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Economy Week Ahead

February 15, 2026

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Chief Economist

"Economics is not an exact science. It's a combination of an art and elements of science."

Paul Samuelson

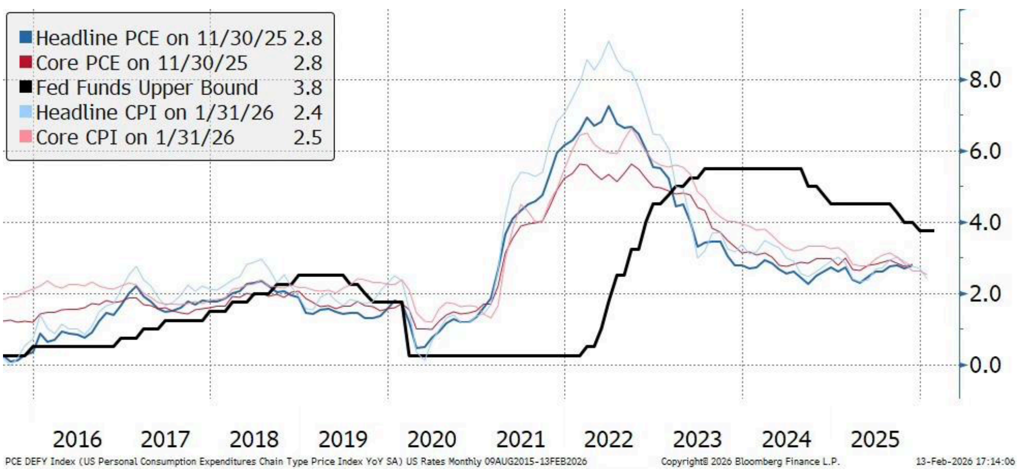
Markets are still digesting a mixed bag of US data reported last week. Retail sales were weak, the jobs report was solid, and the CPI data showed further disinflation. When all is said and done, we believe the data set the table for the Fed to resume cutting rates in Q2. We remain constructive on the US economic outlook but believe that some monetary stimulus is needed to help support the weakening labor market. Our broad macro investment calls remain in place: higher equities, weaker dollar, and steeper yield curve.

Americas

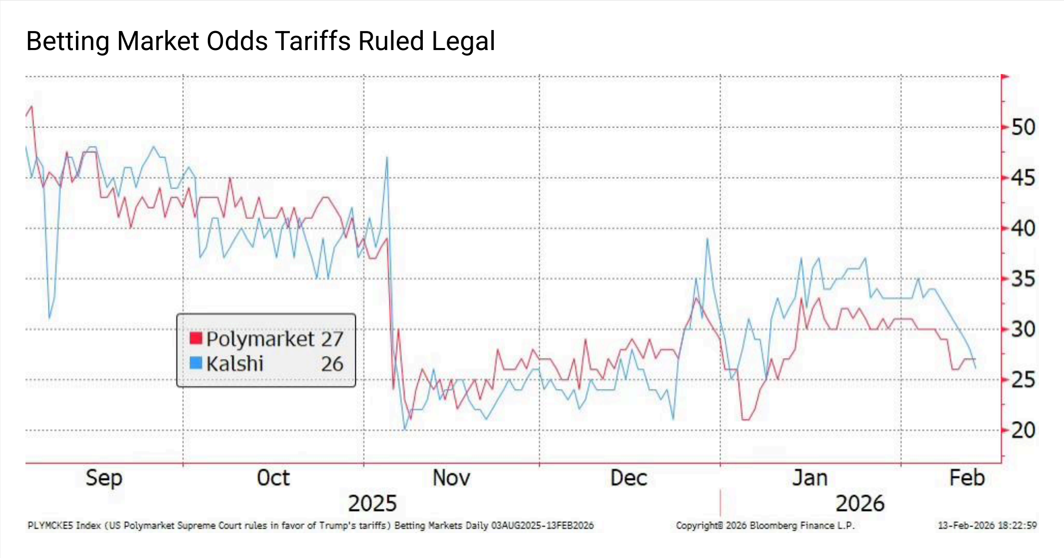
Minutes for the January 27-28 FOMC meeting will be released Wednesday. At that meeting, the Fed kept rates on hold by a 10-2 vote, with the two dissents (Miran and Waller) in favor of a 25 bp cut. The tone of the statement and official comments since then suggest the Fed is comfortable remaining in wait and see mode as the data continue to roll in. Last week's jobs report was by no means strong, but it was better than expected and likely to keep the Fed on hold again at the March 17-18 meeting.

There are many Fed speakers this week. Bowman speaks Monday. Barr and Daly speak Tuesday. Bowman speaks Wednesday. Bostic, Bowman, Kashkari, and Goolsbee speak Thursday. Bostic and Logan speak Friday. All are expected to signal steady rates for now.

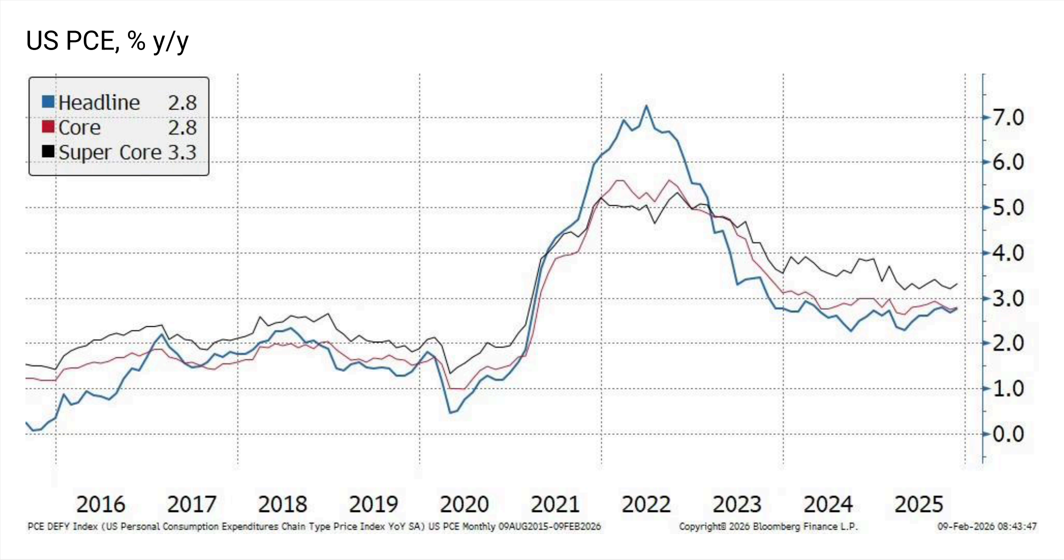
US Rates



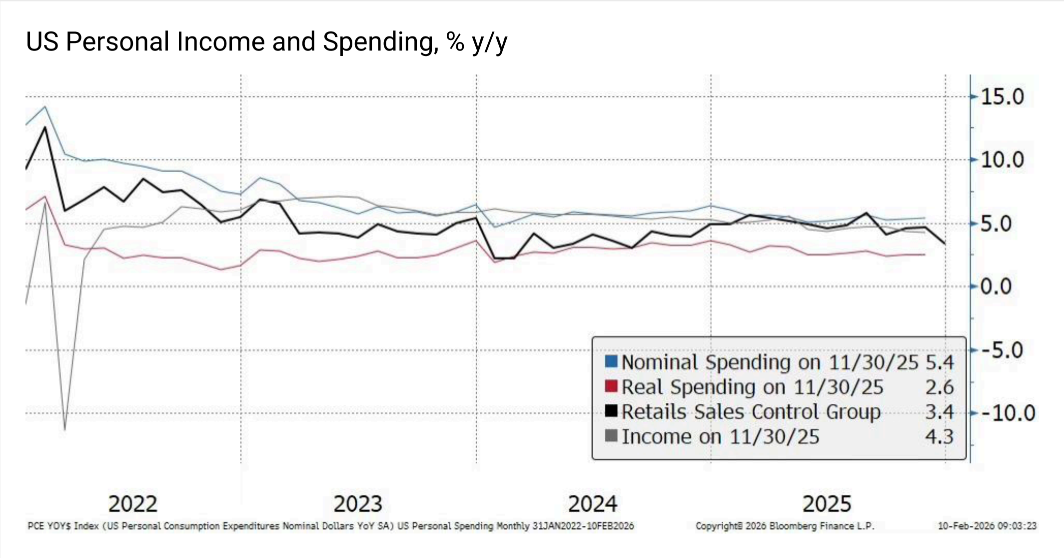
The Supreme Court announced that Friday will be an opinion day. It's possible that the court finally issues a ruling on the legality of reciprocal tariffs then, but we are not guaranteed to get it. We won't know until Friday morning. Betting markets see around 25% odds that the court allows the tariffs to remain in place. We think the odds are a bit higher but even if they are struck down, senior Trump officials have sought out other avenues to enact these tariffs.



Data highlight will be December PCE data Friday. Headline is expected to remain steady at 2.8% y/y and core is expected to pick up a tick to 2.9% y/y. The Cleveland Fed Nowcast model estimates December headline and core both at 2.8%. Looking ahead, the model estimates January headline and core at 2.6% and 2.8%, respectively, and February headline and core at 2.4% and 2.6%, respectively. A December acceleration should help keep the Fed on hold in March, but subsequent deceleration in Q1 PCE inflation would help set up a Fed cut in Q2.

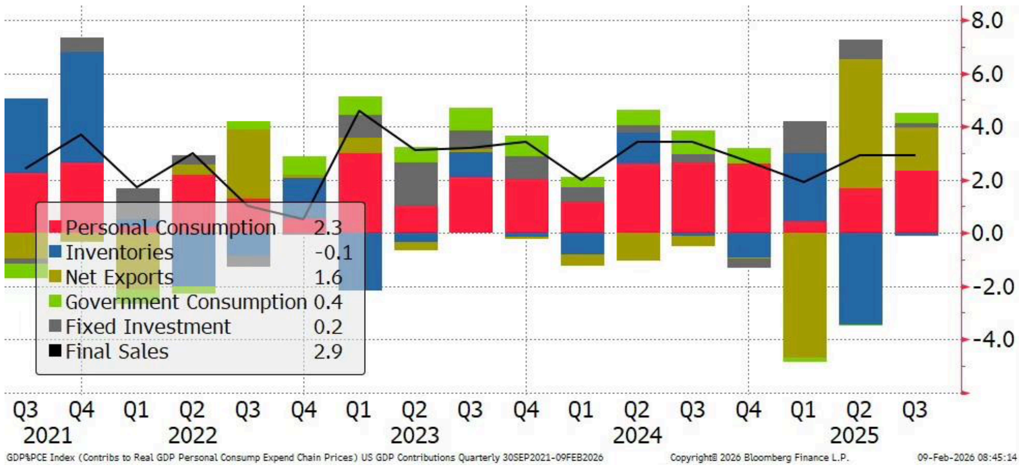


Personal income and spending will be reported at the same time. Income is expected to remain steady at 0.3% m/m while nominal spending is expected to slow a tick to 0.4% m/m. Real spending is expected to slow two ticks to 0.1% m/m. After the weak December retail sales report, we see downside risks to the personal spending data.



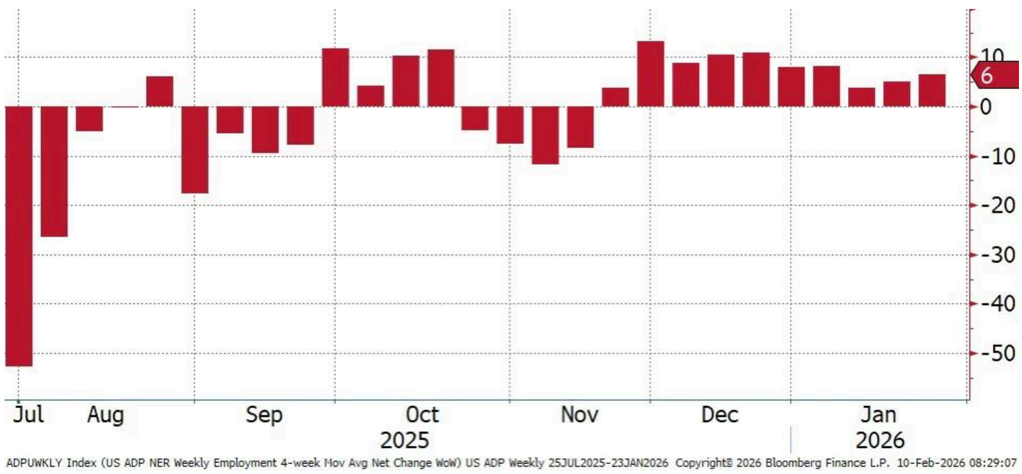
We get our first look at Q4 GDP data Friday. Growth is expected at 2.8% SAAR vs. 4.4% in Q3. Personal consumption is expected at 2.4% SAAR vs. 3.5% in Q3. This slowdown should come as no surprise after the soft December retail sales data as well as markdowns to the November data. The Atlanta Fed's GDPNow model estimates Q4 growth at 3.7% SAAR and will be updated Wednesday. The New York Fed's Nowcast model has a final estimate for Q4 growth at 2.7% SAAR. The model also estimates Q1 growth at 2.6% SAAR and this will be updated Friday.

US GDP Growth Contributions, ppt



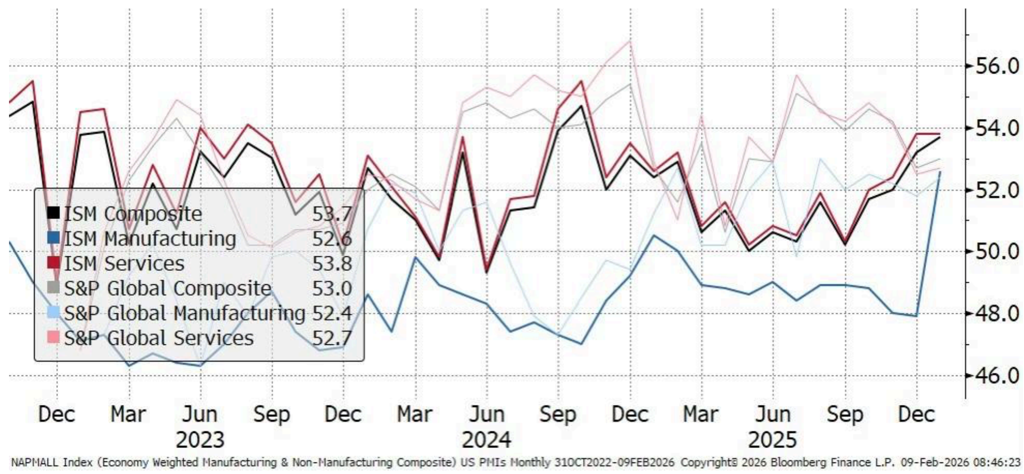
ADP reports its weekly private sector jobs estimate Tuesday. This will be for the week ending January 31. The previous reading of 6.5k was for the week ending January 24. We expect weakness in the labor market to continue.

ADP Weekly Private Sector Jobs Estimate



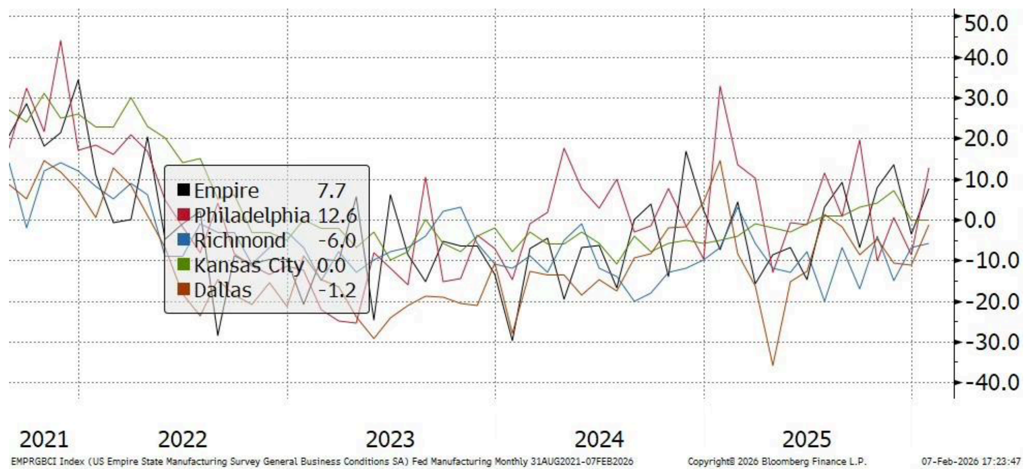
S&P Global reports preliminary February PMIs Friday. Manufacturing is expected to rise a tick to 52.5 and services is expected to rise three ticks to 53.0. If so, the composite should rise a couple of ticks from 53.0 in January. February ISM PMIs won't be reported until the first week of March.

US PMIs



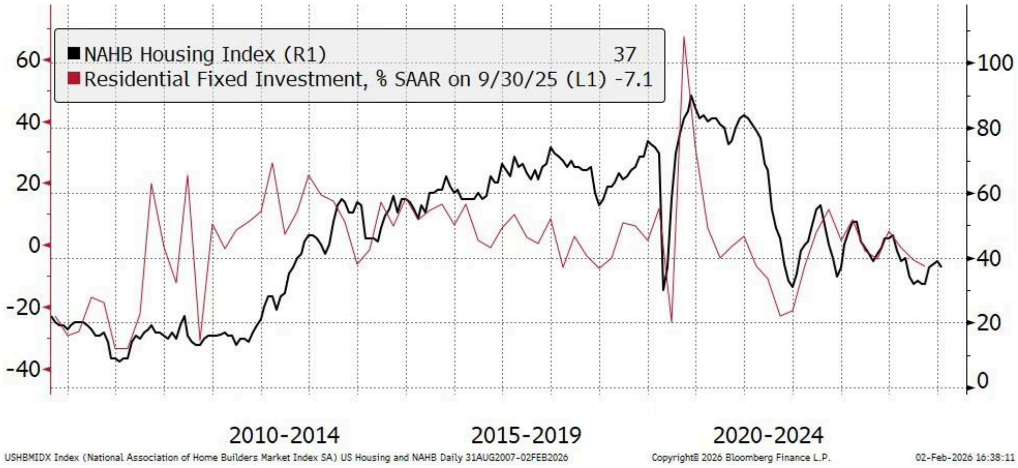
Regional Fed surveys for February start rolling out. Empire manufacturing will be reported Tuesday and is expected at 6.3 vs. 7.7 in January. New York Fed services will be reported Wednesday. Philly Fed manufacturing will be reported Thursday and is expected at 8.0 vs. 12.6 in January.

Regional Fed Manufacturing Surveys



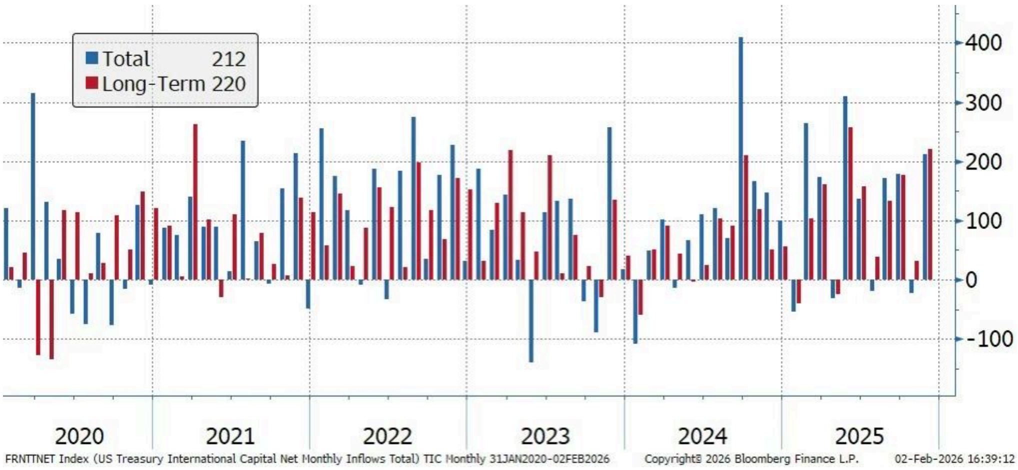
NAHB reports its February housing market index Tuesday. Headline is expected to rise two points to 39. If so, it would reverse the January drop and match the cycle high from December. Looking at the three components of the HMI, current sales conditions fell a point to 41, sales expectations in the next six months fell three points to 49, and traffic of prospective buyers dropped three points to 23. With mortgage rates falling, the outlook for the housing market should improve.

NAHB Housing Market Index

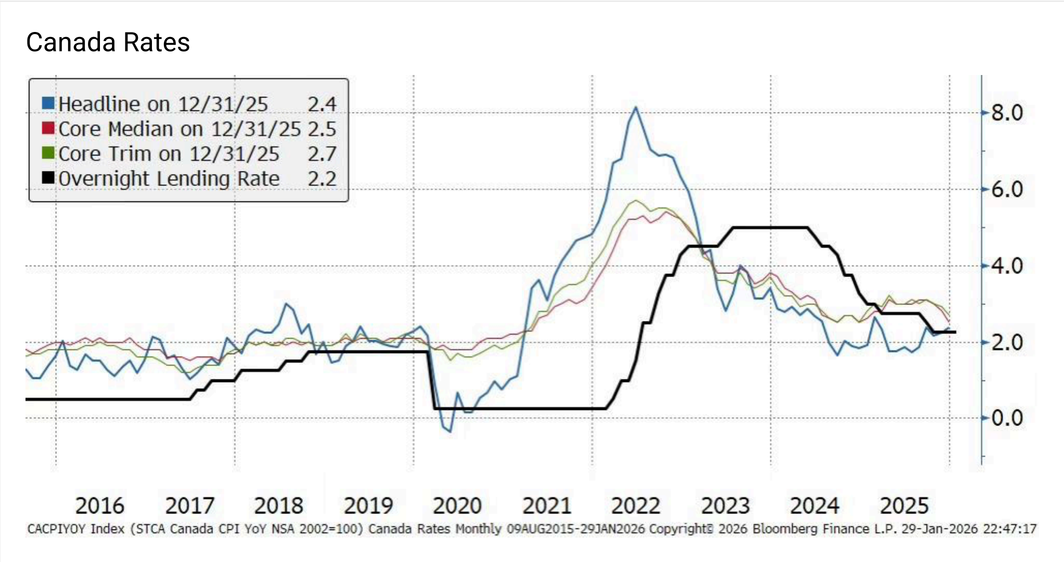


December TIC data will be reported Wednesday. Capital inflows will be watched closely in the coming months after reports emerged that China has instructed its banks to pare back their UST holdings. For now, the inflows continue.

TIC Data, $ Bln

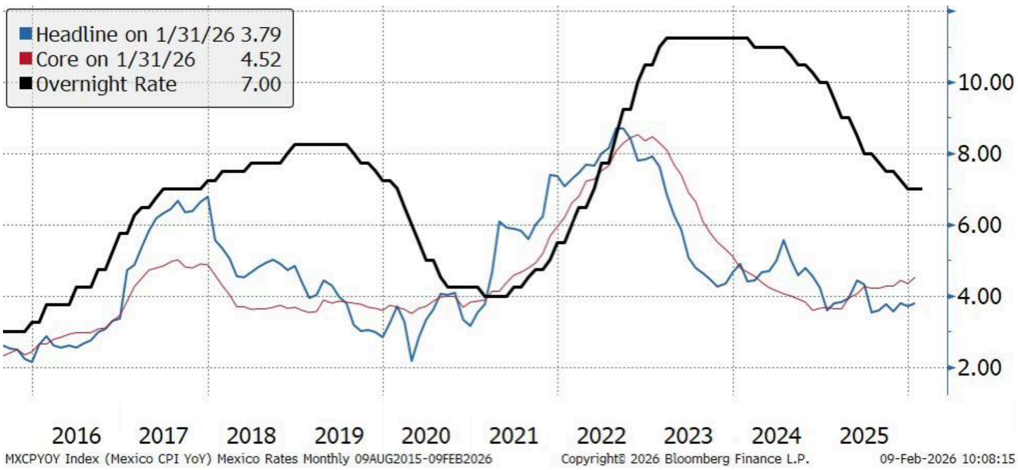


Canada highlight will be January CPI data Tuesday. Headline is expected to remain steady at 2.4% y/y, while core median is expected to remain steady at 2.5% y/y and core trim is expected to fall a tick to 2.6% y/y. Recall that the Bank of Canada left rates steady at its January 28 meeting but shifted to a more cautious tone. Macklem noted that “The Canadian economy is adjusting to the structural headwinds of US protectionism” and stressed that “elevated uncertainty makes it difficult to predict the timing or direction of the next change in the policy rate.” The next meeting is March 18 and no change is expected. Looking ahead, the swaps market has shifted from pricing in a rate hike over the next twelve months to pricing in about 33% odds of a rate cut over the next six months.



Banco de Mexico releases its minutes to the February meeting Thursday. At that meeting, the bank kept rates steady at 7.0% in a unanimous vote. It was the first pause in nearly two years as the bank noted that “This adjustment responds mainly to a higher-than-anticipated trajectory for core inflation.” The bank left the door open for further easing by noting that it would evaluate additional rate cuts. Since then, core inflation ran a bit hotter at 4.52% y/y in January vs. 4.33% in December. However, the swaps market is pricing in one last 25 bp cut over the next six months.

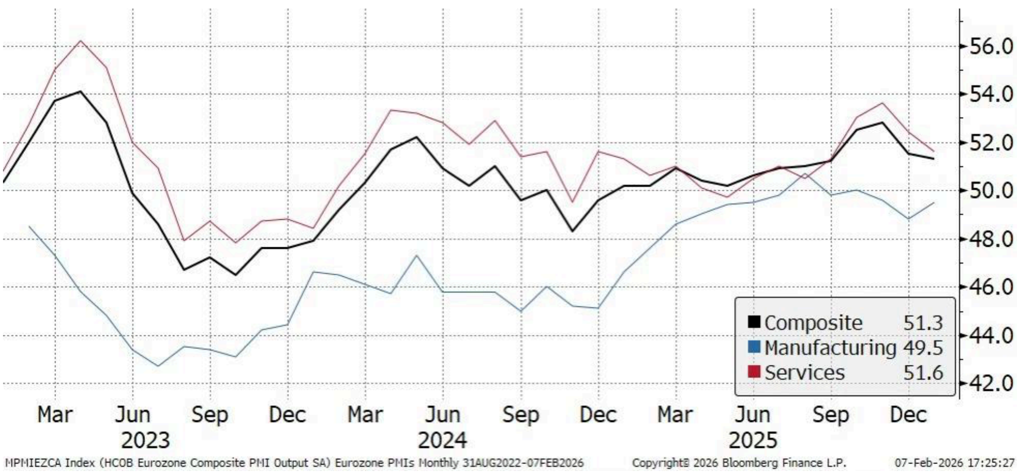
Mexico Rates



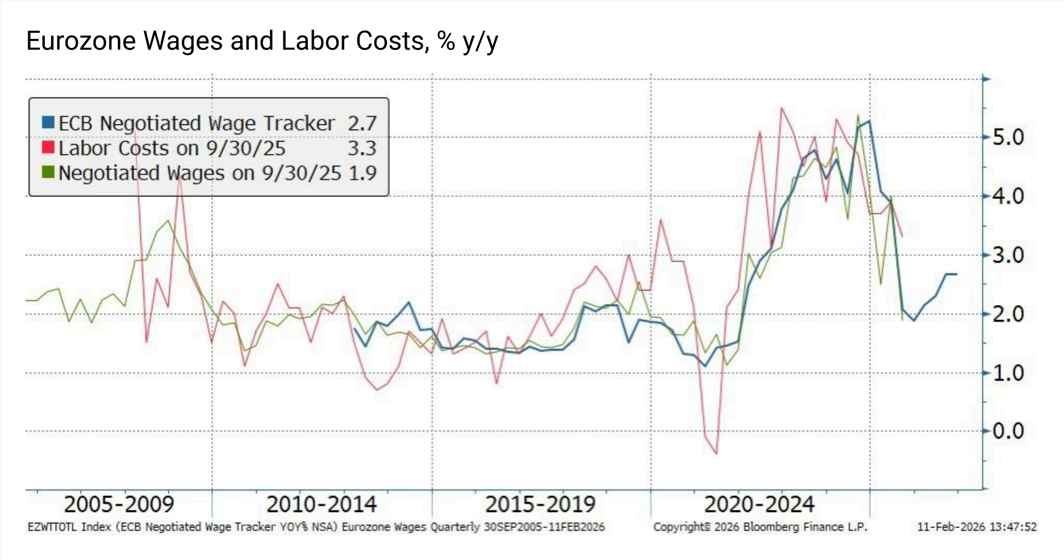
Europe

Eurozone highlight will be preliminary February PMIs Friday. Headline manufacturing is expected to rise half a point to 50.0, services is expected to rise three ticks to 51.9, and the composite is expected to rise two ticks 51.5. If so, the composite would rise for the first time since November. Looking at the country breakdown, the German composite is expected to rise two ticks to 52.3 and the French composite is expected to rise half a point to 49.6. Italy and Spain will be reported with the final PMI readings in early March.

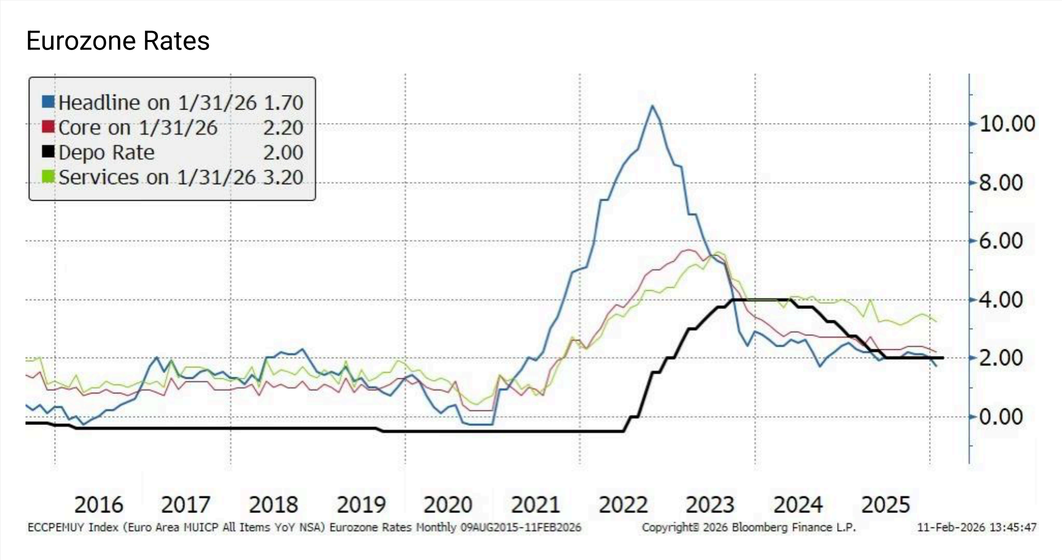
Eurozone PMIs



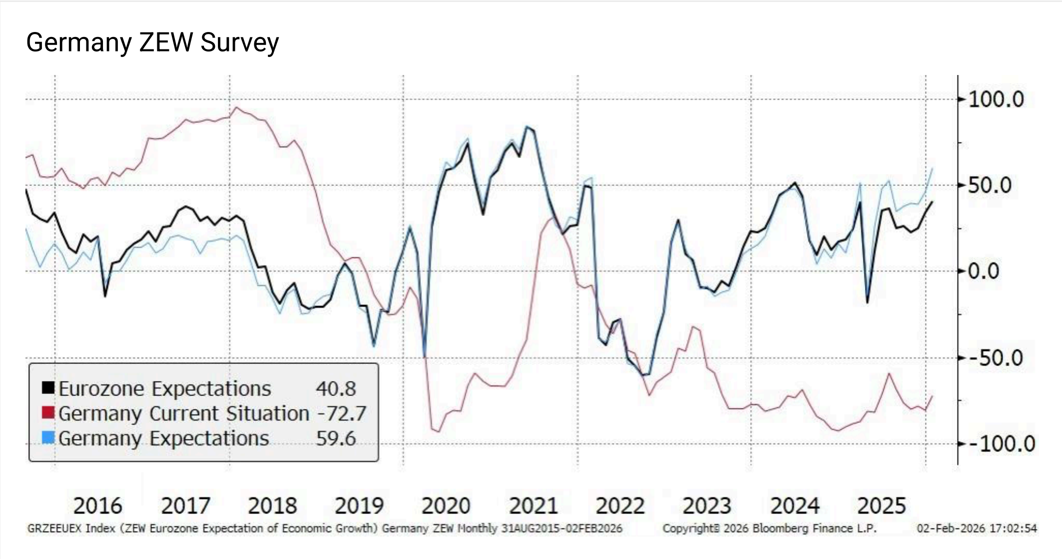
Q4 negotiated wage data Friday will also be important. Wages are expected to rise 2.9% y/y vs. 1.9% in Q3. Of note, the ECB's negotiated wage tracker suggests wage growth will bottom just below 2% y/y in Q4 before moving higher to 2.7% y/y in H2 26. The ECB noted that "The rise in the wage path over the course of the year is related to the dissipation of the mechanical downward effect of large one-off payments that were made in 2024 but not in 2025. These mechanical effects are expected to virtually disappear over the course of 2026."



Still, accelerating wage growth is another reason for the ECB to remain in hold for the foreseeable future. Indeed, the swaps market is pricing in steady rates over the next twelve months. There are several ECB speakers this week. Lagarde spoke over the weekend. Nagel and Villeroy speak Monday. Escriva and Makhlouf speak Tuesday. Villeroy, Cipollone, and Schnabel speak Wednesday. Cipollone speaks Thursday. Panetta speaks Saturday.



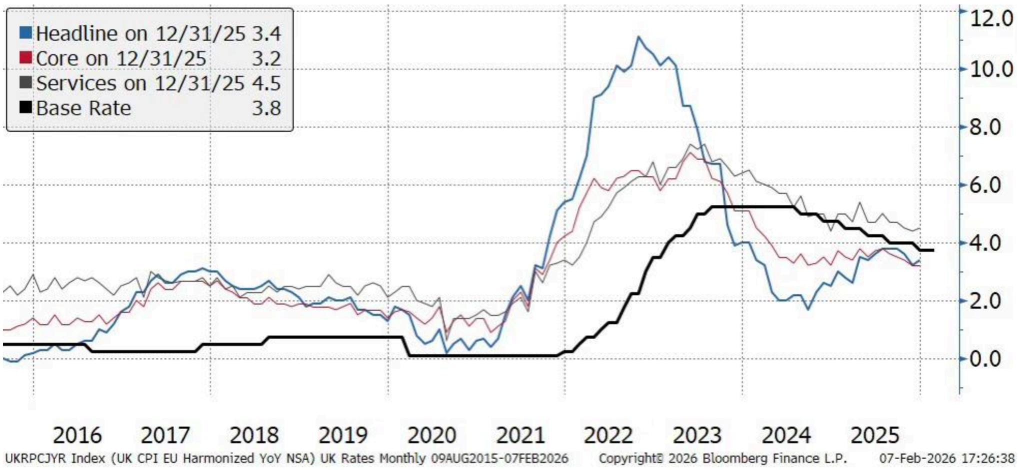
German ZEW expectations for February will be reported Tuesday. Expectations are expected at 65.0 vs. 59.6 in January, while current situation is expected at -65.7 vs. -72.7 in January. The German survey data have been improving for several months and the real sector is starting to reflect this.



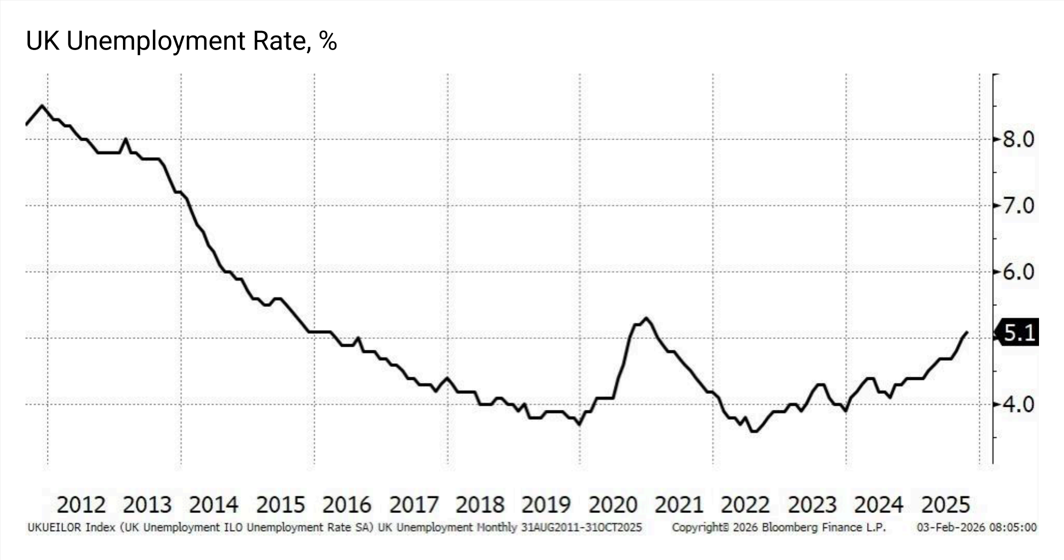
UK highlight will be January CPI data Wednesday. Headline is expected to fall four ticks to 3.0% y/y. If so, it would more than reverse last month's rise from 3.2% y/y and would be the lowest since March 2025. Elsewhere, core is expected to fall two ticks to 3.0% y/y while services inflation is expected to fall two ticks to 4.3% y/y. Disinflation continues and should set the table for further easing ahead.

The Bank of England kept rates steady at 3.75% this month by a narrow 5-4 vote. The bank's growth and inflation forecasts were cut and its unemployment forecasts were raised. We think the worsening outlook sets up deeper easing over the next twelve months than the 50 bp that's currently priced in. The market now sees nearly 75% odds of a cut at the next meeting March 19 vs. 20% at the start of last week, while a cut is fully priced in for the April 30 meeting.

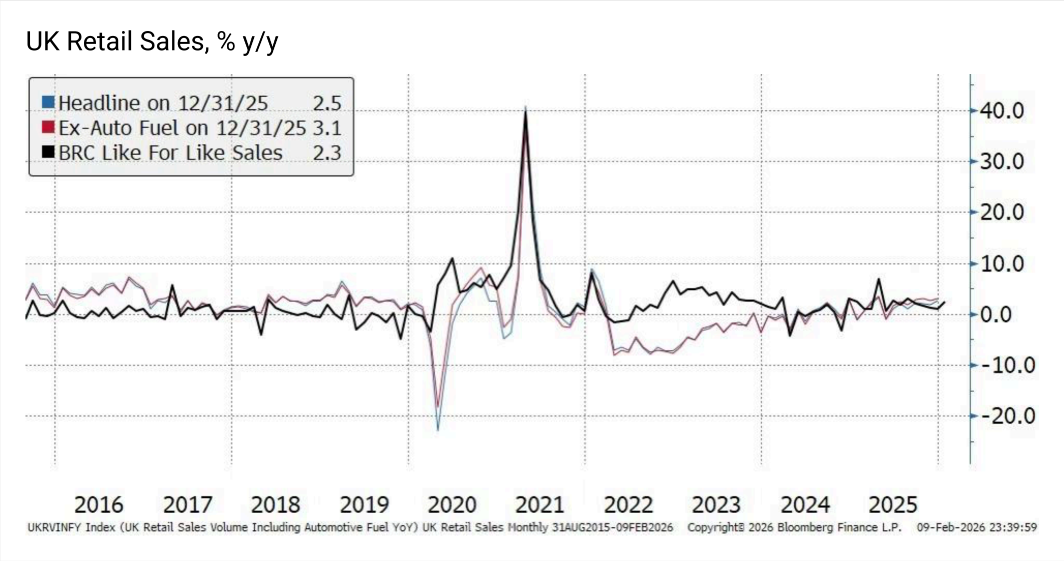
UK CPI



Labor market data Tuesday will also be important. The unemployment rate is expected to remain steady at 5.1%. Recall that the BOE raised its unemployment forecasts at its February meeting, acknowledging that the outlook for the labor market is deteriorating. The bank now sees unemployment at 5.3% this year vs. 5.0% previously, then falling a tick to 5.2% in 2027 and then falling another tick to 5.1% in 2028. These forecasts seem a bit optimistic given that unemployment is already at 5.1% and likely to continue rising.

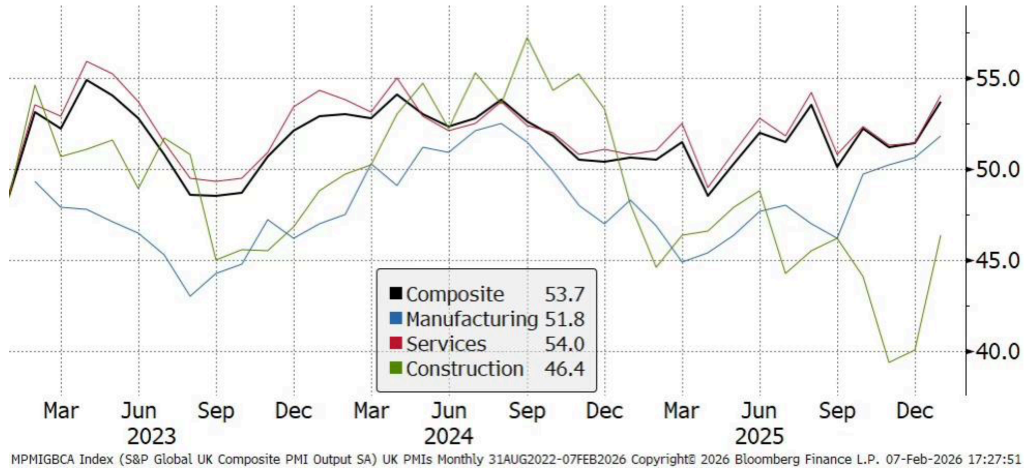


January retail sales data will be reported Friday. Headline is expected to pick up three ticks to 2.8% y/y and sales ex-auto fuel is expected to pick up half a point to 3.6% y/y. It remains to be seen whether consumption can continue to hold up when the labor market is still softening.



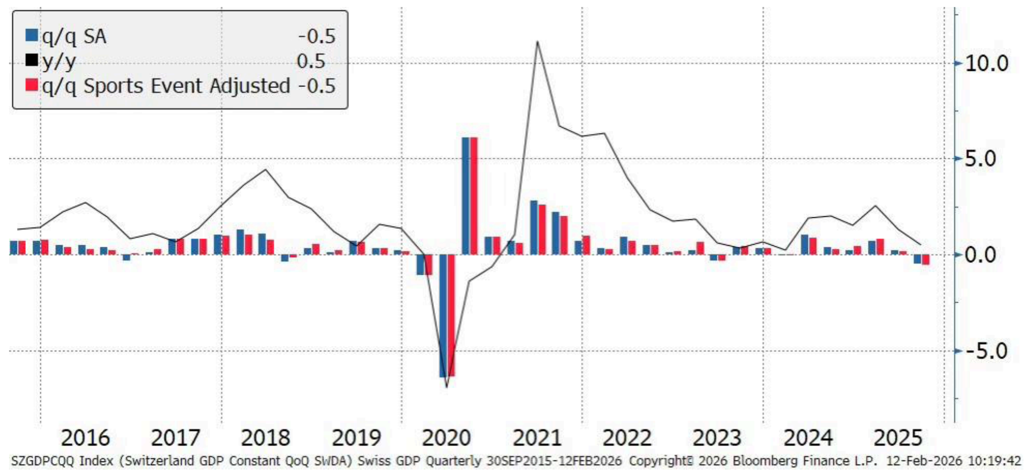
UK preliminary February PMIs will also be reported Friday. The composite PMI rose to 53.7 in January and was the highest since August 2024.

UK PMIs



Switzerland reports sport event adjusted Q4 GDP data. Growth is expected to pick up to 0.3% q/q vs. -0.5% q/q in Q3. If so, look for a pickup in overall GDP growth when the Q4 data are reported next week. The growth outlook remains highly uncertain. The Swiss National Bank forecasts 1% growth this year after growth “about 1.5%” in 2025 but these are subject to downside tweaks at the March 19 policy meeting due to relentless CHF strength. Of note, the swaps market is pricing in nearly 60% odds of a 25 bp cut over the next twelve months that would take rates negative.

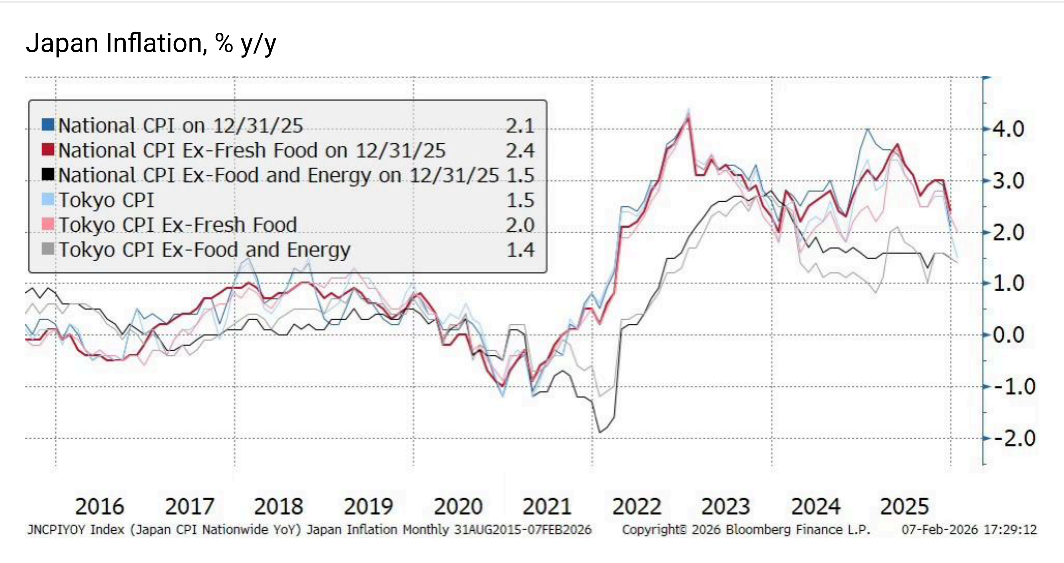
Swiss GDP Growth, %



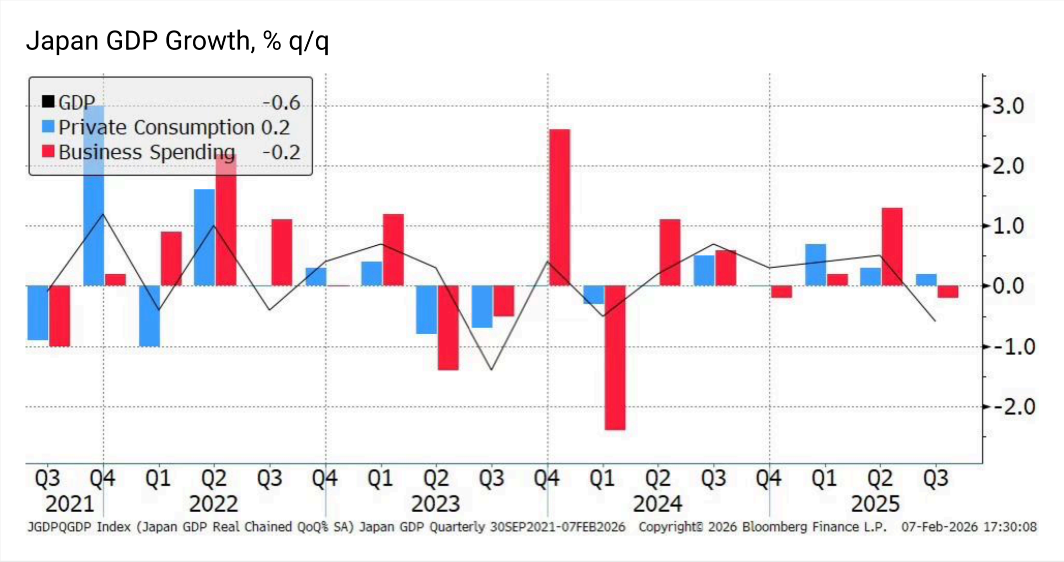
Asia

Japan highlight will be January national CPI data for Friday. Headline is expected to fall six ticks to 1.5% y/y and core (ex-fresh food) is expected to fall four ticks to 2.0% y/y. If so, this would be the lowest reading for core since January 2024 and right at the Bank of Japan's target. Of note, the BOJ has recently been focusing more on underlying inflation (ex-food and energy) and that reading fell to 1.5% y/y in December.

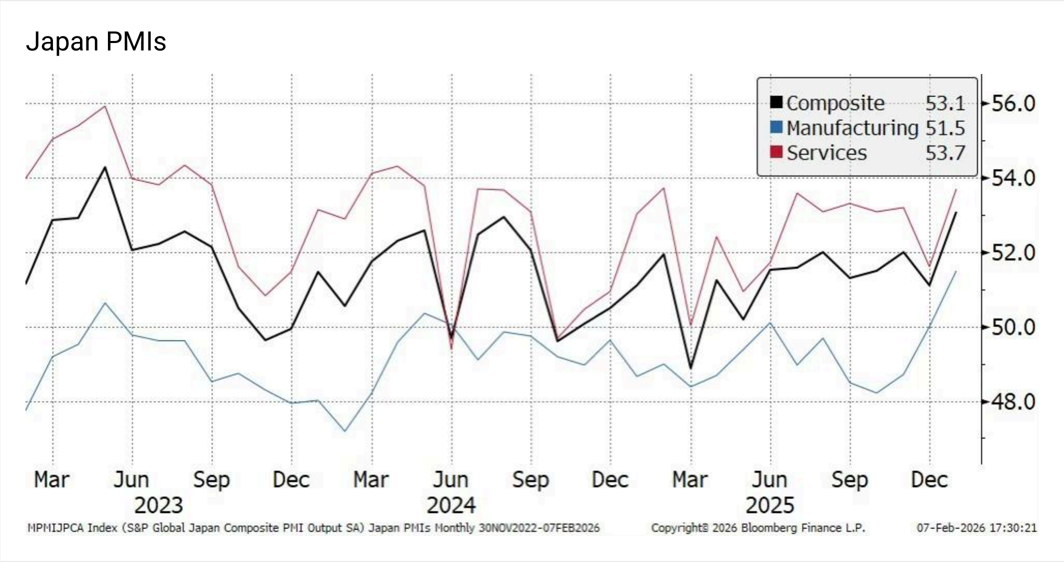
Despite the receding price pressures, the BOJ is on track to continue normalizing monetary policy. Next meeting is March 19 and the market sees around 20% odds of another hike then, rising to nearly 75% at the April 27-28 meeting and fully priced in for the June 15-16 meeting. Looking ahead, the swaps market is still pricing in 50 bp of total tightening over the next twelve months followed by another 50 bp of tightening over the subsequent twelve months.



Japan Q4 GDP data Monday will also be important. Growth is expected at 0.4% q/q vs. -0.6% in Q3. If so, Japan would avoid two straight quarters of contraction. Private consumption is expected to slow a tick to 0.1% q/q while business spending is expected to pick up nearly a full percentage point to 0.6% q/q. Inventories and net exports are expected to cancel each other out. The economic outlook remains solid and so we do not think Takaichi will need to push through significant fiscal stimulus.

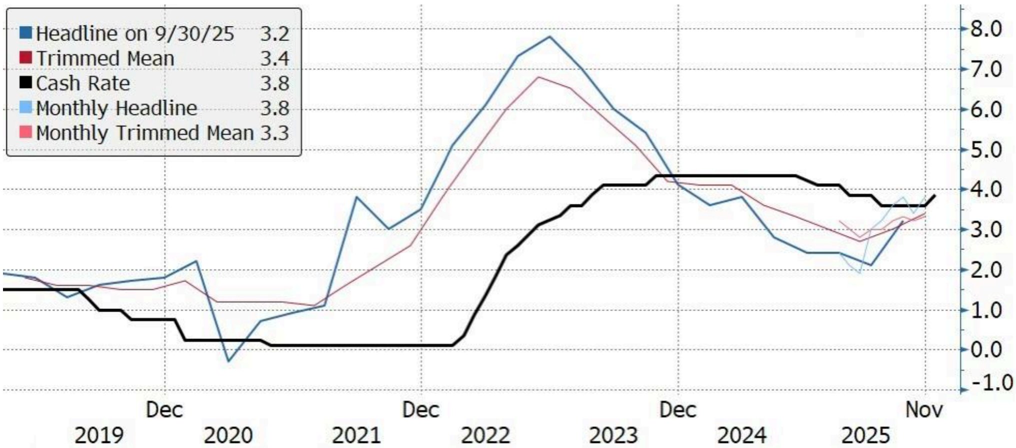


Japan preliminary February PMIs will be reported Friday. The composite PMI rose to 53.1 in January and was the highest since May 2023.



Reserve Bank of Australia releases its minutes to the February 3 meeting Tuesday. At that meeting, the bank started a tightening cycle with a 25 bp hike to 3.85% and noted that “A wide range of data over recent months have confirmed that inflationary pressures picked up materially in the second half of 2025.” Governor Bullock was noncommittal about more hikes as she said “I don’t know if it’s in a cycle, certainly it’s an adjustment. It’s not clear one way or the other.” Inflation forecasts for marked higher but more importantly, the expected rate path shifted up significantly to show two more rate hikes this year. Next meeting is March 17 and the market sees around 10% odds of another hike then, rising to nearly 85% at the May 5 meeting.

Australia Rates



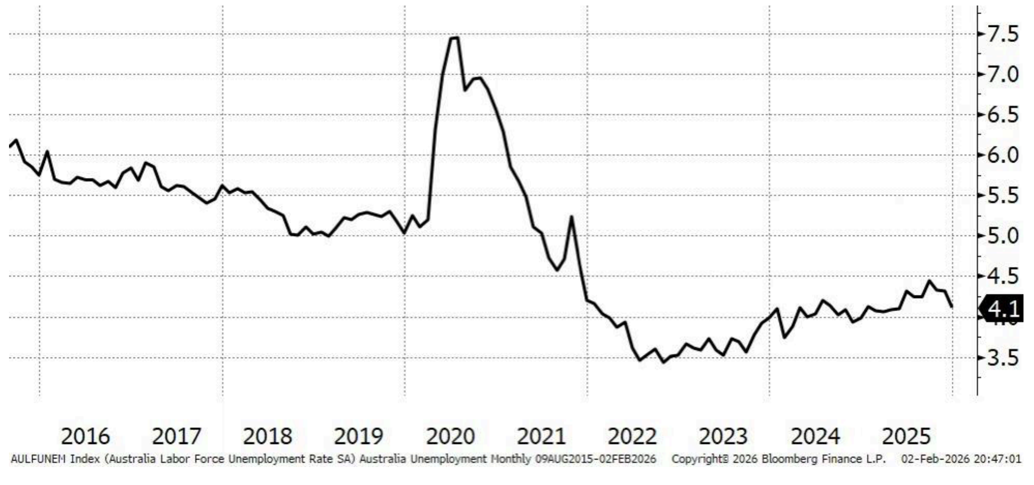
AUCPIYOY Index (Australia CPI All Items YoY) Australia Rates Quarter Monthly 31AUG2018-03FEB2026 Copyright© 2026 Bloomberg Finance L.P. 03-Feb-2026 08:02:59

RBA Statement on Monetary Policy February 2026 (November)

	2026	2027	Jun-28
GDP Growth	1.8% (1.9%)	1.6% (2.0%)	1.6% (n/a)
Unemployment	4.3% (4.4%)	4.5% (4.4%)	4.6% (n/a)
CPI Inflation	3.6% (3.2%)	2.7% (2.6%)	2.6% (n/a)
Trimmed Mean	3.2% (2.7%)	2.7% (2.6%)	2.6% (n/a)
Cash Rate	4.2% (3.3%)	4.3% (3.3%)	4.2% (n/a)

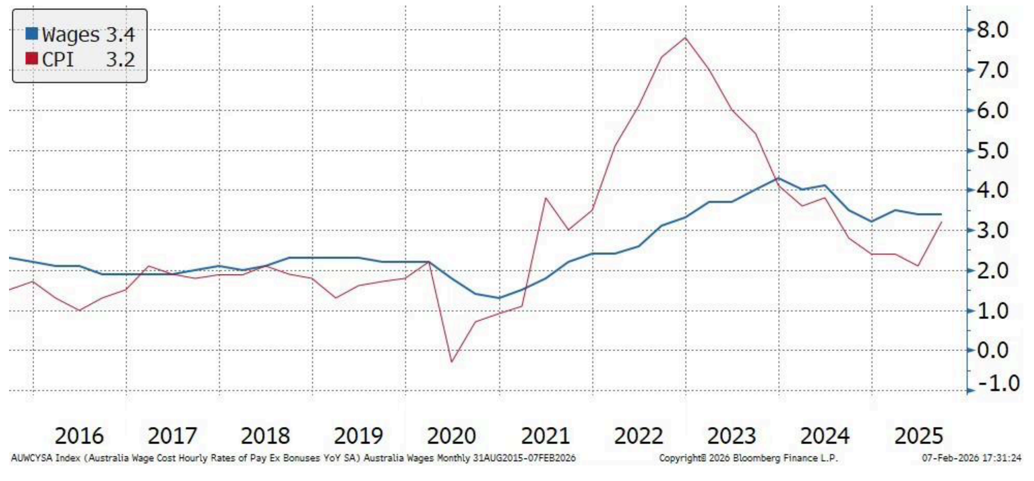
Australia data highlight will be January jobs report Thursday. Consensus sees 20.0k jobs created vs. 65.2k in December, while the unemployment rate is expected to rise a tick to 4.2%. If so, this would partially reverse the recent drop from the 4.4% cycle peak in September. If the labor market weakens further, it should lead the RBA to be a bit more cautious in hiking rates.

Australia Unemployment Rate, %



Australia Q4 wage price index will be reported Wednesday. It is expected to remain steady at 0.8% q/q and 3.4% y/y in Q3 and would remain well below the 4.3% cycle peak in Q4 2023. Still, this would likely remain high enough for the RBA to maintain a tightening bias.

Australia Wages, % y/y

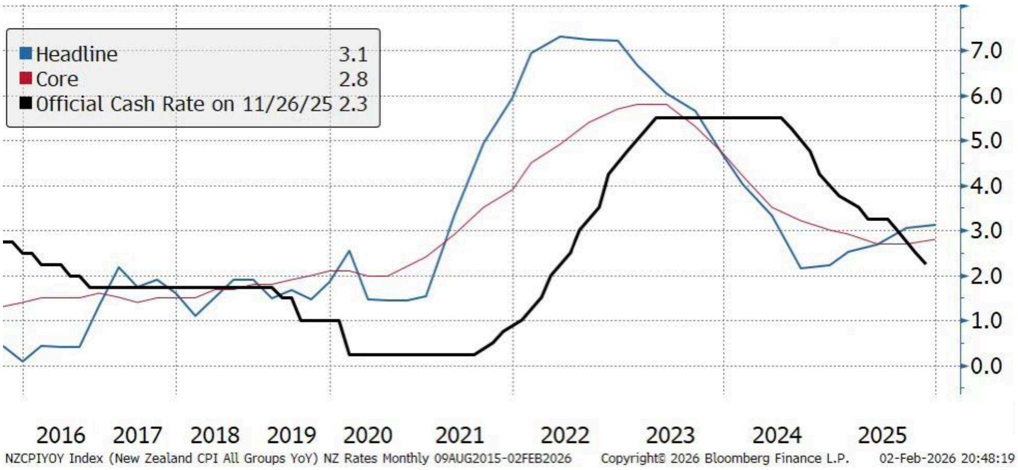


Australia preliminary February PMIs will be reported Friday. The composite PMI rose to 55.7 in January and was a new high for this cycle.

Australia PMIs

Reserve Bank of New Zealand meets Wednesday and is expected to keep rates steady at 2.25%. This will be the first meeting under new Governor Anna Breman. At the last meeting November 26, the bank cut rates 25 bp and it signaled that the easing cycle was likely over. Acting Governor Hawkesby noted that “The central projection is consistent with no change over the course of next year. The fact that our track is flat gives us some time to absorb, observe things.” The swaps market is more hawkish and is pricing in 50 bp of tightening over the next twelve months. Updated macro forecasts will be contained in the quarterly Monetary Policy Report that will be released with this meeting.

New Zealand Rates



RBNZ Monetary Policy Statement November 2025 (August)

	2025	2026	2027	2028
GDP Growth	-1.1% (-1.0%)	0.5% (1.1%)	2.8% (2.7%)	3.1% (3.0%)
Unemployment	5.1% (5.1%)	5.3% (5.2%)	4.8% (4.8%)	4.5% (4.4%)
CPI Inflation	2.5% (2.5%)	2.3% (2.3%)	2.2% (2.1%)	2.0% (2.0%)
OCR (year-end)	2.4% (2.7%)	2.3% (2.6%)	2.7% (2.8%)	2.9% (n/a)