solid earnings), and to converge gradually toward potential.
PPI (% y/y)	Feb	4.2	3.9	4.0	PPI inflation weakened due primarily to a decline in energy costs with the resumption of subsidies to contain utility rates, but remained elevated due mainly to strength in food. Import prices fell more slowly y/y on a contract-currency basis, while turning down on a JPY basis

Preview of upcoming data

Wednesday, 19 March		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
n.a.	BoJ MPM ends, results released, policy rate (%)	Mar	0.25	0.25	0.50	0.50	0.50
08:30	Trade balance, nsa/sa (JPYbn)	Feb	-116/-501	128/-221	-2737/-857	950/n.a.	688/509
08:50	Core machinery orders (% m/m)	Jan	2.1	3.4	-1.2	-0.1	-0.1

BoJ: We expect the BoJ to keep its "on track" assessment of growth and prices, but to take more time to gauge the impact of its January rate hike, tariffs and wages. We still expect the next hike in July and a terminal rate of 1.25% based on our inflation outlook.

Trade: We look for a larger surplus with exports remaining firm for chip-making machinery/electronic parts and drawing support from calendar effects (alignment of LNY holidays), while imports decrease due to oil price declines and JPY appreciation.

Machinery orders: We estimate that core orders, a leading capex indicator, fell m/m for a second consecutive month. Major machinery makers forecast a -3.2% q/q decrease in Q1 with declines projected in both manufacturing and non-manufacturing.

Thursday, 20 March

National holiday in Japan

Friday, 21 March		Period	Prev – 3	Prev – 2	Prev – 1	Forecast	Consensus
08:30	Nationwide CPI excl. perishables	Feb	2.7	3.0	3.2	2.9	2.9

CPI: We expect weaker inflation as the earlier rise in food takes a breather and energy comes down on policy supports, but look for upward pressure to persist in both goods (earlier JPY weakness and higher material costs in H1 25) and services (labor costs).

Source: Bloomberg (consensus figures), Barclays Research

JAPAN SNAPSHOT

Naohiko Baba, BSJL, Japan | Ryuichiro Hashimoto, BSJL, Japan

Data as of 14 March 2025

	2024				2025				2026				Calendar year average		
% change q/q	**Q1**	**Q2**	**Q3**	**Q4**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**2024**	**2025E**	**2026E**
Real GDP	-0.5	0.8	0.4	0.6	0.4	0.2	0.3	0.3	0.2	0.2	0.2	0.2	…	…	…
Real GDP (q/q, saar)	-2.1	3.2	1.4	2.2	1.6	0.8	1.0	1.1	0.8	0.8	0.8	0.8	…	…	…
Real GDP (y/y)	-0.7	-0.7	0.7	1.1	2.1	1.5	1.4	1.1	0.9	0.9	0.9	0.8	0.1	1.5	0.9
Private consumption	-0.5	0.8	0.7	0.0	0.1	0.2	0.3	0.3	0.2	0.2	0.2	0.2	0.0	1.0	0.9
Public consumption	0.2	1.0	0.1	0.4	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.9	1.1	0.6
Residential investment	-2.7	1.4	0.5	-0.2	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.9
Public investment	-2.1	5.7	-1.2	-0.7	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	-1.1	0.8	0.4
Capital Investment	-0.4	1.1	-0.1	0.6	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.2	1.3	0.8
Net exports (q/q cont.)	-0.3	-0.3	-0.1	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.4	0.1
Exports	-4.1	1.7	1.5	1.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	1.0	2.7	1.2
Imports	-2.8	3.0	2.0	-2.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.3	0.5	0.6
Ch. Inventories (q/q cont.)	0.2	0.0	0.1	-0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	0.0
Nominal GDP	0.0	2.1	0.7	1.1	0.8	0.5	0.5	0.5	0.4	0.4	0.4	0.4	2.9	3.2	1.8
Industrial output	-5.1	2.7	-0.4	1.1	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	-2.7	1.9	0.5
Employment	0.1	0.0	0.2	0.4	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.5	0.3	-0.2
Unemployment rate (%)	2.5	2.6	2.5	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.5	2.5	2.6
CPI ex perishables (y/y)	2.5	2.5	2.7	2.6	2.9	2.9	2.5	2.4	2.0	2.0	2.0	1.9	2.5	2.7	2.0
CPI ex perishables /energy (y/y)	3.2	2.2	2.0	2.3	2.5	2.6	2.4	2.1	2.0	2.0	2.0	1.9	2.4	2.4	2.0
Current account (% GDP)	4.1	4.7	4.7	5.3	4.4	4.5	3.9	4.0	4.1	4.1	3.6	3.7	4.7	4.2	3.9
Government balance (% GDP)	…	…	…	…	…	…	…	…	…	…	…	…	-2.4	-3.5	-1.5
Gross government debt (% GDP)	…	…	…	…	…	…	…	…	…	…	…	…	251.2	248.7	246.9
Net government debt (% GDP)	…	…	…	…	…	…	…	…	…	…	…	…	155.8	153.9	152.5
Overnight call rate (% EOP)	0.00-0.10	0.00-0.10	0.25	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.25	0.75	0.75

Note: Central bank rates are for end of period, %.
Source: BoJ, Cabinet Office, METI, MIC, MoF, Barclays Research

China Outlook

More deflation concerns

Outright (core) CPI deflation, and 29-months of deflation in PPI suggest risk of prolonged deflationary pressures this year. The job market is also deteriorating as companies hold back from hiring. Risks to China-US trade tensions are two sided. Next week, retail sales, IP and FAI are in focus.

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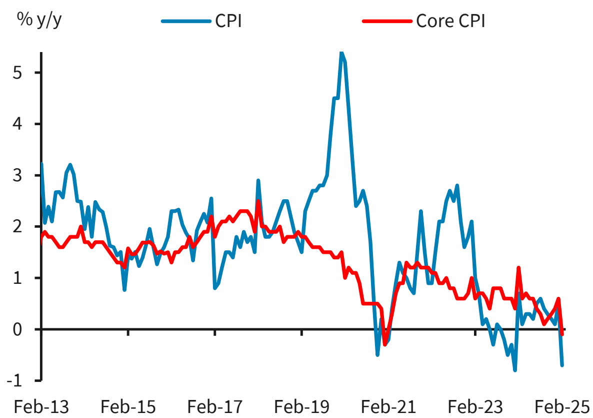
Negative (core) CPI and contracting household loans point to weaker demand in Q1

Headline CPI fell to -0.7% y/y in February from a 0.5% increase in January. The print weakened at a faster pace than expected. On a m/m basis, CPI fell by 0.2% in February (Jan: +0.7%). Admittedly, the sizable drop in the February CPI was driven in part by the difference in the timing of the Lunar New Year holiday (February in 2024 and January in 2025). Excluding this distortion, the average CPI for January-February was also negative, at -0.1%. Moreover, core CPI fell -0.1% y/y, marking the first decline since January 2021. In particular, falling auto prices amid extensive promotions alone created a 0.16pp drag on the headline CPI rate. The services CPI also fell the first time in four years, with the recreation CPI posting its largest decline since January 2010.

February credit data also came in weaker than expected at CNY9.29trn versus Bloomberg consensus of CNY9.76trn, with an outright contraction in loans to households and weakening credit demand from corporates. We think the sustained weakness in non-government sector credit demand is a worry, as it indicates that households and corporates are on a multiyear deleveraging journey.

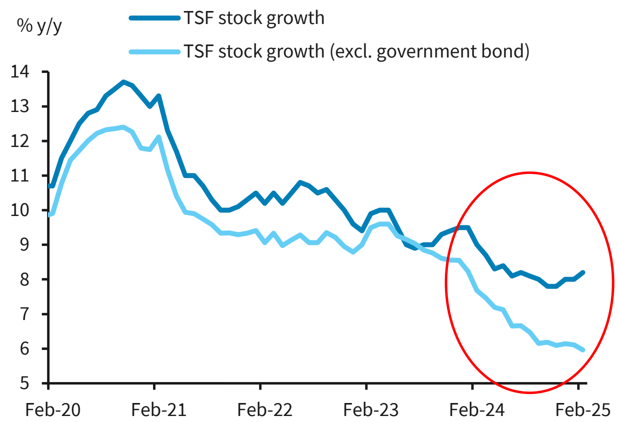
We think the declining headline CPI, falling core and services CPI, and contraction in household loans, along with 29 months of deflation in the PPI, highlight the weakening consumption momentum in Q1. According to China Passenger Car Association (CPCA) data, auto sales, by volume, rose 2% y/y in YTD, down from the 13% gain in Q4. We note that the slowdown in auto sales happened amid the continued auto trade-ins/subsidy program, suggesting some payback effects from the strong sales in Q4 24. The CPCA expects growth in auto sales to ease to 2% in 2025, from 5.4% in 2024. On the services front, we note the NBS services PMI weakened for a second month in February and barely stayed out of contraction.

FIGURE 1. **Core CPI saw the first decline since 2021**



Source: Wind, Barclays Research

FIGURE 2. **Prviate credit growth hit new record low**



Source: Wind, Barclays Research

Labour market deteriorated as firms hold back hiring

In the absence of official data, we look for private data to gauge labour market developments. Overall, the jobs market started the year on a gloomy note as companies are holding back from hiring. According to recruitment agency Liepin's latest survey, 19% of companies surveyed plan to cut staff numbers in Q1 2025, up from 12% a year ago. Meanwhile, the proportion of companies planning to increase hiring fell to 31% in Q1, from 39% in the same period of 2024, despite improving from 26% in Q4 2024.

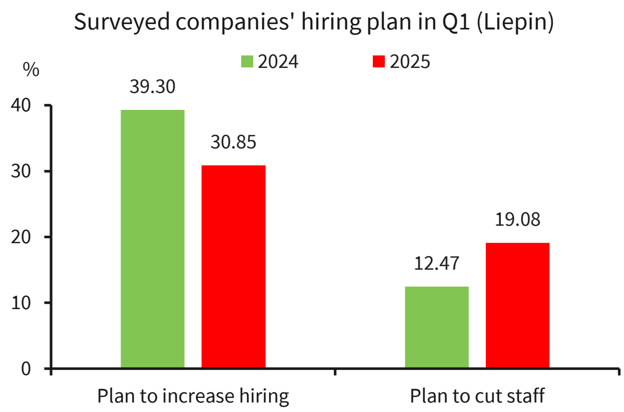
Moreover, we think the additional 20% US trade tariffs will further hit an already fragile labour market, which in turn will weigh on consumption. China's Ministry of Commerce estimates that export-related jobs accounted for over 20% of the country's total employment of ~730mn in 2019-22. We think the higher US trade tariffs on Chinese products will hit exporters across various channels.

- For large exporters that have offshore factories, our channel checks with leading textile and auto parts companies suggest they plan to ramp up their offshore production capacity (mainly in Asean and Eastern Europe) while freezing (or even cutting) their onshore production and labour force, to minimise the impact of the higher tariff.

- For smaller exporters that do not have offshore factories, the additional 20% tariffs could be brutal given these firms' thin profit margins. According to MIT professor Knittel's estimates, ~75% of the tariff, on average, will be passed on to the US consumers, while the remaining ~25% will be borne by Chinese exporters[3]. This suggests, even without further tariff escalation, Chinese exporters need to bear 5pp of the tariff costs, and those with profit margins of less than 5% may have to exit the market (depending on FX movements), adding further pressure on employment.

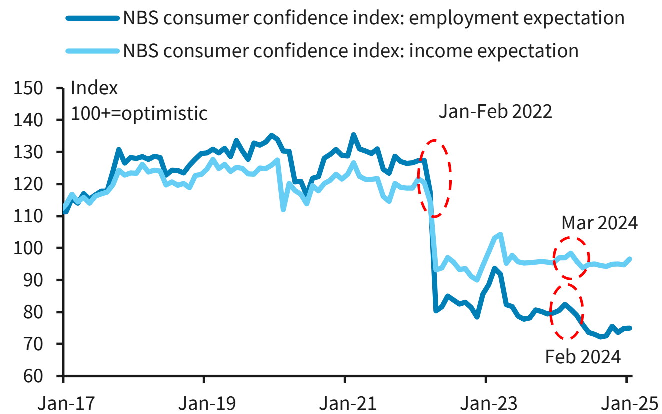
[3] "Consumers wonder how Trump's tariff proposal could impact Massachusetts", CBS, 27 November 2024

FIGURE 3. Job market starts the year on a gloomy note as companies hold back hiring



Source: Wind, Barclays Research

FIGURE 4. Consumer confidence hovered around record low



Source: Wind, Barclays Research

Risks to China-US trade tension are two sided

This week, President Trump's earlier threat of blanket 25% tariffs on steel and aluminum materialised on 12 March. On the surface, the US move has a very limited, direct hit to China's steel and aluminum exports to the US, given that China was already subject to 45% tariffs on steel and aluminum. Moreover, China only exported USD5.7bn worth combined of steel and aluminum to the US in 2024, accounting for less than 0.2% of China's total exports. However, we think markets should not overlook the indirect impact on China's trade. We see signs of trade diversion in various products and sectors, including steel and aluminum, in the past years. In 2024, China exported ~USD140bn worth of steel and aluminum globally, accounting for ~4% of total exports. We think the blanket tariff hikes on steel and aluminum will inevitably hit China's exports through reduced exports to the economies that were previously exempted from US tariff hikes on steel and aluminum (such as Mexico, Brazil, and Canada, etc).

In coming months, we see two-sided risk to developments in China-US trade tension. On the one hand, the USTR will complete the review of China's compliance with the 2020 phase one trade deal. According to the PIIE's estimates, China only purchased less than 60% of the US goods and services it had agreed to import. This could be another catalyst for new tariffs proposed on China (see Public Policy: Just wait: When will the tariffs come? 21 January 2025). On the other hand, the SCMP reported that President Trump could visit China as early as April[4], within his first 100 days. This could raise some hope of (temporary) truce in the tit-for-tat tariff hikes.

Next week, retail sales, IP and FAI are in focus

Overall, we expect January-February activity data (led by retail sales and IP) to show a slowdown in growth momentum in Q1. We expect retail sales growth to slow to 3.7% in January-February, from 3.8% in Q4. Entering 2025, auto sales volume growth eased visibly to 2% y/y YTD as of 9 March, from +13% in Q424. Sales of white goods may have also moderated. TV and fridges sales picked up by 1% y/y YTD and 27%, respectively in Jan-Feb, according to our estimates based on taxation data. That compares with 38% y/y and 75%, respectively, in Q424. Meanwhile, we expect FAI growth to stay unchanged at 3.2% y/y in view of moderating property sales entering 2025, while we expect industrial production growth to slow to 5.1% y/y YTD in

[4] "Trump may meet Xi in China as soon as April, despite escalating trade war, insiders say", SCMP, 10 March 2025

Jan-Feb from 6.2% in December in view of the sharp slowdown in exports. Lastly, we expect the PBoC to guide for an unchanged 1y LPR at 3.1% next week.

CHINA SNAPSHOT

Yingke Zhou, Barclays Bank, Hong Kong | Jian Chang, Barclays Bank, Hong Kong | Ying Zhang, Barclays Bank, Hong Kong

Data as of 14 March 2025

	2024				2025				2026				Calendar year average		
% change y/y	**Q1**	**Q2**	**Q3**	**Q4**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**2024**	**2025E**	**2026E**
Real GDP (% y/y)	5.3	4.7	4.6	5.4	4.7	4.7	4.5	3.4	3.9	3.9	3.9	4.1	5.0	4.3	4.0
Real GDP (% q/q saar)	5.3	4.1	4.5	7.9	2.2	4.1	4.0	3.5	4.1	4.1	4.1	4.1	…	…	…
Real GDP (% y/y YTD)	5.3	5.0	4.8	5.0	4.7	4.7	4.6	4.3	3.9	3.9	3.9	4.0	…	…	…
Consumption (pp)	3.9	3.0	2.4	2.2	2.0	2.3	2.3	2.3	2.3	2.3	2.5	2.5	2.2	2.3	2.5
Investment (pp)	0.6	1.3	1.3	1.3	0.4	0.6	1.0	1.2	1.2	1.2	1.2	1.2	1.3	1.2	1.2
Net exports (pp)	0.8	0.7	1.1	1.5	2.3	1.8	1.3	0.8	0.4	0.4	0.2	0.3	1.5	0.8	0.3
Industrial production (% y/y)	5.8	5.0	5.0	5.6	4.8	4.8	4.6	3.5	4.0	4.0	4.0	4.2	5.8	4.4	4.0
Nominal GDP (% y/y)	4.2	4.0	4.0	7.4	4.8	4.8	4.9	3.9	3.9	3.9	3.9	4.1	5.0	4.6	4.0
CPI inflation (% y/y)	0	0.2	0.5	0.2	0.3	0.2	0	1	0.9	1	1.1	1.1	0.2	0.4	1.0
Surveyed unemployment rate (%)	5.2	5.0	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Current account (% GDP)	1.0	1.0	0.9	0.8	0.8	0.8	0.1	0.1	0.1	0.1	0.1	0.1	0.9	0.4	0.1
Government balance (% GDP)													-4.0	-4.0	-4.0
Central government debt (% GDP)													25.2	27.2	29.2
7d OMO rate	1.8	1.8	1.5	1.5	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.5	1.3	1.3

Note: All numbers are expressed in y/y % change unless otherwise specified. Contributions by GDP expenditure components are all reported as "year to date" numbers officially.
Source: Barclays Research

Emerging Asia Outlook

On a knife edge

US tariffs on steel and aluminum – which came into effect this week – are unlikely to have a material economic effect on the region, but more severe tariffs could put the brakes on Asia's export upcycle. Next week, we expect a dovish BI and hawkish CBC to stay on hold, but both are close calls.

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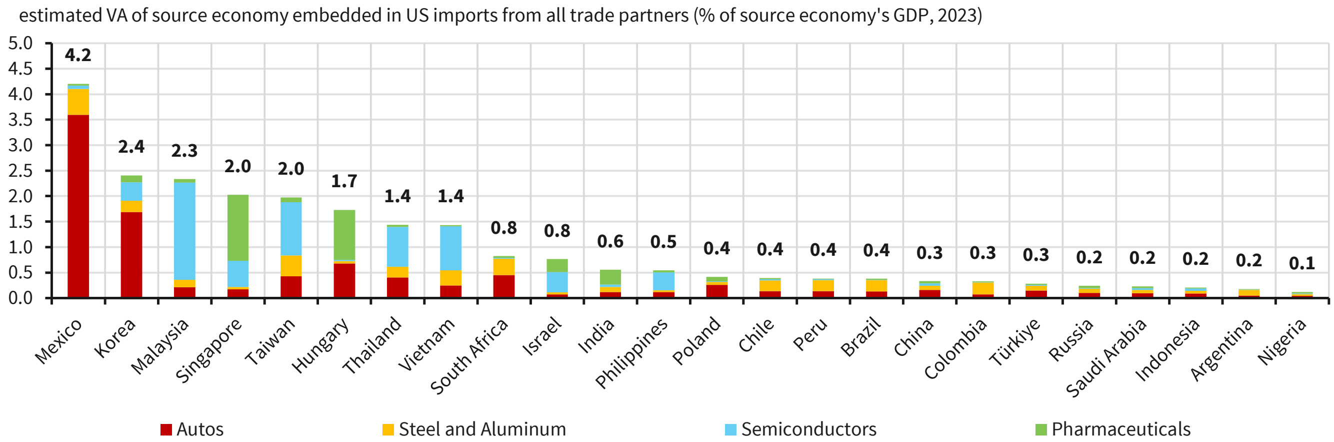
US tariffs on its imports of steel and aluminum – which came into effect this week – are unlikely to have a material effect on Emerging Asian economies. Our estimates, which account for indirect linkages via global value chains, suggest it is mainly Taiwan and Vietnam where the economic exposures to US imports of steel and aluminum look a little more pronounced – but even then, the vulnerabilities are likely to be modest at most.

That said, these tariffs add to our view that President Trump has shown more appetite to impose widespread tariffs – and other US tariffs could have a more meaningful impact on the region.

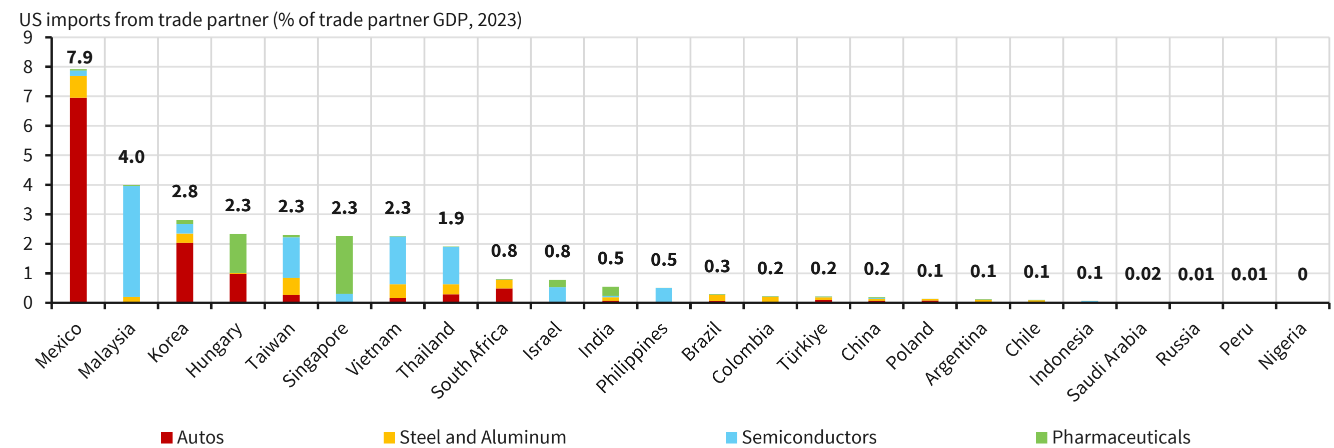
- Semiconductors are a key pressure point for which the effects would be felt the most by Malaysia but also by Taiwan, Vietnam and Thailand.
- Korea is also likely the EM Asian economy that stands out in terms of its economic exposure to US tariffs on auto imports while Singapore is visibly exposed to US tariffs on pharmaceuticals.
- President Trump has also talked about agricultural products as another critical import that could be hit with tariffs – our estimates suggest modest but visible exposures to potential US imports on agricultural products for Vietnam, Thailand and Indonesia (see Emerging Asia: Critical import theory – Agricultural products, 4 March 2025).

FIGURE 1. Estimated VA of source economy embedded in US imports of agricultural products, autos, steel and aluminum, semiconductors, and pharmaceuticals from all trade partners (2023)



Note: "Agricultural products" based on HS codes 01-18; "autos" on HS codes 8701-8709; "steel and aluminum" on HS codes 72 iron and steel, 73 articles of iron or steel, and 76 aluminum and articles thereof; "semiconductors" on HS codes 8542 electronic integrated circuits, 852351 solid-state semiconductor storage devices, 852359 semiconductor media, and 8541 semiconductor devices; and "pharmaceuticals" on HS code 30.
Source: OECD, US Census Bureau, Haver Analytics, Barclays Research

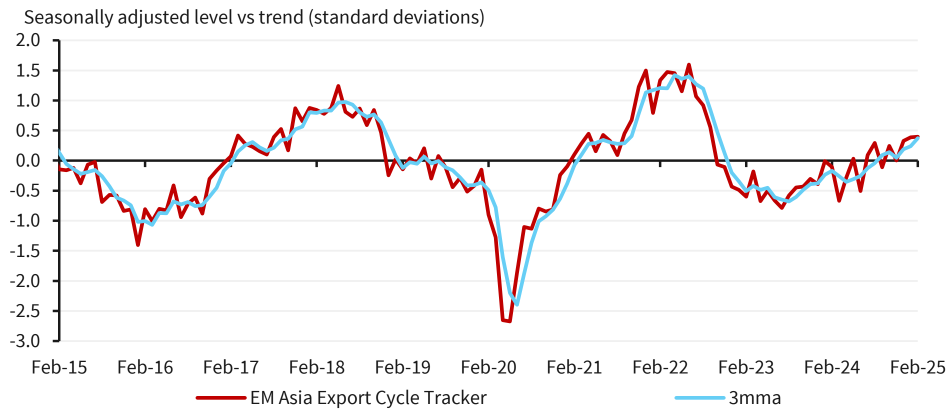
FIGURE 2. US imports of critical products at risk of tariffs (% of trade partner GDP, 2023)



Source: US Census Bureau, Haver Analytics, Barclays Research

More severe tariffs are likely to put the brakes on the region's exports, which still appear to be broadly in an upcycle. Only China, Vietnam, Taiwan, and Korea have released February trade data so far. The outcomes have been mixed: China rebounded sequentially after a dip in January, Vietnam surged, Taiwan moderated to still-high levels, and Korea sank deeper into below-trend territory. However, based on this partial data, our Barclays EM Asia Export Cycle Tracker is currently leaning towards a marginal pickup for February from already above-trend levels in January (see Emerging Asia: A new tool to track the export cycle, 15 April 2024).

FIGURE 3. **EM Asia Export Cycle Tracker**



Source: Haver Analytics, S&P Global Market Intelligence, Barclays Research

In a world of slightly more Fed cuts

Beyond the economic growth implications of US tariffs – not only directly on Emerging Asia but also other trade partners such as Europe and, of course, the US itself – the US Federal Reserve is likely to take heed of the mounting economic headwinds. Our US economists now expect the US economy to expand by just 0.7% in 2025, down from 1.5% earlier, and – despite likely higher inflation – believe there will be two rate cuts, not just one, from the Fed this year.

This likely opens up slightly more space for some Emerging Asian central banks to ease monetary policy this year more than they perhaps might have otherwise. As we noted in Emerging Asia: The Fed stoics (7 May 2024) that among the major central banks in Emerging Asia, Bank Indonesia (BI) tends to be most focused on the currency – any reprieve in FX pressures could allow policymakers to lean harder into their recent pro-growth pivot. There could also be more breathing room for the Bank of Korea (BoK) and the Philippines' Bangko Sentral ng Pilipinas (BSP), though other factors such as property prices and CPI inflation are likely to remain critical considerations for the timing and extent of further rate cuts.

Reserve Bank of India: Inflation gives MPC more room for April cut

February headline CPI inflation softened to 3.6% y/y, from 4.3% in January, lower than both our and consensus expectations. Sequentially, CPI fell 0.47% m/m (nsa), moderating from January's -1.02%, with the downside coming from lower-than-expected food CPI. With this number, the CPI has fallen for four consecutive months, with the sequential momentum of the decline being deeper than what is typical for these months. Though core inflation ticked up, it was largely driven by gold prices.

Given our tracking for March CPI inflation at 3.8% y/y, we see Q4 FY25 inflation averaging 3.9%, ~50bp lower than the MPC's forecast. Such wide downside risk to the MPC's estimate offers sizeable room to deliver a second consecutive policy repo rate cut on April 9. While our base case remains that the MPC will only deliver another 25bp cut at the April meeting and retain the 'neutral' stance of monetary policy, we now think there is a possibility of a larger, non-standard 35bp cut at that meeting.

Bank Indonesia: A close call to hold

Our base case remains for BI to next cut its policy rate by 25bp once this year in Q2 25 and once more next year in Q2 26 – though this is a close call, with risks tilted towards front-

loaded easing, including on 19 March. BI's monetary policy reaction function – and thus the timing and magnitude of future rate cuts – remains shrouded in ambiguity.

The data notably indicate economic growth has slowed into 2025, hurt by what appears to be a government spending freeze. While the monthly fiscal data up to February indicate the government only ran a relatively small fiscal deficit amounting to IDR31.2trn in the first two months of 2025, this was largely due to poor revenue collection, which may in turn reflect technical difficulties with the new Core Tax Administration System (Coretax) implemented on 1 January. Spending has been relatively slow since the president issued official instructions for government spending to be cut while policymakers involved in the budget reallocation process decide how much each ministry actually has to spend in 2025 (see Indonesia: Not quiet on the fiscal front, 13 March 2025).

That said, while BI could come under more pressure to cut its policy rate further to offset the fiscal drag, this does not imply back-to-back or aggressive easing, in our view – though clearly risks are tilted towards front-loaded rate cuts.

- While the central bank had notably surprised markets with a 25bp rate cut in January 2025 despite pressures on the currency, BI then remained on hold in February, once again citing the need to ensure IDR stability – which suggests policymakers have not completely taken their eyes off the currency.
- BI may also view its pledge to purchase government bonds – intended to pay for the Prabowo administration's public housing program – on the secondary market as a form of support for economic growth in lieu of policy rate cuts.

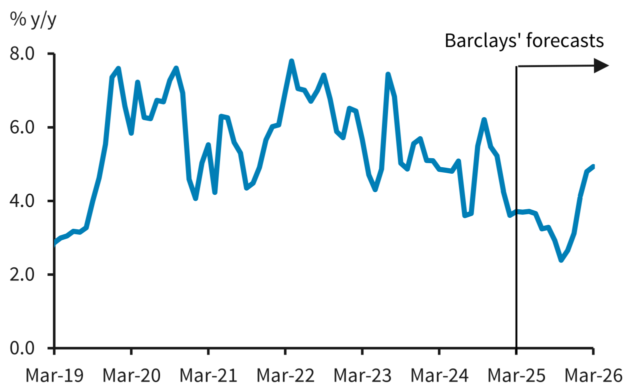
Central Bank of China: The hawkish hold out

Taiwan's Central Bank of China (CBC) remains the most hawkish central bank in Asia, being the only one, along with Bank Negara Malaysia (BNM), not to have cut policy rates yet. On the other hand, the CBC delivered surprise rate *hikes* last year on inflation fears – and there are signs that policymakers may be turning hawkish again.

Despite the favourable February CPI data, we think the CBC's concerns will remain. Domestic prices that are more linked to consumer price expectations, such as catering services and property, still face upward pressure. This will likely keep the CBC concerned whether its monetary policy stance is adequate, especially because of expected electricity price hikes in April. That said, we believe the CBC is optimistic about the growth outlook and less concerned for now about risks such as: 1) the global investment cycle being disrupted by uncertainty shocks from changes in US trade policy; and 2) relatively weak demand for non-tech, conventional semiconductors and tech hardware products.

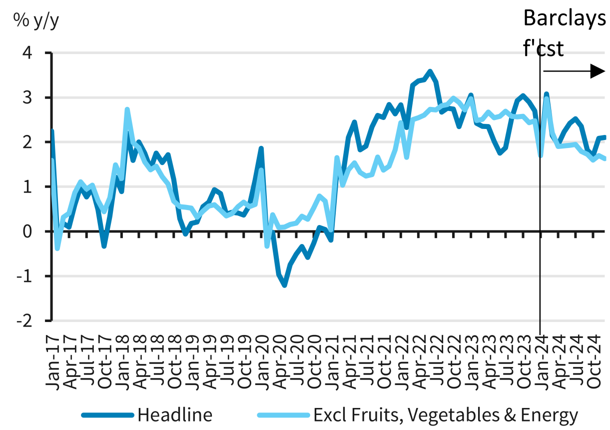
Against this backdrop, we still expect the CBC to hold rates and sound hawkish at the March meeting. Even if the CBC would prefer to hike policy rates, we believe heightened uncertainties will result in the bank to stay its hand, preferring to monitor developments.

FIGURE 4. India: Headline inflation trending lower than 4% target in Q4 FY25



Source: CEIC, Barclays Research

FIGURE 5. Taiwan: We expect CPI inflation to bounce back in March



Source: Haver Analytics, Barclays Research

AUSTRALIA & EMERGING ASIA DATA REVIEW & PREVIEW

Jian Chang, Barclays Bank, Hong Kong | Brian Tan, Barclays Bank, Singapore | Shreya Sodhani, Barclays Bank, Singapore | Bum Ki Son, Barclays Bank, Singapore | Aastha Gudwani, BSIPL, India | Amruta Ghare, BSIPL, India

Review of last week's data releases

Main indicators	Period	Previous	Barclays	Actual	Comments
China: PPI, % y/y	Feb	-2.3	-2.1	-2.2	Negative core CPI underscores soft demand
China: CPI, % y/y	Feb	0.5	-0.3	-0.7	
Korea: Unemployment rate, %	Feb	2.9	3.0	2.7	Drop-in unemployment rate
Malaysia: Industrial production, % y/y	Jan	4.5	1.5	2.1	Fall in Industrial output
India: Industrial production, % y/y	Jan	3.5R	3.4	5.0	Sharp rebound
India: CPI, % y/y	Feb	4.3	3.8	3.6	Larger room for MPC to cut in April
China: M2 growth, % y/y	Feb	7.0	7.0	7.0	Contraction in household loans meets faster government bond issuance
China: New loans, CNY bn	Feb	5130.0	1100.0	1010.0	
China: Aggregate financing stock, CNY trn	Feb	415.2	418.0	417.3	

Preview of upcoming data

Monday, 17 March		Period	Prev 2	Prev 1	Latest	Forecast	Consensus
-	India: Trade balance (USD bn) (to 17/03)	Feb	-31.8	-21.9	-23.0	-20.6	-21.4
-	India: Exports (% y/y) (to 17/03)	Feb	-4.9	-1.0	-2.4	-10.3	-
-	Philippines: Remittances (% y/y)	Jan	2.7	3.3	3.0	-	2.9
08:30	Singapore: Non-oil domestic exports (% y/y)	Feb	3.4	9.0	-2.1	12.0	10.2
10:00	China: Fixed asset investment (YTD % y/y)	Feb	3.4	3.3	3.2	3.2	3.2
10:00	China: Industrial production, % y/y	Jan-Feb	5.3	5.4	6.2	5.1	5.3
10:00	China: Retail sales, % y/y	Jan-Feb	4.8	3.0	3.7	3.7	3.8
12:00	Indonesia: Imports (% y/y)	Jan-Feb	0.2	11.1	-2.7	-8.0	1.8
12:00	Indonesia: Exports (% y/y)	Feb	9.1	4.8	4.7	7.0	7.0
12:00	Indonesia: Trade balance (USD mn)	Feb	4366.5	2240.2	3451.8	3659.3	2082.0
14:30	India: WPI (% y/y)	Feb	2.2	2.4	2.3	2.6	2.3

India: The trade deficit likely narrowed sequentially as imports exhibit a seasonal drop. Amid higher international metal prices, offset to an extent by a decline in domestic food prices, February WPI inflation likely saw a moderate rise in y/y terms.

Singapore: Non-oil domestic exports likely rebounded in February, mainly due to base effects arising from the earlier Lunar New Year holiday this year.

China: We expect FAI growth to stay unchanged from January at 3.2% y/y on moderating property sales. We expect retail sales growth to slow to 3.7% in Jan-Feb, versus 3.8% in Q4. Auto sales volume growth has slowed to 2% y/y YTD as of 9 March, from 13% in Q424. Sales of white goods may have also moderated. In Jan-Feb, TV sales were up 1% y/y YTD and refrigerator sales rose 27%, according to our estimates using tax data. That compares with 38% y/y and 75%, respectively, in Q424. We think industrial production slowed to 5.1% y/y YTD in Jan-Feb, from 6.2% in December in view of a sharp slowdown in exports.

Indonesia: A favourable base effect likely lifted export growth in February amid mixed commodity-price developments. We expect imports to remain soft as government spending remains impeded and thus forecast a slight widening of the trade surplus.

Tuesday, 18 March		Period	Prev 2	Prev 1	Latest	Forecast	Consensus
-	Korea: BoK meeting minutes	25-Feb					

Wednesday, 19 March		Period	Prev 2	Prev 1	Latest	Forecast	Consensus
15:20	Indonesia: BI rate (%)	Mar	6.00	5.75	5.75	5.75	5.75

Indonesia: Our base case is for Bank Indonesia to remain on hold, but this is a close call, given the central bank's recent pro-growth pivot – the risk is of a 25bp rate cut.

Thursday, 20 March		Period	Prev 2	Prev 1	Latest	Forecast	Consensus
-	Taiwan: Benchmark interest rate (%)	Mar	2.00	2.00	2.00	2.00	2.00

09:00	China: 1y loan prime rate (%)	Mar	3.10	3.10	3.10	3.10	3.10
05:45	New Zealand: GDP, % q/q (y/y)	Q4	0.3 (1.3)	-1.1 (-0.5)	-1.0 (-1.5)	-	0.4 (-1.4)
08:30	Australia: Employment change (k)	Feb	29.2	60.0	44.0	-	30.0
08:30	Australia: Unemployment rate (%)	Feb	3.9	4.0	4.1	-	4.1
12:00	Malaysia: Trade balance (MYR bn)	Feb	15.1	19.1	3.6	6.9	7.9
12:00	Malaysia: Exports (% y/y)	Feb	3.9	16.9	0.3	6.5	6.5
12:00	Malaysia: Imports (% y/y)	Feb	1.6	11.9	6.2	11.5	9.6

Taiwan: We expect the CBC to hold the policy rate but deliver relatively hawkish rhetoric. This is a close call, as the CBC seems worried about the impact on inflation expectations from potential electricity tariff adjustments. We expect no change in rates as we believe the CBC will remain prudent given potential downside risks to growth from US tariff hikes and uncertainty.

China: We expect the PBoC to keep the 1y LPR unchanged at 3.1% y/y.

Malaysia: Both export and import growth likely rebounded in February, partly due to base effects arising from the earlier Lunar New Year holiday this year. The trade surplus likely recovered after an unusually narrow reading in January.

Friday, 21 March		Period	Prev 2	Prev 1	Latest	Forecast	Consensus
12:00	Malaysia: CPI (% y/y)	Feb	1.8	1.7	1.7	1.4	1.5

Malaysia: CPI inflation likely fell visibly in February due to a base effect from a water-price hike last year. By contrast, core inflation likely remained broadly stable, edging up to 1.9% y/y from 1.8% in January.

Note: Bloomberg consensus estimates and release dates are subject to change.
Source: Bloomberg, Barclays Research

INDIA SNAPSHOT

Aastha Gudwani, BSIPL, India | Shreya Sodhani, Barclays Bank, Singapore | Amruta Ghare, BSIPL, India

Data as of 14 March 2025

	FY 24-25 F				FY 25-26 F				FY 26-27F				Fiscal year average		
% change y/y	**Q1**	**Q2**	**Q3**	**Q4**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**2024-25**	**2025-26E**	**2026-27E**
Real GDP	6.7	5.6	6.2	6.7	7.6	7.4	6.7	6.4	6.7	7.2	7.3	7.4	6.2	7.0	7.2
Private consumption	7.4	5.9	6.9	6.5	7.7	7.0	6.0	6.0	6.8	6.5	7.5	7.0	6.5	6.7	7.0
Public consumption	-0.2	3.8	8.3	4.5	8.5	5.0	5.0	2.0	6.0	5.0	7.2	6.0	3.3	5.1	6.1
Fixed investment	7.5	5.8	5.7	5.0	7.0	8.0	7.0	7.0	7.0	7.0	7.5	8.2	6.0	7.3	7.4
CPI inflation (average)	4.9	4.2	5.6	4.4	4.4	4.1	3.6	4.7	4.5	4.4	4.7	4.2	4.8	4.2	4.5
Current account balance (% GDP)	…	…	…	…	…	…	…	…	…	…	…	…	-1.1	-0.9	-1.0
General govt balance (% GDP)	…	…	…	…	…	…	…	…	…	…	…	…	-7.9	-7.5	-7.4
Gross public debt (% GDP)	…	…	…	…	…	…	…	…	…	…	…	…	82.5	81.4	80.5
Repo rate (period end, %)	6.50	6.50	6.50	6.25	6.00	5.75	5.75	5.50	5.50	5.50	5.50	5.50	6.25	5.50	5.50
Cash reserve ratio (period end, %)	4.50	4.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00

Note: Values expressed in % y/y unless otherwise specified. India's fiscal year begins in April and ends in March.
Source: Haver Analytics, RBI, Barclays Research

KOREA SNAPSHOT

Bum Ki Son, Barclays Bank, Singapore

Data as of 14 March 2025

	2024				2025				2026				Calendar year average		
% Change	**Q1**	**Q2**	**Q3E**	**Q4E**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**2024E**	**2025E**	**2026E**
Real GDP (q/q, sa)	1.3	-0.2	0.1	0.1	1.0	0.7	-0.1	0.3	0.5	0.4	0.6	0.4			
Real GDP (q/q, saar)	5.3	-0.9	0.4	0.4	4.0	3.0	-0.5	1.2	2.1	1.7	2.4	1.7			
Real GDP (y/y)	3.3	2.3	1.5	1.2	1.0	2.0	1.7	1.9	1.4	1.1	1.8	2.0	2.0	1.6	1.6
Private consumption	1.0	0.9	1.4	1.2	0.8	1.8	1.8	2.2	2.2	2.2	2.2	2.2	1.1	1.7	2.2
Public consumption	-0.5	2.3	2.6	2.7	2.8	2.7	2.3	2.1	1.4	0.8	0.7	0.6	1.7	2.5	0.9
GFCF	0.9	-0.9	-1.2	-1.1	-0.6	1.6	2.0	3.5	2.7	1.8	1.5	1.0	-0.6	1.7	1.7
Exports	9.1	9.0	6.8	3.1	1.7	1.1	1.2	0.9	2.3	3.0	4.3	4.6	6.9	1.2	3.6
Imports	-0.4	3.1	4.4	2.7	3.8	2.8	2.4	3.0	3.9	4.7	4.2	3.8	2.4	3.0	4.2
Industrial output	5.9	4.8	2.3	1.4	1.0	1.0	0.8	0.9	1.4	1.4	1.9	2.0	3.6	0.9	1.7
Unemployment rate (%)	2.8	2.8	2.5	3.0	2.6	2.6	2.5	2.5	2.4	2.4	2.3	2.3	2.8	2.5	2.4
CPI inflation (% y/y)	3.0	2.7	2.1	1.6	2.0	2.0	1.8	1.9	1.7	1.8	2.2	2.0	2.3	1.9	1.9
Current account (% GDP)													5.3	3.9	3.7
Consolidated fiscal balance (% GDP)													-2.2	-0.9	-1.0
Consol. fiscal balance ex social security funds (% GDP)													-4.2	-2.7	-2.8
Key CB rate (period end, %)	3.50	3.50	3.50	3.00	2.75	2.50	2.50	2.25	2.25	2.25	2.25	2.25	3.00	2.25	2.25

Note: All numbers expressed in y/y basis unless otherwise specified.
Source: Haver Analytics, Barclays Research

EEMEA Outlook

Wait and see

Positive comments on a Ukraine ceasefire have driven market sentiment. The IDF increased attacks on Syria and the West Bank; and Israel's budget vote is keeping domestic politics tense. Elsewhere, important tax reforms were approved in Nigeria while South Africa's budget was rejected by the cabinet.

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Cautious optimism on a Russia-Ukraine ceasefire

After the meeting in Saudi Arabia, the US and Ukraine proposed a 30-day ceasefire, while the US resumed aid and intelligence sharing with Ukraine. They also agreed to reach a natural resources deal soon. However, although the Russian side seemed to react positively to a potential ceasefire, President Putin noted[5] that "there are nuances" and "serious questions"on implementations of the deal, adding that any ceasefire must lead to long-term peace. Alongside that, Russia raised concerns over the control of the 2,000km of frontline border and over the Kursk region where Ukrainian troops are almost fully encircled[6] . While markets are watching for new announcements and the next Trump-Putin call, comments from both sides[7] after the meeting of President Putin with Trump's envoy Witkoff in Moscow support positive sentiment and hopes for a quick ceasefire.

Amid pressure to extend the Israel-Hamas ceasefire, the IDF has intensified military actions on other fronts

With mediation efforts by the US and Arab countries, Israel and Hamas delegations resumed talks in Qatar this week, but the situation remains very fluid. The most recent reports[8] indicate that the US delegation offered to extend the ceasefire during the Ramadan and Passover holidays (until approximately 20 April), resume supplies of humanitarian aid to Gaza, release some of the hostages (reportedly out of remaining 59, about 22 are alive) and discuss the second stage of the ceasefire deal during that period. At the time of writing, Hamas had informed that it was ready to release an American Israeli soldier and the bodies of four hostages (reportedly with American citizenship) but did not clarify what it would demand in exchange[9] . Israel in turn accused Hamas of "manipulation and psychological warfare"[10] , and indicated that its next steps will likely be announced after the security meeting on Saturday.

[5] Putin agrees with US-made ceasefire proposal, but says there are ‘nuances’, *Euronews*, 13 March 2025.
[6] Trump says ‘thousands’ of Ukrainian soldiers encircled in Kursk; Ukraine says that’s ‘untrue’, *Politico*, 14 March 2025. *Bloomberg*, 14 March 2025.
[7] Trump praises talks with Putin, asks Russians to spare Ukrainian soldiers, *The Washington Post*, 14 March 2025.
[8] U.S. gives Israel and Hamas new proposal to extend Gaza ceasefire, *Axios*, 13 March 2025.
[9] Hamas Says It’s Willing to Free American Israeli Captive, but Israel Casts Doubt, *The New York Times*, 14 March 2025.
[10] Israel attacks Hamas manipulation as terror group says it will free Edan Alexander - report, *The Jerusalem Post*, 14 March 2025.

Elsewhere, Israel and Lebanon agreed to talks on the border, including the future of Israeli military outposts in southern Lebanon and Lebanese prisoners in Israel. However, the format of the talks is not clear, as the countries do not have formal diplomatic relations. Meanwhile, the Israeli army conducted its largest airstrikes in Syria, targeting the new regime's military sites. The IDF controls the entire buffer zone between Israel and Syria and plans to create new "security zones". Israel agreed to integrate the Druze population in the area controlled by the IDF; starting from the next week, they will be allowed to enter and work in Israel. Alongside that, the expansion of Israeli operations in the West Bank and its refugee camps since the end of January have led to the displacement of about 40k of people[11].

Political survival keeps Israel's political and geopolitical guidance hawkish

Given the approaching deadline for approval of the 2025 budget plan (31 March), securing support of coalition members is crucial for the political survival of PM Netanyahu. The budget still requires approval in two Knesset readings, and failure to pass it in time will trigger early elections within 90 days. While Trump's pressure to secure the ceasefire with Hamas complicates the resumption of military actions with Hamas (as demanded by Israel's far right), expansion of military operations in Syria and the West Bank, alongside resumed attempts at a judicial overhaul and increased pressure to dismiss the the head of Shin Bet and the Attorney General (AG), are likely to help secure the votes of the Religious Zionism party and probably Jewish Force. Although we do not expect immediate market implications from these, we believe dismissing the AG would be negative for democratic institutions and a focus for rating agencies. The risks from the ultra-orthodox parties seems to have reduced. While some MKs from UTJ announced they would vote against the budget (as conscription legislation was delayed), other members of the UTJ and Shas parties could be more supportive, as the government approved the allocation of ILS5bn in coalition funds to Haredi institutions last week.

South Africa's budget blues

South Africa's 2025 budget contained few surprises, as the headline deficit, primary balance, debt, funding arrangements for SOEs and plans for the introduction of a fiscal anchor were all broadly in line with our expectations. With regards to the fiscal anchor, the authorities tabled a discussion document that analyses the pros and cons of different types of anchors but fell short of making concrete proposals at this stage, and highlighted that the obligation to keep public debt stable is not explicit in South Africa's legal and regulatory framework. The minister's decision to impose a cumulative 100bp increase in VAT from 15% to 16% in two clips of 0.5% over the next two years was not supported by the cabinet: the Democratic Alliance (DA) – the second largest partner in the Government of National Unity (GNU) – indicated that it would prefer to see growth-supporting measures including: a re-examination of the expropriation act (it would prefer a clarification of the process to empower a court of law rather than government officials to be the final arbiter where nil compensation is applied); and a time-bound acceleration of the commissioning of the Cape Town ports to allow for easier flow of cargo traffic. These do not appear to be issues that cross red-lines for the ANC, and we expect the two parties to find agreement in the coming weeks/months. Indeed, Bloomberg headlines on 14 March suggest that the ANC may have already began to make preparations to allocate funds from the 2025 budget to the Transnet port in Cape Town – in line with the DA's request[12].

According to paragraph 8 sections 1-5 of the Money Bills Amendment Procedure and Related Matters Act (2009), the Finance Committee of the National Assembly and National Council of Provinces are to conduct joint public hearings on the fiscal framework and revenue proposals, and report back to their respective chamber of parliament with a report that either accepts or amends the framework/proposals within 16 days after the budget is tabled (2 April). In the

[11] Despair Haunts Ramadan for Palestinians Displaced in West Bank, *The New York Times*, 11 March 2025.

[12] 'South Africa Made Allocations to Transnet for Two Projects', Bloomberg, 14 March 2024

meantime, we note that paragraph 7(4) of the VAT Amendment Act 2021 stipulates that any amendment to the VAT rate announced in the annual budget will be effective from the date determined by the Finance Minister and continues to apply for a period of 12 months from that date subject to Parliament passing legislation giving effect to that announcement within that period of 12 months. As tax changes are normally effective 1 April, we suspect the Finance Minister opted for 1 May 2025 to give parliament enough time to reach a decision (see: South Africa 2025 Budget: Coalition collision, Barclays Research, 13 March 2025).

Nigeria's important tax reforms clear first legislative hurdle

In line with our expectation (see Emerging Markets Quarterly, 13 November 2024), Nigeria's House Committee on Finance conceded to the broad proposals tabled by the Presidential Committee on Fiscal and Tax Reforms on 3 October 2024 to repeal a barrage of archaic tax legislation (subject to some amendments) while allowing for the set-up of the much-needed tax revenue authority – the Nigeria Revenue Services (NRS) – to help implement proposals to oversee the simplification, harmonisation and administrative overhaul of the country's tax regime. Although individuals living in the country's states and Federal Capital Territory were excluded from the purview of the NRS for now, we believe that the very establishment of the NRS is a huge positive, and that its role can always be expanded over time. We also note that some important amendments were made to the Office of the Tax Ombud to help enhance the independence of that office.

Proposals to raise the VAT rate (from 7.5% currently to 15% by 2030) and cut the company tax rate (from 30% currently to 27.5% in 2025 and 25% in 2026) were both shot down. However, we believe the lost opportunity there represents a relatively small price to pay for the refined legislative framework that should allow for the setting up of a credible institution with teeth, like the UK's HMRC. In any case, VAT accounts for less than 4% of total government revenues, while company income taxes are budgeted to account for 8-10%. Furthermore, we do not expect the decision to hold off on changes to company and value added tax rates to have any immediate significant negative impact on the fiscus, as keeping the corporate tax rate unchanged should more than make up for the freeze in VAT rates. As we warned in our 13 November 2024 note, achieving consensus for a VAT increase at this time of high cost of living was always going to be a significant challenge. Once inflation returns to and consolidates in single digit territory over the next 18-24 months, by our estimates, proposals to increase VAT could well be back on the table. For now, the authorities are likely to be busy with implementing the long-overdue institutional reforms and administrative changes that could ultimately help buoy the country's tax take. Legislators in both houses of parliament will deliberate on the report in the coming weeks, with a final version subjected to a vote before adoption. The adopted Bill will then be sent to the president for signing into law.

EMERGING EUROPE, MIDDLE EAST & AFRICA DATA REVIEW & PREVIEW

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Review of last week's data releases

Main indicators	Period	Previous	Barclays	Actual	Comments
Israel: Preliminary GDP, % saar q/q	Q4	2.5	-	2.0	Takes full-year 2024 growth to 0.3%.
Egypt: CPI, % y/y	Feb	24.0	-	12.8	Driven by base effects and tight monetary conditions, increases likelihood of monetary easing.
Turkiye: Industrial production, wda, % y/y	Jan	7.0	-	1.2	Dropped by 7.3pp to –2.3% m/m.
Czechia: Trade balance, € bn	Jan	8.6R	-	20.0	Driven by exports growth, especially of computers and electronic and optical equipment.
Ukraine: CPI, % y/y	Feb	12.9	-	13.4	0.8% m/m from 1.2% m/m in January.
Hungary: CPI, % y/y	Feb	5.5	5.3	5.6	Upside surprise, broad-based across the components; government to introduce price caps.
Czechia: Final CPI, % y/y	Feb	2.8	2.7	2.7	Downside revision driven by improvements at around 0.1-0.2pp in all special aggregates.
South Africa: 2025 Budget	-	-	-	-	Tabled, but may not have enough votes to pass.
Poland: Repo rate, %	Mar	5.75	5.75	5.75	Kept hawkish rhetoric; energy costs, wage dynamics and fiscal expansion add risks to inflation.
Angola: CPI, % y/y	Feb	26.5	26.0	25.3	Some deceleration as FX stabilises.
Turkiye: Current account, $ bn	Jan	-4.7	-3.5	-3.8	Trade deficit in goods narrowed by $0.7bn to $5.6bn from December 2024.
Israel: Current account, $ bn	Q4	4.7R	-	3.0	In 2024, surplus narrowed by $2.3bn to $16.9bn.
Russia: CPI, % y/y	Feb	9.9	10.0	10.1	In monthly terms, slowed by 0.4pp to 0.8% m/m.
Romania: Headline CPI, % y/y	Feb	5.0	4.9	5.0	Broadly unchanged at 0.9% m/m.
South Africa: Mining output, sa, % m/m	Jan	-3.7R	1.3	-1.2	Weak chromium, copper, chrome and building materials.
South Africa: Manufacturing production, sa, % m/m	Jan	-2.2R	1.5	0.2	Sharp decline in food and petroleum offset by strong wood, basic iron and motor vehicles.
Poland: CPI, % y/y	Feb	4.9R	5.3	4.9	In monthly terms, slowed by 0.7pp to 0.3% m/m.
Israel: CPI, % y/y	Feb	3.8	3.6	3.4	Deflation of fresh vegetables, slowdown of housing maintenance and miscellaneous components.
Russia: Trade balance, $ bn	Jan	10.1R	-	7.2	Slowdown of exports and imports.

Preview of upcoming data

Monday, 17 March		Period	Prev 2	Prev 1	Latest	Forecast	Consensus
-	Nigeria: CPI (% y/y)	Feb	34.6	34.8	24.5	23.0	-
-	Ukraine: GDP constant prices (% y/y) (to 31/03)	Q4	6.5	3.7	2.0	-	1.5
-	Romania: Current account balance ytd (USD bn)	Jan	-23.6	-26.4	-29.4	-	-
09:00	Czechia: Current account (€ bn)	Jan	13.0	30.0	15.2	-	33.0
13:00	Poland: CPI core (% y/y)	Feb	4.1	4.3	4.0	-	4.0
13:00	Poland: Current account (€ bn)	Jan	1.2	0.0	-0.8	-	0.4
13:00	Poland: Trade balance (€ bn)	Jan	-0.6	-1.2	-2.2	-	-0.4
Tuesday, 18 March		**Period**	**Prev 2**	**Prev 1**	**Latest**	**Forecast**	**Consensus**
-	Angola: Benchmark interest rate (%)	Mar	19.50	19.50	19.50	19.50	-
11:00	Israel: Unemployment rate (%)	Feb	2.7	2.7	2.6	-	-
Wednesday, 19 March		**Period**	**Prev 2**	**Prev 1**	**Latest**	**Forecast**	**Consensus**
08:00	South Africa: CPI (% y/y)	Feb	2.9	3.0	3.2	3.5	3.4
08:00	South Africa: Core CPI (% y/y)	Feb	3.7	3.5	3.5	3.6	3.5

		Period	Prev 2	Prev 1	Latest	Forecast	Consensus
11:00	South Africa: Retail sales constant (sa, % m/m)	Jan	1.7	1.0	-0.1	-	0.3
16:00	Russia: PPI (% y/y)	Feb	3.9	7.9	9.7	-	-

South Africa: Technical base effects from oil likely lifted CPI to 3.5% y/y in February. Core CPI, on the other hand, likely tracked broadly sideways, to 3.6% y/y.

Thursday, 20 March		Period	Prev 2	Prev 1	Latest	Forecast	Consensus
-	South Africa: Repo rate (%)	Mar	7.75	7.50	7.50	7.50	7.50
09:00	Poland: Average gross wages (% y/y)	Feb	10.5	9.8	9.2	-	8.7
09:00	Poland: Sold industrial output (% y/y)	Feb	-1.2	0.8	-1.0	-	-0.9

South Africa: Given an apparent clear shift in 'SARB-think' at the last MPC meeting, where risks from the external environment were highlighted as a major concern, we believe the SARB is done easing and expect it to stay on hold over the remainder of this year.

Friday, 21 March		Period	Prev 2	Prev 1	Latest	Forecast	Consensus
07:00	Turkiye: Consumer confidence (sa)	Mar	81.3	81.0	82.1	-	-
10:30	Russia: One week auction rate (%)	Mar	21.00	21.00	21.00	21.00	21.00

Note: All times reported are GMT. Consensus figures are taken from Bloomberg.
Source: Bloomberg, Haver Analytics, Barclays Research

Latin America Outlook

Mixed signals from labor markets

Labor indicators report healthy momentum in most of the region, with some exceptions. However, it is important to note that this does not necessarily reflect economic strength, with minimum wage policies in focus, while there might also be signs of cooling down in some cases.

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- In a first screening, most of the main labor markets across the region seemed to have a healthy performance in 2024. Unemployment rates are at or below prepandemic levels, with the exception of Chile (Figure 1) while real wage growth remained positive, with the exception of Argentina, where it worked as shock absorber from last year's recession (figure 2). Nonetheless, even for tight markets, other indicators show a different story, particularly for central banks.
- For instance, in **Brazil**, the market is tight compared to historical levels. Some recent cooling down, as reflected in wages, could be welcomed amid recent pressures in core services inflation. We think the current context calls for the BCB to hike 100bp at next Wednesday's meeting.
- **Mexico** also shows some tightness, but we think it is not necessarily reflecting strength in the economy, but more so the public policy of restoring real wages via significant minimum wage increases since 2017, as employment actually has decelerated significantly. This is supportive of Banxico continuing to cut 50bp in its next few policy meetings. **Colombia** also shows a stable labor market, but recent minimum wage increases could be a headwind to the recent disinflation progress.
- The weakest labor markets are in **Chile**, where the situation has been an argument for dovishness at the central bank, although a recent pick-up in economic activity could prevent further cuts, and in **Argentina,** mainly due to the effect of the recession last year, although this is more evident in real wages.

In **Brazil**, the labor market remains historically tight, even if some recent indicators suggest incipient signs of cooling, which we tend to take with a grain of salt given short-term volatility and previous false alarms. According to the IBGE's PNAD survey, the unemployment rate was 6.5% in January 2025, down from 7.6% a year earlier and well below the 10-year average for that month of 9.7%. According to our seasonally adjusted series, unemployment was stable at 6.6% in December and January, after reaching a record low of 6.5% in October and November (the current survey began in 2012). The number of employed people grew 2.4% y/y in January, slowing from 2.8% in December and 3.4% in November, but growth in the labor force also slowed in the period, to 1.2% y/y in January, from 1.8% in November. As a result, the participation rate has stayed broadly stable around 62.2% of the population, which is nearly 2pp lower than the prepandemic peak seen in 2019. The latter helps explain why unemployment rates appear to be structurally lower now versus before COVID, but stronger economic growth in recent years also contributed to tighter conditions. As employment growth is slowing down and inflation has accelerated in recent months, real wages grew 3.7% y/y in January, from 4.3% in December and a recent high of 5.9% last June. Similarly, growth in the real wage mass (a combination of job posts and wages) slowed down to still-healthy 6.2% y/y in January, from 7.4% in December and 9.2% last June. All in all, some cooling in the labor market would likely be a welcome development for inflation, whose underlying measures remain under pressure, including core services and labor-intensive services, both at their highest levels in 20 months, at 6.2% y/y and 5.8%, respectively.

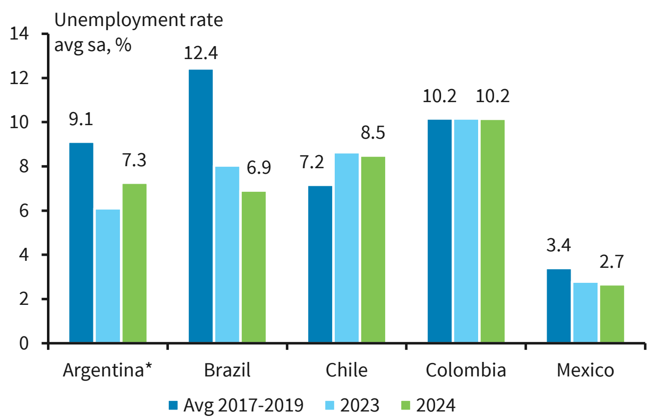
In that vein, we expect the BCB to hike the Selic rate 100bp for a third consecutive time on 19 March, bringing it to 14.25%. The move would be in line with the guidance originally provided in December and reinforced in January. In our view, the market focus will be on the board's communication, in particular whether it provides any guidance for its next meeting, in May. We expect the post-meeting statement to signal the continuation of the tightening cycle, albeit at a slower pace. This is because we continue to view the outlook for inflation in Brazil as challenging over the BCB's relevant horizon given the upward trajectory of various core indicators, especially in the more inertial services sector. While the ongoing economic deceleration could help contain those movements in the coming quarters if accompanied by some softening in the labor market, the BCB already takes into account some growth slowdown in its scenarios. As we do not believe the degree of activity deceleration seen thus far exceeds what the Copom incorporates into its models at this point, we would not expect significant relief in the board's updated inflation forecasts to be presented (aside from a modest BRL appreciation since the January meeting). While we see some downside risk to our terminal Selic forecast of 15.25% (which includes two 50bp hikes to come in May and June), we would find it hard for the BCB to interrupt the ongoing tightening cycle sooner than anticipated in the absence of material deterioration on the activity front that exceeds current expectations.

In **Mexico**, the unemployment rate has remained below 3% since November 2022 and it has been around its historical lows in the past 12 months. This does not necessarily reflect the strength of the economy, mainly because of how two other indicators have behaved lately. First, formal employment has been practically stagnant since May of last year. Taking a look at the breakdown by sector, job creation in 2024 of nearly 214,000 was mainly explained by an increase of 331,000 jobs in the services sector, and a loss of 117,000 in agriculture (18,000) and industrial activities (99,000), mainly construction (114,000), while there were some jobs created in manufacturing and utilities. Second, other measures of unemployment have started to climb, such as the unemployment gap, which measures people in need of jobs, as it adds the number of available workers who have not actively been looking for a job in the past six months to those currently actively looking job as percentage of the labor force. The gap measure increased to 17.9% in Q4 24, from 16% in Q1 24, albeit still below its historical average of 21.1%.

From a monetary policy standpoint, an indicator that some board members of the central bank of Mexico (Banxico) tend to follow closely — the real wage mass, using the data series of the workers registered at the Social Security Institute — posted annual growth of 4.3%, its lowest since June 2021, and below the 4.9% historical average. This compares to an historical high of 10% back in June 2023. The change is mainly explained by the slowdown in employment and lower inflation, rather than wages, but average wages have also observed some slowdown too. In our view, along with recent inflation dynamics, particularly core, these numbers are supportive for Banxico to deliver 50bp rate cuts at its next two meetings on March 27 and May 15, and take the reference rate to 8.50%. All in all, there is no doubt the Mexican economy is slowing down. The latest data, such as January industrial production (released during the week), point in that direction: slow growth in 2025. While we continue to project GDP to grow 1.2% this year, it is clear that the balance of risks is biased towards further downside. US

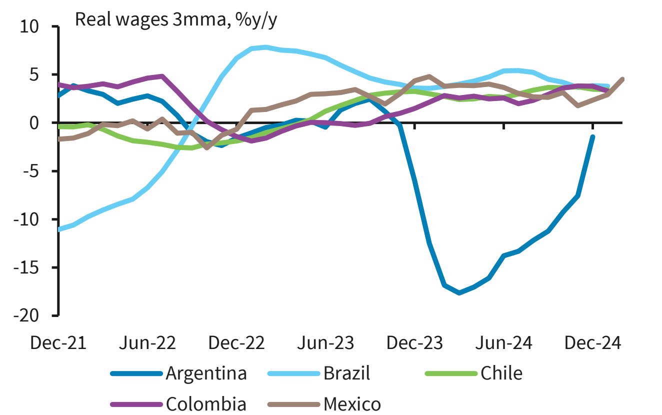
President Trump's tariff threats seem to be undermining business confidence in the US and Mexico.

FIGURE 1. The labor markets show healthy performance, with the exception of Chile



*Argentina's 2024 average is only up to November, while the rest of countries for whole year.
Source: Haver Analytics, Barclays Research

FIGURE 2. Real wages growth remains positive, except for Argentina, where it worked as an absorber of recession impact



Source: Haver Analytics, Barclays Research

As the cyclical recovery of the **Colombian** economy advances, the unemployment rate has been moving lower. It fell to 9.4% sa in January, but this is still in line with the historical average. Therefore, in principle, the labor market conditions do not seem to be a source of concern. The economy is still running in line with its potential or slightly below it. However, the government's decision to increase the minimum wage by 9%, above the standard rule inflation plus productivity gains (c.7%) does seem to be a headwind for disinflation, which seems to at least partly explain the temporary disruption that disinflation progress showed in February. Inflation was 1.14% m/m, exceeding our and the consensus expectations (1.01%). This led to a rebound of y/y inflation to 5.28%, from 5.22% in the previous month. The deviation in the monthly print came mainly from services, which increased 1.45% m/m, driven particularly by education, wshich increased 1.45%, while goods had a better performance, especially durables, which declined 0.15%. The increase in services seems to reflect the minimum wage rise; higher gas prices also put pressure on energy inflation (2.03%); while food inflation (0.60%), which we saw as a moderating factor, was lower than in the previous month (1.63%), but not as low as our tracker suggested. In this regard, it is important to flag that our food tracker is based on wholesale prices; therefore, in some cases, the effect on CPI is seen with a lag, which could become a tailwind for the March print. Despite this inflation print, a more-dovish Banrep board could still be inclined to cut rates (see Colombia: Headwinds for the disinflation process).

In **Chile**, labor market weakness has been one of the main arguments for the BCCh to maintain a dovish bias in this cutting cycle. That said, we believe the pick-up in activity growth to prepandemic trends will dominate BCCh's reaction function if sustained, and expect no more cuts in this cycle. Labor market data certainly don't paint a rosy picture at the moment. The first notable aspect is weakness in job creation. The prepandemic trend points to an employed population about 6% above current levels. Even more discouraging is the pace: the number of employed people has been stagnant since Q2-24. The flip side of this coin is relatively high unemployment. The unemployment rate now stands at 8.3%, above the prepandemic 7.0%.

Before the pandemic, unemployment had been showing a subtle upward trend, mostly explained by a jump in labor force participation from 62% in early 2017 to 63% in late 2019.

However, what we are seeing today is hardly a continuation of that trend. On the contrary, labor force participation remains below prepandemic levels at 61.8%. In the recent past, the BCCh has taken these labor market trends as an indication the economy remains slow after the boom driven by AFP withdrawals reversed. This said, the recent pick-up in economic activity (if sustained) and the strong recovery in real wages (now at the prepandemic trend) should be followed by a normalization in labor markets, as employment has typcally lagged the cycle. In this context, we expect the BCCh to put more emphasis on activity growth.

In **Argentina**, the effect of the recession in the labor market was limited, as a sharp decline in real wages absorbed most of the negative shock to economic activity observed in 1H24. We expect labor market indicators to keep improving as the economy recovers, but FX flexibility will be required for these improvements to be sustained, in our view, as an absorber of trade liberalization and structural reforms. By Q3-23, the unemployment rate was 5.7%. In Q2-24 (ie, the worst part of the contraction, when domestic demand was contracting 12% y/y), the unemployment rate had gone up to 7.3%, a limited increase given the size of the shock. To make this more notable, the increase in unemployment was mostly driven by an increase in the labor force participation. The employment rate only ticked down from 45.4% to 44.9%. Private registered employment contracted 2.5%, also a small move considering the circumstances.

More abrupt was the adjustment in real wages. Between November 2023 and April 2024, registered real wages declined 16%. This was explained by a 10% decline in the private sector and a 27% decline in the public sector. Metrics for the informal sector are unreliable, but the adjustment was even sharper presumably, as the informal sector is more reactive to the cycle. However, the recovery in real wages (as economic activity rebounded) has been fast. By December 2024, private registered real wages had fully recovered to November 2023 levels. We expect this recovery to continue as the economy keeps growing and external financing loosens. Real wages still remain depressed in historical perspective (-20% vs 2017, -3% vs 2021), but the macroeconomic normalization should allow a continued recovery. Fiscal consolidation and the strong peso, however, likely imply this process will be gradual in the coming quarters.

LATIN AMERICA DATA REVIEW & PREVIEW

Gabriel Casillas BCI, US | Alejandro Arreaza BCI, US | Nestor Rodriguez BCI, US |
Roberto Secemski BCI, US | Ivan Stambulsky Barclays, UK

Review of last week's data releases

Main indicators	Period	Previous	Barclays	Actual	Comments
Brazil: Industrial production, % y/y	Jan	1.4	-	1.4	Industrial production was flat in January, after three consecutive months of decline. Strong monthly growth in capital and consumption goods was offset by a drop in intermediate ones. The carryover for Q1 25 stands at -0.4% q/q, from -0.2% in Q4 24.
Brazil: IPCA inflation, % m/m	Feb	0.16	1.30	1.31	Monthly inflation accelerated in February due to the reversal of a large discount to electricity bills in January, combined with the annual increase in school tuition. Annual inflation reached 5.06% y/y, from 4.56% a month earlier.
Brazil: Services sector indicator, % y/y	Jan	2.9	-	1.6	Services output fell 0.2% m/m in January, but the past series was revised up 0.7% from the previous level in December. The carryover for Q1 25 stands at -0.5% q/q, from 1.0% in Q4 24.
Mexico: Industrial production,% m/m (y/y)	Jan	-1.4 (-2.7)	-0.1 (-2.0)	-0.4 (-2.9)	
Peru: Reference rate, %	Mar	4.75	4.50	4.75	The BCRP decided to leave the policy rate unchanged at 4.75%. Given that inflation is below the 2.0% target, we thought it had an opportunity to cut 25bp; however, the bank seems to remain in a cautious position and is expecting inflation to rebound later in the year. Meanwhile, relatively low rates, close to the Fed levels, are an important constraint that limit the space for potential additional cuts.
Brazil: Retail sales, % y/y	Jan	2.0	-	3.1	Retail sales fell 0.1% m/m in January, from -0.3% in December. However, broad retail sales (which also include autos, construction inputs and food in bulk) grew 2.3% m/m, offsetting most of the 2.9% decline registered in the previous two months. The carryover of broad sales for Q1 25 stands at 0.8% q/q, from -0.3% in Q4 24.
Colombia: Retail sales, % y/y	Jan	7.8	4.1	10.2	
Colombia: Manufacturing production, % y/y	Jan	1.9	-1.5	1.9	

Preview of upcoming data

Saturday 15 March		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
11:00	Peru: Economic activity index, % y/y	Jan	3.6	4.1	4.9	4.0	4.1
11:00	Peru: Unemployment rate, %	Feb	5.7	5.5	6.2	-	-
Monday 17 March		**Period**	**Prev-3**	**Prev-2**	**Prev-1**	**Forecast**	**Consensus**
-	Argentina: Budget balance, ARS bn	Feb	1381.5	-1301.0	2434.9	-	-
08:00	Brazil: BCB's Economic activity index, % y/y	Jan	7.1	3.8	2.4	-	-
Tuesday 18 March		**Period**	**Prev-3**	**Prev-2**	**Prev-1**	**Forecast**	**Consensus**
07:30	Chile: GDP, % q/q (y/y)	Q4	2.0 (2.5)	-0.6(1.6)	0.7 (2.3)	(3.7)	-
07:30	Chile: Current account balance, USD mn	Q4	360.2	-2423.6	-3139.6	-2178.9	-
12:00	Colombia: Economic activity, %y/y	Jan	3.7	0.4	2.9	2.0	-
Wednesday 19 March		**Period**	**Prev-3**	**Prev-2**	**Prev-1**	**Forecast**	**Consensus**
11:00	Colombia: Trade balance, USD bn	Jan	-1.1	-1.4	-0.8	-	-
15:00	Argentina: GDP, % y/y	Q4	-5.2	-1.7	-2.1	1.7	-
15:00	Argentina: Trade balance, USD bn	Feb	1268.1	1665.9	141.8	624.0	-

		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
17:30	Brazil: Selic overnight rate, %	Mar	12.25	13.25	13.25	14.25	14.25

Brazil – Selic overnight rate: We expect the BCB to hike the Selic rate 100bp for a third consecutive time, bringing it to 14.25%. The move would be in line with the guidance originally provided in December and reinforced in January. In our view, the market focus will be on the board's communication, particularly whether it provides any guidance for its next meeting, in May. We expect the post-meeting statement to signal the continuation of the tightening cycle, albeit at a slower pace. This is because we still view the outlook for inflation in Brazil as challenging over the BCB's relevant horizon, given the upward trajectory of various core indicators, especially in the more inertial services sector. While the ongoing economic deceleration could help contain those movements in the coming quarters if accompanied by some softening in the labor market, the BCB already takes into account some growth slowdown in its scenarios. As we do not believe the degree of activity deceleration seen thus far exceeds what the Copom incorporates into its models at this point, we do not expect significant relief in the board's updated inflation forecasts to be presented (aside from modest BRL appreciation since the January meeting). While we see some downside risk to our terminal Selic forecast of 15.25% (which includes two 50bp hikes to come in May and June), we would find it hard for the BCB to interrupt the ongoing tightening cycle sooner than anticipated in the absence of material deterioration on the activity front that exceeds current expectations.

Argentina trade balance: This trade data release is in focus because a wide trade balance is a key financing source to service debt absent market access. The January number was not encouraging and a faster-than-expected deterioration in the trade surplus could add pressure in the transition to a new FX regime (with more FX flexibility).

Thursday 20 March		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
-	Uruguay: GDP, % y/y	Q4	0.6	4.0	4.1	-	-
08:00	Mexico: Aggregate supply & demand, % y/y	Q4	2.7	2.1	2.3	2.3	-

Friday 21 March		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
17:00	Chile: Overnight rate target, %	Mar	5.00	5.00	5.00	5.00	5.00

Chile - Overnight rate target: The BCCh is widely expected to remain on hold next week. Focus will be on Mon 24 IPoM and we expect a hawkish revision to the corridor. Recent developments (lower oil prices, lower US rates and higher copper prices that have boosted the CLP) have substantially reduced the odds of hikes this year, but we don't see incentive for the BCCh to continue cutting with the current information. Economic activity has picked up and is now growing at the pre-pandemic trend, diluting BCCh's argument that soft domestic spending prospects limited inflation persistence risks. At the same time, nominal wages are growing at a fast pace, which in our view means that higher inflation amid imperfectly anchored expectations are spilling into contracts. This likely means that disinflation will be slow absent a stronger appreciation of the CLP, supporting BCCh's cautiousness.

Week 15 -21 March		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
-	Brazil: Tax collections, BRL bn (to 25/03)	Feb	247.9	209.2	261.3	-	-

Source: Bloomberg, Barclays Research

BRAZIL SNAPSHOT

Roberto Secemski, BCI, US

Data as of 14 March 2025

% change q/q saar	2024				2025				2026				Calendar year average			
(unless otherwise stated)	Q1	Q2	Q3	Q4	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	2023	2024	2025E	2026E
Real GDP	4.0	5.4	3.0	0.7	4.2	1.4	0.8	0.1	3.2	2.3	1.2	-1.2	3.2	3.4	2.1	1.7
Private consumption	10.2	4.2	5.4	-3.9	3.0	2.1	0.6	0.9	2.5	2.4	1.7	0.8	3.2	4.8	2.2	1.9
Investment	18.7	9.4	9.3	1.7	0.0	-1.4	0.6	0.2	1.2	0.8	1.2	0.0	-3.0	7.3	1.7	2.4
Net exports (contr, % y/y)	…	…	…	…	…	…	…	…	…	…	…	…	1.4	-1.5	-0.1	0.0
Industrial output (PA)	1.9	2.8	5.0	-0.5	-2.0	-0.2	1.5	2.5	1.2	0.7	1.5	1.1	0.3	2.7	0.5	1.3
CPI inflation (% y/y, EOP)	3.9	4.2	4.4	4.8	5.4	5.5	5.7	5.2	4.5	4.1	3.9	3.8	4.6	4.8	5.2	3.8
CPI inflation (% y/y, PA)	4.3	3.9	4.4	4.8	5.0	5.4	5.6	5.3	4.9	4.3	3.9	3.9	4.6	4.4	5.4	4.2
Unemployment rate % (PA)	7.3	6.8	6.6	6.6	6.7	6.9	7.1	7.2	7.2	7.3	7.4	7.5	8.0	6.8	7.0	7.4
Key central bank rate (%, EOP)	10.75	10.50	10.75	12.25	14.25	15.25	15.25	15.25	14.25	13.25	12.00	12.00	11.75	12.25	15.25	12.00
Current account (% GDP)*	…	…	…	…	…	…	…	…	…	…	…	…	-1.3	-2.8	-2.5	-2.2
Government balance (% GDP)*	…	…	…	…	…	…	…	…	…	…	…	…	-8.8	-8.5	-9.0	-9.3
Gross public debt (% GDP)*	…	…	…	…	…	…	…	…	…	…	…	…	73.8	76.5	79.8	84.6
Gross external debt (% GDP)*	…	…	…	…	…	…	…	…	…	…	…	…	33.7	33.4	34.7	32.8

Note: *End of period.
Source: IBGE, BCB, National Treasury, Barclays Research

MEXICO SNAPSHOT

Gabriel Casillas, BCI, US

Data as of 14 March 2025

% change q/q saar	2024				2025				2026				Calendar year average			
(unless otherwise stated)	Q1	Q2	Q3	Q4E	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	2023	2024E	2025E	2026E
Real GDP	-0.1	1.2	3.7	-2.5	1.9	1.2	2.7	1.3	2.2	2.1	2.4	1.7	- -	- -	- -	- -
Real GDP (% y/y)	1.5	2.2	1.7	0.5	1.0	1.0	0.8	1.8	1.8	2.1	2.0	2.1	3.3	1.5	1.2	2.0
Private consumption	2.6	2.4	4.6	-7.2	0.8	1.7	-2.7	1.2	4.2	1.7	1.2	4.8	4.2	2.7	-0.4	1.8
Public consumption	2.0	3.1	1.4	-6.9	0.5	0.7	-2.7	1.2	2.3	0.7	1.2	4.6	1.8	1.3	-1.0	1.1
Investment	-3.4	-2.4	4.6	-6.8	0.7	2.5	-2.9	1.3	3.0	2.6	0.8	4.6	16.6	3.5	-0.6	1.6
Real net exports (contr., % y/y)	…	…	…	...	…	…	…	...	…	…	…	...	-4.8	-0.3	1.0	-0.1
Industrial output (%y/y)	1.5	0.5	0.3	-2.0	-0.3	-0.2	-0.8	0.9	1.0	1.2	1.1	1.1	3.4	0.1	-0.1	1.1
CPI inflation (% y/y, eop)	4.4	5.0	4.6	4.2	3.8	3.3	3.2	3.8	3.8	3.3	3.5	4.2	4.7	4.2	3.8	4.2
CPI inflation (% y/y, avg)	4.6	4.8	5.0	4.5	3.7	3.4	2.8	3.5	3.7	3.4	3.4	4.0	5.5	4.7	3.4	3.6
Unemployment rate (%, avg)	3.1	3.4	3.7	3.6	3.6	3.6	3.5	3.5	3.4	3.2	3.0	2.8	3.1	3.4	3.5	3.1
Key central bank rate (%, eop)*	11.00	11.00	10.50	10.00	9.00	8.50	8.50	8.50	8.50	8.50	8.50	8.50	11.25	10.00	8.50	8.50
Current account (% GDP)*	…	…	…	…	…	…	…	…	…	…	…	…	-0.3	-0.3	-0.8	-0.5
Government balance (% GDP)*	…	…	…	…	…	…	…	…	…	…	…	…	-4.3	-5.7	-3.9	-3.2
Public debt (% GDP)*	…	…	…	…	…	…	…	…	…	…	…	…	46.8	50.2	51.4	51.4
Gross external debt (% GDP)*	…	…	…	…	…	…	…	…	…	…	…	…	30.2	32.9	34.7	29.3

Note: *End of period for quarters and years. The deficit definition is Public sector borrowing requirements (PSBR) and for the debt is the historical balance of PSBR.
Source: INEGI, Banxico, SHCP, Barclays Research

Global Economics Weekly

Key Global Data

A summary of forthcoming data releases and market-moving events, including Barclays forecasts.

Global Rates and Inflation

Central Bank Rates

		Start of cycle			Next move expected	Forecasts			
	Current	Date	Level#	Last move		Q1 25	Q2 25	Q3 25	Q4 25
Advanced									
Fed funds rate	4.25-4.50	Easing: 18 Sep 24	5.25-5.50	Dec 24 (-25)	Jun 25 (-25)	4.25-4.50	4.00-4.25	3.75-4.00	3.75-4.00
BoJ: Uncollateralized overnight call rate	0.50	Tightening: 19 Mar 24	-0.10	Jan 25 (+25)	July 25 (+25)	0.50	0.50	0.75	0.75
ECB main refinancing rate	2.65	Easing: 06 Jun 24	4.50	Mar 25 (-25)	Apr 25 (-25)	2.65	2.15	1.90	1.65
ECB deposit facility rate	2.50	Easing: 06 Jun 24	4.00	Mar 25 (-25)	Apr 25 (-25)	2.50	2.00	1.75	1.50
BOE bank rate	4.50	Easing: 01 Aug 24	5.25	Feb 25 (-25)	May 25 (-25)	4.50	4.00	3.50	3.50
RBA cash rate	4.10	Tightening: 3 May 22	0.10	Feb 25 (-25)	May 25 (-25)	4.10	3.85	3.60	3.60
RBNZ cash rate	3.75	Easing: 14 Aug 24	5.50	Feb 25 (-50)	Apr 25 (-25)	3.75	3.25	2.75	2.50
Swiss National Bank: Policy rate	0.50	Easing: 21 Mar 24	1.75	Dec 24 (-50)	Mar 25 (-25)	0.25	0.00	0.00	0.00
Norges Bank: Deposit rate	4.50	Tightening: 23 Sep 21	0.00	Dec 23 (+25)	Jun 25 (-25)	4.50	4.25	4.00	3.75
Riksbank: Repo rate	2.25	Easing: 08 May 24	4.00	Jan 25 (-25)	Sep 25 (-25)	2.25	2.25	2.00	1.75
Bank of Canada	2.75	Easing: 5 June 24	5.00	Mar 25 (-25)	Jun 25 (-25)	2.75	2.50	2.50	2.50
Emerging									
China: 7d OMO rate	1.50	Easing: 18 Nov 19	2.55	Sep 24 (-20)	Mar 25 (-10)	1.40	1.30	1.30	1.30
India: Repo rate	6.25	Tightening: 04 May 22	4.00	Feb 25 (-25)	Apr 25 (-25)	6.25	6.00	5.75	5.75
Indonesia: BI-rate	5.75	Easing: 18 Sep 24	6.25	Jan 25 (-25)	Jun 25 (-25)	5.75	5.50	5.50	5.50
Korea: Base rate	2.75	Easing: 11 Oct 24	3.50	Feb 25 (-25)	May 25 (-25)	2.75	2.50	2.50	2.25
Malaysia: O/N policy rate	3.00	Tightening: 11 May 22	1.75	May 23 (+25)	May 25 (-25)	3.00	2.75	2.75	2.75
Philippines: O/N lending	5.75	Easing: 15 Aug 24	6.50	Dec 24 (-25)	Apr 25 (-25)	5.75	5.50	5.50	5.25
Taiwan: Rediscount rate	2.000	Tightening: 17 Mar 22	1.125	Mar 24 (+12.5)	Sep 25 (-12.5)	2.000	2.000	1.875	1.750
Thailand: O/N repo rate	2.00	Easing: 16 Oct 24	2.50	Feb 25 (-25)	Jun 25 (-25)	2.00	1.75	1.75	1.50
Czechia: 2w repo rate	3.75	Easing: 21 Dec 23	7.00	Feb 25 (-25)	May 25 (-25)	3.75	3.25	3.25	3.25
Hungary: Base rate	6.50	Easing: 24 Oct 23	13.00	Sep 24 (-25)	Sep 25 (-25)	6.50	6.50	6.25	5.50
Israel: Discount rate	4.50	Easing: 1 Jan 24	4.75	Jan 24 (-25)	Sep 25 (-25)	4.50	4.50	4.25	4.00
Poland: Reference rate	5.75	Easing: 6 Sep 23	6.75	Oct 23 (-25)	Jun 25 (-25)	5.75	5.50	5.00	4.75
Romania: Key policy rate	6.50	Easing: 5 Jul 24	7.00	Aug 24 (-25)	Jul 25 (-25)	6.50	6.50	6.00	6.00
Russia: One-week repo rate	21.00	Tightening: 21 Jul 23	7.50	Oct 24 (+200)	Jun 25 (-100)	21.00	20.00	17.50	15.00
South Africa: Repo rate	7.50	Easing: 19 Sep 24	8.25	Jan 25 (-25)	Jan 27 (+25)	7.50	7.50	7.50	7.50
Turkiye: One-week repo rate	42.50	Easing: 26 Dec 24	50.00	Mar 25 (-250)	Apr 25 (-250)	42.50	37.50	32.50	27.50
Brazil: SELIC rate	13.25	Tightening: 18 Sep 24	10.50	Jan 25 (+100)	Mar 25 (+100)	14.25	15.25	15.25	15.25
Chile: Monetary policy rate	5.00	Easing: 31 Jul 23	11.25	Dec 24 (-25)	Jun-26 (-25)	5.00	5.00	5.00	5.00
Colombia: Repo rate	9.50	Easing: 19 Dec 23	13.25	Dec 24 (-25)	Mar 25 (-25)	9.25	8.75	8.25	7.75
Mexico: Overnight rate	9.50	Easing: 21 Mar 24	11.25	Feb 25 (-50)	Mar 25 (-50)	9.00	8.50	8.50	8.50
Peru: Reference rate	4.75	Easing: 14 Sep 23	7.75	Jan 25 (-25)	Mar 25 (-25)	4.50	4.25	4.00	4.00

Note: Rates as of COB 14 Mar 2025 in % per annum (unless stated). #Level indicates the interest rate that was, at the beginning of a policy cycle.
Source: Barclays Research

Key CPI projections

	US		UK			Euro area			France		Japan	
	CPI		RPI		CPI	HICPx		HICP	CPI ex tobacco		CPI ex perishables	
	nsa	y/y	nsa	y/y	y/y	nsa	y/y	y/y	nsa	y/y	nsa	y/y
Jul-24	314.5	2.9	387.5	3.6	2.2	126.01	2.5	2.6	119.37	2.2	108.3	2.7
Aug-24	314.8	2.5	389.9	3.5	2.2	126.18	2.0	2.2	120.01	1.7	108.7	2.8
Sep-24	315.3	2.4	388.6	2.7	1.7	126.05	1.6	1.7	118.50	1.0	108.2	2.4
Oct-24	315.7	2.6	390.7	3.4	2.3	126.47	1.9	2.0	118.83	1.1	108.8	2.3
Nov-24	315.5	2.7	390.9	3.6	2.6	126.05	2.1	2.2	118.66	1.1	109.2	2.7
Dec-24	315.6	2.9	392.1	3.5	2.5	126.50	2.3	2.4	118.88	1.2	109.6	3.0
Jan-25	317.7	3.0	391.7	3.6	3.0	126.11	2.4	2.5	119.01	1.6	109.8	3.2
Feb-25	319.1	2.8	394.2	3.5	2.9	126.72	2.3	2.4	118.98	0.7	109.4	2.7
Mar-25	320.0	2.5	395.4	3.2	2.7	127.55	2.2	2.3	119.43	0.9	109.7	2.7
Apr-25	321.4	2.5	401.5	4.3	3.2	128.23	2.1	2.3	120.11	0.9	110.3	3.0
May-25	322.6	2.7	402.7	4.2	3.1	128.56	2.2	2.3	120.26	1.0	110.7	3.0
Jun-25	323.8	3.1	403.9	4.3	3.1	128.82	2.2	2.3	120.45	1.1	110.8	2.8
Jul-25	324.5	3.2	405.2	4.6	3.3	128.57	2.0	2.1	120.70	1.1	111.0	2.5
Aug-25	325.2	3.3	406.9	4.4	3.3	128.78	2.1	2.1	121.27	1.0	111.2	2.3
Sep-25	326.0	3.4	407.2	4.8	3.5	128.90	2.3	2.3	120.29	1.5	111.2	2.8
Oct-25	325.9	3.2	408.0	4.4	3.1	129.15	2.1	2.2	120.55	1.4	111.6	2.6
Nov-25	325.6	3.2	408.4	4.5	3.0	128.70	2.1	2.2	120.35	1.4	111.9	2.5
Dec-25	325.8	3.2	410.1	4.6	2.8	129.09	2.0	2.1	120.53	1.4	111.8	2.0
Jan-26	326.6	2.8	408.8	4.4	2.3	128.29	1.7	1.8	120.12	0.9	111.8	1.9
Feb-26	327.8	2.7	410.9	4.2	2.3	128.82	1.7	1.7	120.73	1.5	111.8	2.2
Mar-26	329.0	2.8	412.0	4.2	2.2	129.72	1.7	1.8	121.08	1.4	112.0	2.1
Apr-26	330.1	2.7	414.8	3.3	1.8	130.41	1.7	1.8	121.77	1.4	112.8	2.2
May-26	331.0	2.6	415.9	3.3	1.8	130.75	1.7	1.8	121.91	1.4	112.9	2.0
Jun-26	331.9	2.5	416.8	3.2	1.8	130.97	1.7	1.8	122.08	1.4	113.0	2.0
Jul-26	332.1	2.4	418.0	3.2	1.9	130.75	1.7	1.8	122.32	1.3	113.2	2.0
Aug-26	332.6	2.3	419.6	3.1	1.9	130.95	1.7	1.8	122.94	1.4	113.5	2.0
Sep-26	333.1	2.2	419.8	3.1	1.9	131.06	1.7	1.8	121.93	1.4	113.4	2.0
Oct-26	333.0	2.2	421.0	3.2	1.9	131.33	1.7	1.8	122.10	1.3	113.7	1.9
Nov-26	332.8	2.2	421.2	3.1	2.0	130.86	1.7	1.8	121.87	1.3	114.0	1.8
Dec-26	332.8	2.2	422.7	3.1	2.0	131.26	1.7	1.8	122.08	1.3	113.9	1.8
2024		**2.9**		**3.6**	**2.5**		**2.2**	**2.4**		**1.8**		**2.5**
2025		**3.0**		**4.2**	**3.1**		**2.2**	**2.3**		**1.2**		**2.7**
2026		**2.5**		**3.4**	**2.0**		**1.7**	**1.8**		**1.3**		**2.0**

Note: Shaded values indicate actual data. Euro area forecasts are tracking estimates as of 03 March 2025.
Source: Barclays Research

Global Weekly Calendar

Data as of 14 March 2025

		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
Saturday 15 Mar							
16:30	**EA20: ECB President Lagarde speaks at the IPU Global Conference of Women Parliamentarians in 2025 in Mexico City, Mexico**						
15:00	Peru: Unemployment rate, %	Feb	5.7	5.5	6.2	-	-
15:00	Peru: Economic activity index, % y/y	Jan	3.6	4.1	4.9	-	4.1
Monday 17 Mar		**Period**	**Prev-3**	**Prev-2**	**Prev-1**	**Forecast**	**Consensus**
14:00	**EA20: ECB President Lagarde speaks at Faculty of Law and Political Science of Université Aix-Marseille in Aix-en-Provence, France**						
-	Ukraine: GDP constant prices, % y/y (to 31/03)	Q4	6.5	3.7	2.0	-	1.5
-	Argentina: Budget balance, ARS bn	Feb	1381.5	-1301.0	2434.9	-	-
-	Nigeria: CPI, % y/y	Feb	34.6	34.8	24.5	23.0	-
-	India: Trade balance (USD bn) (to 17/03)	Feb	-31.8	-21.9	-23.0	-20.6	-21.4
-	India: Exports (% y/y) (to 17/03)	Feb	-4.9	-1.0	-2.4	-10.3	-
-	Philippines: Remittances (% y/y)	Jan	2.7	3.3	3.0	-	2.9
00:30	Singapore: Non-oil domestic exports, % y/y	Feb	3.4	9.0	-2.1	12.0	10.2
2:00	China: Fixed asset investments, YTD % y/y	Jan-Feb	3.4	3.3	3.2	3.2	3.2
2:00	China: Industrial production, % y/y	Jan-Feb	5.3	5.4	6.2	5.1	5.3
2:00	China: Retail sales, % y/y	Jan-Feb	4.8	3.0	3.7	3.7	3.8
04:00	Indonesia: Imports, % y/y	Feb	0.2	11.1	-2.7	-8.0	1.8
04:00	Indonesia: Exports, % y/y	Feb	9.1	4.8	4.7	7.0	7.0
04:00	Indonesia: Trade balance, USD mn	Feb	4366.5	2240.2	3451.8	3659.3	2082.0
06:30	India: WPI, % y/y	Feb	2.2	2.4	2.3	2.6	2.3
-	Romania: Current account balance ytd, USD bn	Jan	-23.6	-26.4	-29.4	-	-
09:00	Czechia: Current account, € bn	Jan	13.0	30.0	15.2	-	33.0
09:00	Italy: "Final" CPI, % m/m (y/y)	Feb	0.1 (1.3)	0.6 (1.5)	0.2 (1.7) P	-	-
09:00	Italy: "Final" HICP, % m/m (y/y)	Feb	0.08 (1.4)	-0.81 (1.66)	0.08 (1.74) P	0.08 (1.74)	(1.74)
12:00	Brazil: BCB's Economic activity index, % y/y	Jan	7.1	3.8	2.4	-	-
12:15	Canada: Housing starts, k saar	Feb	267.0	232.5	239.7	-	248.80
12:30	US: Retail sales, % m/m	Feb	0.7	0.7	-0.9	0.7	0.7
12:30	US: Retail sales ex autos, % m/m	Feb	0.1	0.7	-0.4	0.3	0.4
12:30	US: Core retail sales, % m/m	Feb	0.1	0.8	-0.8	0.4	0.3
12:30	US: Empire State mfg. index	Mar	2.1	-12.6	5.7	-	-2.0
13:00	Canada: Existing home sales, % m/m	Feb	2.8	-5.8	-3.3	-	-
13:00	Poland: CPI core, % y/y	Feb	4.1	4.3	4.0	-	4.0
13:00	Poland: Current account, € bn	Jan	1.2	0.0	-0.8	-	0.5
13:00	Poland: Trade balance, € bn	Jan	-0.6	-1.2	-2.2	-	-0.6
14:00	US: Business inventories, % m/m	Jan	0.0	0.1	-0.2	0.3	0.3
14:00	US: NAHB housing market index	Mar	46.0	47.0	42.0	-	42.0
Tuesday 18 Mar		**Period**	**Prev-3**	**Prev-2**	**Prev-1**	**Forecast**	**Consensus**
-	**Korea: BoK meeting minutes**	**25-Feb**					
-	**EU27: General Affairs Council in Brussels, Belgium**						
-	**Angola: Benchmark interest rate, %**	**Mar**	**19.50**	**19.50**	**19.50**	**19.50**	**-**
04:30	Japan: Index of tertiary industry activity, % m/m	Jan	0.0	-0.3	0.1	-	-0.1
10:00	Germany: ZEW economic expectations, % bal	Mar	15.7	10.3	26.0	-	45.0
10:00	EA20: ZEW economic sentiment, % bal	Mar	17.0	18.0	24.2	-	-
10:00	EA20: Trade balance sa, € bn	Jan	6.9	13.3	14.6	-	14.0
11:00	Israel: Unemployment rate, %	Feb	2.7	2.7	2.6	-	-
11:30	Chile: GDP, % q/q (y/y)	Q4	2.0 (2.5)	-0.6(1.6)	0.7 (2.3)	(3.7)	-
11:30	Chile: Current account balance, USD mn	Q4	360.2	-2423.6	-3139.6	-2178.9	-
12:30	Canada: CPI, % m/m (y/y)	Feb	0.0 (1.9)	-0.4 (1.8)	0.1 (1.9)	-	0.6 (2.2)
12:30	Canada: CPI Core - Median, % y/y	Feb	2.8	2.6	2.7	-	-
12:30	Canada: CPI Core - Trim, % y/y	Feb	2.7	2.5	2.7	-	-

		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
12:30	Canada: CPI, nsa index	Feb	161.8	161.2	161.3	-	-
12:30	US: Housing starts, k saar	Feb	1305	1515	1366	1400	1380
12:30	US: Building permits, k saar	Feb	1493	1482	1473	-	1450
12:30	US: Import prices, % m/m (y/y)	Feb	0.1 (1.4)	0.2 (2.3)	0.3 (1.9)	0.0 (1.6)	-0.1
12:30	US: Non petroleum import prices, % m/m (y/y)	Feb	0.2 (2.2)	0.2 (2.4)	0.1 (1.8)	0.2 (2.1)	-
13:15	US: Industrial production, % m/m	Feb	-0.1	1.0	0.5	0.7	0.2
13:15	US: Capacity utilization, %	Feb	76.8	77.5	77.8	-	77.8
13:15	US: IP: Manufacturing (SIC) production, % m/m	Feb	0.2	0.5	-0.1	0.9	0.1
16:00	Colombia: Economic activity, %y/y	Jan	3.7	0.4	2.9	2.0	-
23:50	Japan: Trade balance, nsa / sa, JPY bn	Feb	-116 / -501	128 / -221	-2737 / -857	950 / -	688 /509
23:50	Japan: Core machinery orders, % m/m	Jan	2.1	3.4	-1.2	-0.1	-0.1

Wednesday 19 Mar		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
-	**Japan: BoJ MPM, results typically midday**						
-	**Japan: BoJ overnight call rate, %**	**Mar**	**0.25**	**0.50**	**0.50**	**0.50**	**0.50**
07:20	**Indonesia: BI rate, %**	**Mar**	**6.00**	**5.75**	**5.75**	**5.75**	**5.75**
12:00	**EA20: ECB Vice President de Guindos speaks at V Observatorio Finanzas in Madrid, Spain**						
13:00	**EA20: ECB Exec. Board Member Elderson speaks at annual European Financials Conference organised by Morgan Stanley in London**						
18:00	**US: FOMC rate decision, %**	**Mar-19**	**4.25 - 4.50**	**4.25 - 4.50**	**4.25 - 4.50**	**4.25-4.50**	**4.25 -4.50**
18:30	**US: Press Conference by Fed Chair Powell (FOMC voter)**						
21:30	**Brazil: Selic overnight rate, %**	**Mar**	**12.25**	**13.25**	**13.25**	**14.25**	**14.25**
08:00	Austria: "Final" HICP, % m/m (y/y)	Feb	0.7 (2.1)	0.9 (3.4)	0.6 (3.5) P	-	-
08:00	South Africa: CPI, % y/y	Feb	2.9	3.0	3.2	3.5	3.4
08:00	South Africa: Core CPI, % y/y	Feb	3.7	3.5	3.5	3.6	3.5
08:00	Slovakia: HICP, % m/m (y/y)	Feb	0.2 (3.6)	-0.5 (3.2)	1.8 (4.3)	-	-
10:00	EA20: "Final" HICP, % m/m (y/y)	Feb	0.40 (2.40)	-0.30 (2.50)	0.50 (2.40) P	0.50 (2.40)	0.50 (2.40)
10:00	EA20: 'Eurostat' core (HICP x fd, alc, tob, ene), % m/m (y/y)	Feb	0.45 (2.71)	-0.95 (2.70)	0.58 (2.60) P	0.58 (2.60)	(2.60)
10:00	EA20: HICP ex tobacco, index (2015 = 100)	Feb	126.05	126.50	126.11	126.72	-
11:00	South Africa: Retail sales constant, sa, % m/m	Jan	1.7	1.0	-0.1	-	0.3
15:00	Colombia: Trade balance, USD bn	Jan	-1.1	-1.4	-0.8	-	-
16:00	Russia: PPI, % y/y	Feb	3.9	7.9	9.7	-	-
19:00	Argentina: GDP, % y/y	Q4	-5.2	-1.7	-2.1	1.7	-
19:00	Argentina: Trade balance, USD bn	Feb	1268.1	1665.9	141.8	624.0	-
20:00	US: Net long-term TIC flows, $ bn	Jan	120.2	53.2	72.0	-	-
21:45	New Zealand: GDP, % q/q (y/y)	Q4	0.3 (1.3)	-1.1 (-0.5)	-1.0 (-1.5)	-	0.4 (-1.4)

Thursday 20 Mar		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
-	**Taiwan: Benchmark interest rate, %**	**Mar**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**
-	**EU27: EU Summit in Brussels, Belgium (to 21/03)**						
-	**South Africa: Repo rate, %**	**Mar**	**7.75**	**7.50**	**7.50**	**7.50**	**7.50**
01:00	**China: 1y Loan prime rate, %**	**Mar**	**3.10**	**3.10**	**3.10**	**3.10**	**3.10**
08:00	**EA20: ECB President Lagarde speaks at ECON Hearing before the Committee on Economic and Monetary Affairs (ECON) of the European Parliament in Brussels, Belgium**						
08:30	**Switzerland: Interest rate announcement, %**	**Mar**	**1.25**	**1.00**	**0.50**	**0.25**	**0.25**
08:30	**Sweden: Interest rate announcement, %**	**Mar**	**2.75**	**2.50**	**2.25**	**2.25**	**2.25**
09:00	**EA20: ECB publishes Economic Bulletin**						
12:00	**UK: BoE bank rate decision, %**	**Mar**	**4.75**	**4.75**	**4.50**	**4.50**	**4.50**
12:00	**UK: BoE MPC meeting minutes**	**Mar**					
12:00	**UK: BoE MPC bank rate vote (hold/-25, in bp)**	**Mar**	**1-8**	**6-3**	**2-7**	**7-2**	**-**
12:00	**EA20: ECB Chief Economist Lane speaks at UCC Economics Society's Conference at University College Cork (UCC) in Cork, Ireland**						
-	Uruguay: GDP, % y/y	Q4	0.6	4.0	4.1	-	-
-	Brazil: Tax collections, BRL bn (to 25/03)	Feb	247.9	209.2	261.3	-	-
00:30	Australia: Employment change, k	Feb	29.2	60.0	44.0	-	30.0
00:30	Australia: Unemployment rate, %	Feb	3.9	4.0	4.1	-	4.1
04:00	Malaysia: Trade balance, MYR bn	Feb	15.1	19.1	3.6	6.9	7.9
04:00	Malaysia: Exports, % y/y	Feb	3.9	16.9	0.3	6.5	6.5
04:00	Malaysia: Imports, % y/y	Feb	1.6	11.9	6.2	11.5	9.6

		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
07:00	Germany: PPI, % m/m (y/y)	Feb	0.5 (0.1)	-0.1 (0.8)	-0.1 (0.5)	-	0.2 (1.0)
07:00	UK: Average weekly earnings, % 3m/y	Jan	5.3	5.5	6.0	5.8	5.9
07:00	UK: Regular average weekly earnings, % 3m/y	Jan	5.2	5.6	5.9	5.9	5.9
07:00	UK: Regular private sector average weekly earnings, % 3m/y	Jan	5.5	5.9	6.2	6.1	6.2
07:00	UK: ILO unemployment rate, %	Jan	4.3	4.4	4.4	4.5	4.4
07:00	UK: Change in HMRC payrolls, thous	Feb	-26.3	-13.9	20.7	-	-
07:00	UK: Jobless claims change (sa, k)	Feb	-25.1	-15.1	22.1	-	-
07:00	UK: Headline job vacancies, % 3m moving average	Feb	814	818	819	-	-
09:00	Poland: Average gross wages, % y/y	Feb	10.5	9.8	9.2	-	8.7
09:00	Poland: Sold industrial output, % y/y	Feb	-1.2	0.8	-1.0	-	-0.9
10:00	EA20: Construction output, % m/m (y/y)	Jan	0.4 (-0.5)	0.6 (0.3)	0.0 (-0.1)	-	-
11:00	UK: CBI industrial trends, total orders	Mar	-40	-34	-28	-	-30
12:00	Mexico: Aggregate supply & demand, % y/y	Q4	2.7	2.1	2.3	2.3	-
12:30	Canada: Industrial product price, % m/m	Feb	0.6	0.4	1.6	-	-
12:30	US: Current account balance, $ bn	Q4	-241.0	-275.0	-310.9	-	-338.0
12:30	US: Initial jobless claims, k (4wma)	Mar-15	242 (224)	222 (225)	220 (226)	220	-
12:30	US: Insured unemployment (continued claims), k	Mar-08	1855	1897	1870	-	-
12:30	US: Philadelphia Fed mfg. index	Mar	-10.9	44.3	18.1	5.2	12.0
14:00	US: Conference Board leading economic index®, % m/m	Feb	0.3	0.1	-0.3	-	-0.2
14:00	US: Existing home sales, mn saar	Feb	4.2	4.3	4.1	4.0	3.9
23:30	Japan: Nationwide CPI, % y/y	Feb	2.9	3.6	4.0	-	3.5
23:30	Japan: Nationwide CPI excl. perishables, % y/y	Feb	2.7	3.0	3.2	2.9	2.9
23:30	Japan: Nationwide CPI excl. food and energy, % y/y	Feb	2.4	2.4	2.5	-	2.6

Friday 21 Mar		Period	Prev-3	Prev-2	Prev-1	Forecast	Consensus
10:30	**Russia: One week auction rate, %**	**Mar**	**21.00**	**21.00**	**21.00**	**21.00**	**21.00**
13:05	**US: New York Fed President Williams (FOMC voter) gives keynote remarks at a conference in Nassau, Bahamas**						
21:00	**Chile: Overnight rate target, %**	**Mar**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**
-	India: Current account, USD bn (to 28/03)	Q4	4.6	-10.2	-11.2	-	-12.1
-	France: Retail sales sa, % (y/y)	Feb	-0.1	-0.8	-0.7	-	-
00:01	UK: GfK consumer confidence, index	Mar	-17	-22	-20	-	-21
04:00	Malaysia: CPI, % y/y	Feb	1.8	1.7	1.7	1.4	1.5
05:30	Netherlands: Consumer confidence, % bal	Mar	-26	-28	-32	-	-
07:00	Turkiye: Consumer confidence, sa	Mar	81.3	81.0	82.1	-	-
07:00	UK: PSNB, £ bn	Feb	12.6	18.1	-15.4	-	7.0
07:45	France: Business climate, index	Mar	94.5	94.9	95.6	-	96.0
08:00	Switzerland: M3, % y/y	Feb	1.8	1.9	1.6	-	-
09:00	EA20: ECB current account sa, € bn	Jan	29.3	25.1	38.4	-	-
10:00	Belgium: Consumer confidence, % bal	Mar	-9.0	-11.0	-4.0	-	-
12:00	UK: BoE Agents' summary of business conditions	Q1					
12:30	Canada: Retail sales, % m/m	Jan	0.8	0.2	2.5	-	-0.4
12:30	Canada: Retail sales ex autos, % m/m	Jan	0.1	-0.7	2.7	-	-
15:00	EA20: "Flash" consumer confidence, % bal	Mar	-14.5	-14.2	-13.6	-	-13.3

Note: All times reported in GMT. Some data or events are boxed to indicate their importance to financial markets. Market events are highlighted in light blue.
Source: Reuters, Market News, Bloomberg, Barclays Research

Global Key Events

Global Key Events for 2025 and 2026

	2025										2026		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
North America													
FOMC meeting	19	-	7	18	30	-	17	29	-	10	28	-	18
Summary of Economic Projections	19	-	-	18	-	-	17	-	-	10	-	-	18
FOMC minutes	-	9	28	-	9	20	-	8	19	3	-	18	-
Fed's Beige Book	5	23	-	4	16	-	3	15	26	-	…	…	…
Bank of Canada	12	16	-	4	30	-	17	29	-	10	…	…	…
Europe													
EU Summit	20-21	-	-	26-27	-	-	-	23-24	-	18-19	…	…	…
EU General Affairs Council	18, 28	-	27	24	…	…	…	…	…	…	…	…	…
ECOFIN	11	11	13	20	…	…	…	…	…	…	…	…	…
Eurogroup	10	11	12	19	…	…	…	…	…	…	…	…	…
ECB "policy" meeting	6	17	-	5	24	-	11	30	-	18	-	4	18
ECB minutes	-	3	16	-	3	28	-	9	27	-	…	…	…
ECB economic bulletin	20	-	1	19	-	7	25	-	13	-	8	18	-
ECB "non-policy" meeting	26	-	21	30	-	-	24	-	19	-	-	25	-
BoE - MPC policy meeting	20	-	8	19	-	7	18	-	6	18	…	5	19
BoE MPC Monetary Policy Report	-	-	8	-	-	7	-	-	6	-	…	5	-
BoE minutes	20	-	8	19	-	7	18	-	6	-	…	5	19
Riksbank	20	-	8	18	-	20	23	-	5	18	…	…	…
Swiss National Bank (SNB)	20	-	-	19	-	-	25	-	-	11	…	…	…
Norges Bank	27	-	8	19	-	14	18	-	6	18	…	…	…
Asia/Africa/RoW													
Bank of Japan (BoJ)	18-19	30	1	16-17	30-31	-	18-19	29-30	-	18-19	…	…	…
BoJ minutes	25	-	8	20	-	5	25	-	5	24	…	…	…
Reserve Bank of Australia (RBA)	-	1	20	-	8	12	30	-	4	9	-	3	17
Reserve Bank of New Zealand (RBNZ)	-	9	28	-	9	20	-	8	26	-	-	18	-
Reserve Bank of India (RBI)	-	7-9	…	…	…	…	…	…	…	…	…	…	…
Bank of Korea (BoK)	-	17	29	-	10	28	-	23	27	-	…	…	…
Brazilian Central Bank (BCB)	19	-	7	18	30	-	18	-	6	10	…	…	…
South African Reserve Bank (SARB)	20	-	29	-	31	-	18	-	20	-	…	…	…
National Bank of Poland (NBP)	11-12	1-2	6-7	3-4	1-2	26*	2-3	7-8	4-5	-	…	…	…
Key international meetings													
WBG-IMF, Spring and Annual meetings	-	25-27	-	-	-	-	-	17-19	-	-	...	…	…
G20 Summit	-	-	-	-	-	-	-	-	27-28	-	...	…	…
OPEC+ Ministerial Meeting	-	-	28	…	…	…	…	…	…	…	...	…	…
JMMC (of the OPEC) meeting	-	5	…	…	…	…	…	…	…	…	...	…	…
Elections/Key political meetings													
Japan Upper house elections	-	-	-	-	20	-	-	-	-	-	-	-	-
UK OBR forecast update	26	-	-	-	-	-	-	-	-	-	-	-	-
Germany (Hamburg state elections)	2	-	-	-	-	-	-	-	-	-	-	-	-

Note: (-) No event, (…) Event yet to be confirmed. * NBP's one-day non-decision-making meeting.
Source: Central banks, IMF, European Commission, Reuters, Bloomberg, Market News, Barclays Research

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