



MONEX

Week Ahead

20th - 24th April 2026

Energy costs remain top
of mind for currency
markets

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INTRODUCTION

A light data calendar for the week just gone meant that Middle East tensions and central bank speak were expected to be front and centre for FX markets. That dynamic also meant plenty of quiet periods for price action too. Ratesetters have, at this point, little to add that traders have not already heard ahead of the next round of policy meetings. US-Iran negotiations, meanwhile, seemed to be in limbo for much of the week, with markets left trading on speculation and rumours. Even so, a lack of renewed escalation helped to maintain downside pressure on energy prices, and on the dollar in turn. That dynamic was compounded ahead of the weekend, with Friday seeing a volley of social media messaging from both parties, suggesting that the Strait of Hormuz could reopen imminently.

Assuming no final negotiated agreement over the weekend, then this trend looks likely to persist in the week ahead, with geopolitical developments continuing to dictate dollar direction. That said, the week also sees a fuller roster of data releases for traders to keep an eye on. March CPI reports from Canada, the UK, and Japan will be top of mind, as will flash April PMIs. The key question for traders and policymakers alike will concern the extent to which higher energy costs are leading to broader price rises. We have seen little evidence of this as yet, leaving us more dovish than consensus, especially when it comes to European rates. Still, confirmation would help to curtail recent gains for both the euro and sterling, with the latter also at risk in light of renewed domestic political uncertainty.

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ECONOMIC CALENDAR

All times in BST

Monday 20/04

Time	Country	Event	Period	Estimate	Prior
2:00	China	5-Year Loan Prime Rate	20-Apr	3.50%	3.50%
		1-Year Loan Prime Rate	20-Apr	3.00%	3.00%
9:00	Switzerland	Total Sight Deposits CHF	17-Apr		461.3b
13:30	Canada	CPI NSA MoM	Mar	1.10%	0.50%
		CPI YoY	Mar	2.60%	1.80%
		CPI Core- Median YoY%	Mar	2.40%	2.30%
		CPI Core- Trim YoY%	Mar	2.30%	2.30%
16:30	Canada	BoC Overall Business Outlook Survey	1Q		-1.8
		BoC Business Outlook Future Sales	1Q		13
23:45	New Zealand	CPI QoQ	1Q	0.80%	0.60%
		CPI YoY	1Q	2.90%	3.10%
		CPI Tradeable QoQ	1Q	0.60%	0.70%
		CPI Non Tradeable QoQ	1Q	0.90%	0.60%

Tuesday 21/04

Time	Country	Event	Period	Estimate	Prior
7:00	United Kingdom	Average Weekly Earnings 3M/YoY	Feb	3.60%	3.90%
		Weekly Earnings ex Bonus 3M/YoY	Feb	3.50%	3.80%
		ILO Unemployment Rate 3Mths	Feb	5.20%	5.20%
		Employment Change 3M/3M	Feb	35k	84k
		Payrolled Employees Monthly Change	Mar		20k
7:30	Eurozone	ECB's Nagel Speaks in Rome			
8:30	Eurozone	ECB's Kocher Speaks in Vienna			
10:00	Germany	ZEW Survey Expectations	Apr	5	-0.5
		ZEW Survey Current Situation	Apr		-62.9
	Eurozone	ZEW Survey Expectations	Apr		-8.5
13:30	United States	Retail Sales Advance MoM	Mar	1.30%	0.60%
		Retail Sales Ex Auto and Gas	Mar	0.20%	0.40%
		Retail Sales Control Group	Mar	0.20%	0.50%
17:15	Switzerland	SNB's Tschudin Speaks in Thurgau			

Wednesday 22/04

Time	Country	Event	Period	Estimate	Prior
7:00	United Kingdom	CPI MoM	Mar	0.60%	0.40%
		CPI YoY	Mar	3.30%	3.00%
		CPI Core YoY	Mar	3.20%	3.20%
		CPI Services YoY	Mar	4.30%	4.30%
	Sweden	Unemployment Rate SA	Mar		8.40%
9:00	South Africa	CPI MoM	Mar	0.60%	0.40%
		CPI YoY	Mar	3.10%	3.00%
		CPI Core MoM	Mar	0.60%	0.70%
		CPI Core YoY	Mar	3.20%	3.00%
12:00	Turkey	One-Week Repo Rate	22-Apr	37.00%	37.00%
15:00	Eurozone	Consumer Confidence	Apr P	-17.3	-16.3
16:10	Eurozone	ECB's Sleijpen Speaks in Amsterdam			
18:00	Eurozone	ECB's Nagel Speaks in Brussels			
18:30	Eurozone	ECB's Lagarde Speaks in London			

Thursday 23/04

Time	Country	Event	Period	Estimate	Prior
6:00	Singapore	CPI YoY	Mar	1.80%	1.20%
		CPI NSA MoM	Mar		0.60%
		CPI Core YoY	Mar	1.70%	1.40%
6:15	Switzerland	SNB Publishes 1Q Results			
7:00	United Kingdom	Public Sector Net Borrowing	Mar	10.4b	14.3b
8:15	France	S&P Global France Manufacturing PMI	Apr P		50
		S&P Global France Services PMI	Apr P		48.8
		S&P Global France Composite PMI	Apr P		48.8
8:30	Germany	S&P Global Germany Services PMI	Apr P		50.9
		S&P Global Germany Composite PMI	Apr P		51.9
		S&P Global/BME Germany Manufacturing PMI	Apr P		52.2
9:00	Eurozone	S&P Global Eurozone Manufacturing PMI	Apr P	50.5	51.6
		S&P Global Eurozone Services PMI	Apr P	49.5	50.2
		S&P Global Eurozone Composite PMI	Apr P	50.1	50.7
9:30	United Kingdom	S&P Global UK Services PMI	Apr P	50	50.5
		S&P Global UK Manufacturing PMI	Apr P	49.8	51
		S&P Global UK Composite PMI	Apr P	49.4	50.3
13:30	United States	Initial Jobless Claims	18-Apr	210k	207k

Time	Country	Event	Period	Estimate	Prior
14:45	United States	S&P Global US Manufacturing PMI	Apr P	52.8	52.3
		S&P Global US Services PMI	Apr P	50	49.8
		S&P Global US Composite PMI	Apr P		50.3
16:00	Eurozone	ECB's Nagel Speaks in Frankfurt			

Friday 24/04

Time	Country	Event	Period	Estimate	Prior
0:01	United Kingdom	GfK Consumer Confidence	Apr	-25	-21
0:30	Japan	Natl CPI YoY	Mar	1.40%	1.30%
		Natl CPI Ex Fresh Food YoY	Mar	1.70%	1.60%
		Natl CPI Ex Fresh Food, Energy YoY	Mar	2.40%	2.50%
7:00	United Kingdom	Retail Sales Inc Auto Fuel MoM	Mar	-0.30%	-0.40%
		Retail Sales Inc Auto Fuel YoY	Mar	1.30%	2.50%
		Retail Sales Ex Auto Fuel MoM	Mar	0.00%	-0.40%
		Retail Sales Ex Auto Fuel YoY	Mar	2.00%	3.40%
9:00	Switzerland	SNB's Schlegel, Janon Steiner Speak at AGM in Bern			
	Germany	IFO Business Climate	Apr	86.6	86.4
		IFO Current Assessment	Apr	86.2	86.7
		IFO Expectations	Apr	87	86

DATA PREVIEWS

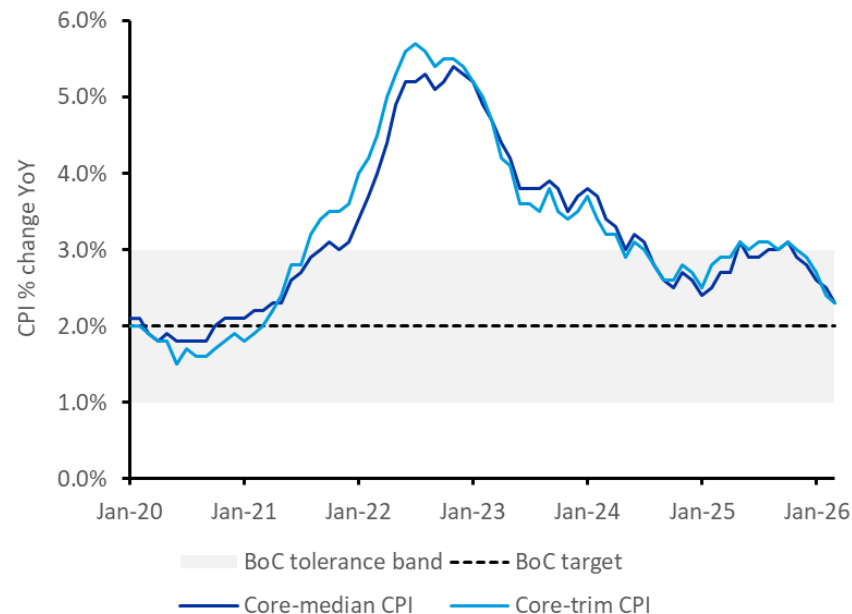
Canada CPI preview: Minimal concern from March figures

As with other countries that have already reported March CPI numbers, Canadian inflation is expected to have accelerated substantially last month. All-items CPI growth is predicted to have risen from 1.8% to 2.6% in the year to March, assisted by a single-month rise in prices of 1.1%. Of course, it should not be any surprise that conflict in the Middle East is translating into higher energy costs. The concern for markets, and for the BoC, is whether or not this is resulting in broader upward pressure on prices. That has not obviously been the case for other countries, and we suspect the same is true for Canada as well. If correct, that should limit any hawkish policy implications from an otherwise sharp jump in consumer prices.

“Admittedly, we are not alone in thinking along such lines. Looking at consensus expectations, core median CPI is predicted to have ticked up by just a tenth, rising from 2.3% to 2.4% on an annual basis, while core trim inflation is expected to remain unchanged at 2.3% YoY.”

That would disrupt the recent trend of easing underlying price pressures. But in the context of a global surge in energy costs, it is also a relatively modest impact, and should be of little concern, especially with inflation by many measures already at or near target. Absent a meaningful reacceleration in underlying price growth, our sense is that the BoC will be happy to maintain its present wait-and-see stance, and we are inclined to see a set of CPI prints that broadly matches consensus forecasts in that light. From an FX perspective then, we think that equates to some modest downside pressure on the loonie, with markets still fully pricing a rate hike before the year is out - a rate path that still looks too hawkish in our eyes.

Underlying disinflation is expected to stall in March, but absent signs of meaningful reacceleration, the BoC should stay on hold



Source: Bloomberg, Monex Europe

UK data preview: Risks likely still skew dovish for the MPC

The coming week sees a raft of UK data set for publication, including February labour market indicators, accompanied by CPI and retail sales data for March. Naturally, traders will be watching for any sign that the outbreak of hostilities in the Middle East is resulting in real economic damage. Given the dated nature of the upcoming employment numbers, we doubt markets will place much weight on this release, regardless of what the figures ultimately show. CPI and retail sales data, however, will be much more interesting. As in many other countries, we expect to see minimal pass-through from higher energy costs to the broader consumption basket, implying risks skewed to the downside relative to expectations, ahead of this upcoming round of publications.

For the sake of completeness, we note that economists expect the unemployment rate to have remained unchanged at 5.2% in February. Average weekly earnings growth is predicted to have fallen from 3.9% to 3.6% 3m/YoY, and from 3.8% to 3.5% 3m/YoY once stripping out bonuses from the calculation. Collectively, this would suggest a labour market that is no longer adding to upside price pressures ahead of the recent outbreak of fighting between the US, Israel, and Iran.

“That is also broadly consistent with the timelier REC report on jobs and PMI indicators, meaning little new information for markets to digest.”

However, when it comes to the CPI and retail sales figures released later in the week, things become more interesting. Our working assumption is that, despite an expected rise in headline price growth, core inflation and core sales likely remain unaffected for the time being. Indeed, looking at economist forecasts, the all-items CPI is predicted to have risen from 3.0% to 3.3% YoY in March. Core CPI growth is predicted to remain unchanged at 3.2% YoY, while services inflation is also seen as likely to remain stuck at 4.3% YoY. Core sales, meanwhile, are predicted to have flatlined last month, dropping from 3.4% to 2.0% YoY as a result.

In short, that should mean no reason to panic for the MPC. While most members have indicated a wait-and-see approach in recent weeks, that view is not unanimous across the committee. Signs of passthrough, reinforcing hints in the March PMIs, would add support for more hawkish voices, reinforcing current market pricing in favour of a hike later this year. But provided the data meets expectations, then we would expect further push-back on current market pricing to weigh on sterling over the week ahead.

PMIs preview: Signs of passthrough?

Similar to the coming week's other major data releases, traders will be looking closely for signs of inflationary pass-through in the upcoming flash April PMI reports. Indeed, we expect this to be the major focus for ratesetters, overshadowing headline numbers, which will likely continue the March downtrend as rising energy prices and negative risk sentiment weigh on firm responses. Economist consensus predicts a composite reading for the eurozone of 50.1, with 49.4 predicted for the UK, down from 50.7 and 50.3 in March, respectively. We see downside risks in both cases, as we did last month, too. But the FX reaction is more likely to depend on prices paid and prices charged, and on these points, we have lower conviction.

It was notable that, on reading the March reports, firms in the eurozone appeared not to be passing on a significant proportion of their increased energy costs to consumers. This has, in turn, kept us skeptical regarding the prospect of ECB rate hikes over the past month, at odds with market pricing. Admittedly, the same cannot be said for the UK, where prices charged rose significantly in March, albeit accompanied by a decline in employment indicators.

“Given we place significant emphasis on the latter point, given the UK's already shaky labour market, we also felt that a wait-and-see approach would be favored by the BoE, again leaving us more dovish than consensus.”

The key question then is whether or not these patterns are repeated in the April figures. Signs of increased pass-through, especially if accompanied by more benign labour market conditions, risk re-embedding inflationary pressures that have only just been tamed. Evidence of this would favour tightening monetary policy either in the eurozone or in the UK, with positive currency implications. However, our low conviction view pre-release is that this will not be the case, allowing the ECB and the BoE to stay on hold in the coming months. That would, in turn, prove a modest headwind for the euro and for sterling over that period as market rate expectations continue to slowly drift lower.



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