



MONEX

Week Ahead

4th - 8th May 2026

May(be) more dollar
positive

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The past week ended with the dollar trading under pressure, prompted by month-end flows, USDJPY intervention, and a hawkish tilt across G10 central bank decisions. The last of these, in our view, misreads the likely path for rates across the BoC, BoE, and ECB. But any readjustment lower for rate expectations will likely have to wait a little, either for follow-up commentary from ratesetters, or for a resolution to the ongoing tensions in the Middle East. Both imply delayed dollar recuperation. Still, this promises some dollar upside as May begins, a dynamic we also expect to be supported by a USDJPY retracement. MoF intervention took the pair sharply lower on April 30th, but that is likely to prove temporary, with fundamentals still supportive of a weaker yen.

Indeed, given recent price action, we see the dollar starting May looking a little cheap relative to the backdrop. Oil prices remain elevated, Middle East tensions are yet to be resolved, and MoF intervention and central bank expectations are likely to unwind over the coming month. This, we think, offers a tailwind for the buck in the week ahead, assuming no more US-Iran shaped surprises. Admittedly, the calendar remains busy, with rate decisions from the RBA, Norges Bank, and Riksbank on the docket, plus jobs data in Canada and the US too. But our sense is that the net result will be to the dollar's benefit.

ECONOMIC CALENDAR

All times in BST

Monday 04/05

Time	Country	Event	Period	Estimate	Prior
2:30	Australia	ANZ-Indeed Job Advertisements MoM	Apr		-3.10%
2:30	New Zealand	RBNZ MPC Member Prasanna Gai Speaks			
8:00	Turkey	CPI YoY	Apr	31.34%	30.87%
		CPI MoM	Apr	3.35%	1.94%
		CPI Core Index YoY	Apr	28.80%	29.68%
8:00	Eurozone	ECB's Simkus Speaks in Vilnius			
9:00	Eurozone	ECB Survey of Professional Forecasters			
	Switzerland	Total Sight Deposits CHF	1-May		455.9b
10:00	Eurozone	ECB's Dolenc Speaks in Ljubljana ECB's Villeroy Speaks in Paris			
13:00	Eurozone	ECB's Kocher Speaks in Vienna			
13:15	Eurozone	ECB's Guindos Speaks in Brussels			
17:50	United States	Fed's Williams Delivers Keynote Remarks			
18:05	Eurozone	ECB's Nagel Speaks in Frankfurt			
20:30	Canada	Bank of Canada's Macklem and Rogers Appear Before Lawmakers			

Tuesday 05/05

Time	Country	Event	Period	Estimate	Prior
5:30	Australia	RBA Cash Rate Target	5-May	4.35%	4.10%
5:30	Australia	RBA-Statement on Monetary Policy			
7:30	Switzerland	CPI YoY	Apr	0.70%	0.30%
		CPI MoM	Apr	0.40%	0.20%
		CPI Core YoY	Apr	0.50%	0.40%
9:00	Eurozone	ECB's Panetta Speaks in London			
15:00	United States	Fed's Bowman Speaks at Washington Financial Symposium			
		ISM Services Index	Apr	53.7	54
		ISM Services Prices Paid	Apr	73	70.7
		ISM Services New Orders	Apr	58	60.6
		ISM Services Employment	Apr	50	45.2
		JOLTS Job Openings	Mar	6803k	6882k
		JOLTS Job Openings Rate	Mar		4.20%
16:40	Eurozone	ECB's Lane Speaks in Frankfurt			
22:00	New Zealand	RBNZ Publishes Financial Stability Report			

Time	Country	Event	Period	Estimate	Prior
23:45	New Zealand	Unemployment Rate	1Q	5.40%	5.40%
		Employment Change QoQ	1Q	0.30%	0.50%
		Employment Change YoY	1Q	0.50%	0.20%
		Average Hourly Earnings QoQ	1Q		0.70%

Wednesday 06/05

Time	Country	Event	Period	Estimate	Prior
2:00	New Zealand	RBNZ News Conference for Financial Stability Report			
2:45	China	RatingDog China PMI Composite	Apr		51.5
		RatingDog China PMI Services	Apr	52	52.1
7:00	Sweden	CPI MoM	Apr P	-0.20%	-0.60%
		CPI YoY	Apr P	0.30%	0.50%
		CPIF MoM	Apr P	-0.20%	-0.60%
		CPIF YoY	Apr P	1.20%	1.60%
		CPIF Excl. Energy MoM	Apr P	-0.30%	-0.30%
		CPIF Excl. Energy YoY	Apr P	0.40%	1.10%
9:00	Eurozone	ECB Wage Tracker			
		ECB's Lane Speaks in Berlin			
9:40	Eurozone	ECB's Cipollone Speaks in Milan			
13:15	United States	ADP Employment Change	Apr	70k	62k
14:30	United States	Fed's Musalem Speaks at Mississippi Bankers Association			
18:00	United States	Fed's Goolsbee Speaks on Panel Event			
22:10	New Zealand	RBNZ at Select Committee to Discuss FinStab Report			
TBC	Poland	Poland Base Rate Announcement	6-May	3.75%	3.75%

Thursday 07/05

Time	Country	Event	Period	Estimate	Prior
0:50	Japan	BOJ Minutes of March Meeting			
7:00	Norway	Average Monthly Earnings YoY	1Q		4.40%
7:45	Eurozone	ECB's Kocher Speaks at St. Gallen Symposium			
	France	Wages QoQ	1Q P		0.20%
8:00	Switzerland	Unemployment Rate SA	Apr	3.00%	3.00%
8:15	Eurozone	ECB's Villeroy Speaks in Paris			
		ECB's Guindios Speaks in Frankfurt			
8:30	Sweden	Riksbank Policy Rate	7-May	1.75%	1.75%
9:00	Norway	Deposit Rates	7-May	4.00%	4.00%
12:30	United States	Challenger Job Cuts YoY	Apr		-78.00%

Time	Country	Event	Period	Estimate	Prior
13:00	Mexico	CPI MoM	Apr	0.26%	0.86%
		CPI YoY	Apr	4.51%	4.59%
		CPI Core MoM	Apr	0.32%	0.38%
		CPI Core YoY	Apr	4.26%	4.45%
13:30	United States	Unit Labor Costs	1Q P		4.40%
		Initial Jobless Claims	2-May		189k
13:40	Eurozone	ECB's Lane Speaks in London			
18:00	Eurozone	ECB's Schnabel Speaks in London			
19:05	United States	Fed's Hammack Speaks in Fireside Chat			
20:00	Mexico	Overnight Rate	7-May	6.50%	6.75%
20:30	United States	Fed's Williams in Moderated Discussion			

Friday 08/05

Time	Country	Event	Period	Estimate	Prior
0:30	Japan	Labor Cash Earnings YoY	Mar	3.20%	3.30%
		Cash Earnings - Same Sample Base YoY	Mar		3.10%
7:30	Hungary	CPI YoY	Apr	2.20%	1.80%
		CPI MoM	Apr	0.60%	0.40%
8:05	Eurozone	ECB's Guindos Speaks in Madrid			
13:30	United States	Change in Nonfarm Payrolls	Apr	60k	178k
		Two-Month Payroll Net Revision	Apr		-7k
		Average Hourly Earnings MoM	Apr	0.30%	0.20%
		Average Hourly Earnings YoY	Apr	3.80%	3.50%
		Average Weekly Hours All Employees	Apr	34.2	34.2
		Unemployment Rate	Apr	4.30%	4.30%
		Canada	Net Change in Employment	Apr	8.2k
	Unemployment Rate	Apr	6.70%	6.70%	
	Full Time Employment Change	Apr		-1.1k	
	Hourly Wage Rate Permanent Employees YoY	Apr		5.10%	

DATA PREVIEWS

RBA preview: A job not yet done

Despite a modest undershoot in the March inflation data, we still expect the RBA to raise rates again at the May policy meeting. That decision, if realized, would see the policy rate rise from 4.10 to 4.35%. Importantly, underlying inflation remains elevated, the labour market is still tight, and that is all before higher energy costs have fully filtered through to prices. Somewhat higher rates are likely needed to return inflation back to target then, and we see little reason to wait given still robust economic fundamentals.

Indeed, we place less weight on the March inflation undershoot than markets. CPI growth still rose from 3.7% YoY to 4.6% as higher energy prices began filtering through to consumers, and a 0.2pp miss relative to expectations is broadly consistent with results seen for other advanced economies. Activity indicators, meanwhile, have rebounded, with April PMIs back in expansionary territory after initially sliding on Middle East conflict fears.

“Added to an unemployment rate of 4.3%, the Australian economy is at real risk of re-embedding sustained inflation pressure.”

The RBA is, of course, well aware of these facts, as are markets. Still, it is a little surprising to us that swaps embed just a 75% chance of a rate hike on Tuesday. To us, macro conditions warrant at least another 50bps of rate hikes in the coming months, potentially more if energy prices remain elevated. With that in mind, we see little for excessive caution. If we are right, however, the aussie should make gains, with markets yet to price out a residual chance of no change in rates. The 0.72 level looks in range for AUDUSD over the next week, provided the RBA agrees with us and decides to increase rates.

NBP preview: A March cut looks increasingly one-and-done

We expect the NBP to leave its reference rate unchanged at 3.75% on May 6th. After March’s cut, which came against our expectations, the MPC has shifted back into wait-and-see mode, and the April inflation print should reinforce that stance. Headline CPI rose to 3.2% YoY from 3.0% YoY, against expectations for a decline to 2.9%, while core inflation likely increased to around 2.9% YoY from 2.7%. This matters because the upside surprise was not simply an energy story. It suggests underlying inflation pressure is proving stickier than the MPC would ideally like at this stage of the cycle.

This validates our more cautious March view. At the time, we did not think the case for cutting was strong enough, given the uncertainty around imported inflation, fuel prices and the wider Middle East shock. The cut happened, but the subsequent data and policy message have moved closer to our original concern: the MPC has limited room to ease further while headline inflation remains exposed to energy volatility, and while core inflation is no longer moving cleanly lower. Markets have also moved away from earlier expectations for further cuts this year, and we expect rates to remain unchanged at least until year-end. Hikes are not our base case, but the bar for dovish guidance has clearly risen.

The CPI detail strengthens the case for a firmer NBP tone. Food inflation slowed to 1.9% YoY and fuel inflation eased to 8.4% YoY, yet headline inflation still rose as house energy accelerated and core inflation likely picked up. That does not yet signal a second-round inflation problem, but it gives the MPC little room to sound dovish next week.

That said, this is still not a straightforward argument for higher rates. The current energy shock remains smaller than the 2022 episode, domestic demand is weaker, wage growth has slowed, agricultural prices are softer than a year ago, and cheap Chinese imports continue to weigh on goods inflation. The shock also carries downside risks to growth, giving the MPC a reason to avoid overreacting to higher fuel prices.

“In other words, the policy response should be rhetorical rather than mechanical: no cut, no hike, but a clearer warning that the Council stands ready to act if inflation expectations, core inflation or fuel pass-through deteriorate.”

The FX implication is that PLN should remain supported by its still-attractive yield buffer, rather than by expectations of renewed tightening. A steady NBP at 3.75%, combined with a more hawkish post-meeting tone, should limit downside pressure on the zloty, especially now that additional cuts have been pushed out of the baseline. The main risk is that another leg higher in oil prices, fiscal loosening or a broader rise in inflation expectations forces markets to price a more hawkish NBP path. Absent that, the May decision should reinforce the view that the March cut was not the start of a deeper easing cycle, but a one-off move followed by a prolonged pause.

Norges Bank preview: Wait until June, but not relaxed

The Norges Bank is unlikely to hike at its May 7th meeting, but a hold should certainly not be mistaken for comfort. The March statement already made clear that higher rates are likely at one of the forthcoming meetings, and the latest inflation data have strengthened that message. Headline CPI has risen to 3.6% YoY, core inflation remains stuck at 3.0%, and the Middle East energy shock has raised the risk that inflation expectations and wage demands become harder to contain. We therefore expect the policy rate to stay at 4.0% in May, with guidance that sets up a June hike unless energy prices reverse or domestic demand deteriorates more sharply.

Admittedly, the case for immediate action is strong enough to make the May decision live. Inflation was already too high before the latest rise in energy prices, the krone remains sensitive to swings in global risk sentiment, and Norges Bank's March guidance was unusually explicit. Still, we think the bar for hiking at this meeting is higher than markets may assume. A May hike would require the Norges Bank to tighten into a softer domestic economy without the full Monetary Policy Report, updated forecasts, or a complete macro framework to justify the shift. June offers a cleaner platform to explain why renewed tightening is necessary.

“Still, inflation details justify a hawkish tone. March CPI at 3.6% YoY is well above the 2% target, while CPI-ATE at 3.0% shows that underlying inflation remains too firm for comfort.”

A sharp rise in producer prices adds to the concern, although the signal is concentrated in energy and extraction rather than broad domestic cost pressure. For the Norges Bank, the issue is therefore not a simple one-month pipeline from producer prices to retail prices. The more relevant risk is that higher energy costs, imported price pressure, and wage expectations keep inflation psychology too sticky.

This leaves the krone exposed to a two-stage reaction. If investors enter the meeting with a material May-hike premium, a hold could trigger a short-lived NOK setback and push EURNOK higher. But that would not change the broader direction of travel. A hawkish hold, a likely June hike, and Norway's stronger terms of trade should still leave NOK better supported than most low-yielding European currencies, provided global risk sentiment does not deteriorate sharply. The key caveat is that higher oil prices are not an unambiguous positive: they improve Norway's income position, but if they become a global risk-off shock, NOK can still trade as a high-beta currency rather than as a pure oil beneficiary.

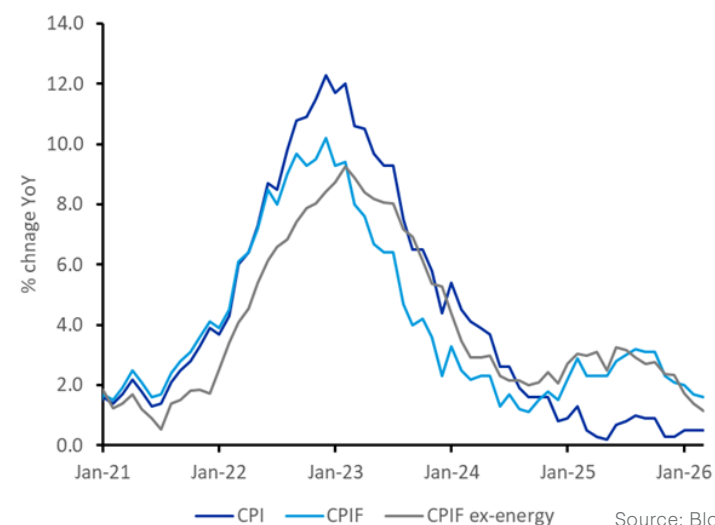
Riksbank preview: Not ready to hike, yet

The Riksbank is widely expected to keep the policy rate unchanged at 1.75% on Thursday morning, in line with most other G10 central bank decisions over recent weeks. But as with ratesetters elsewhere, rising energy costs are also likely to elicit hawkish notes, signalling rate hikes later in the year. If realised, this should help the krona to keep pace with other G10 currencies in the week ahead.

Admittedly, our conviction is a little lower in the Riksbank's case, when compared to other recent central bank decisions, at least as of writing. The complication in this instance stems from April CPI numbers, which are due to be published on May 6th, one day before the policy announcement. Consensus expectations predict a broad softening in price growth measures, potentially undermining any hawkish rhetoric from policymakers. Indeed, it is hard to rationalize hiking rates when headline inflation is predicted to fall from 0.5% YoY to just 0.3%, in the middle of a large upward shock to global energy prices.

Our view, however, is that April CPI numbers will modestly exceed expectations, permitting a credibly hawkish tone from the bank. That would in turn allow the krona to keep pace with other currencies that have also seen a hawkish turn from policymakers over recent weeks. All told then, our sense is that this meeting is unlikely to move the needle for SEK, if expectations are met, though downside currency risks do exist if the Riksbank is prevented from delivering a more hawkish set of messaging.

Sweden is yet to see a meaningful inflation uptick stemming from higher energy costs, complicating any attempt from the Riksbank to skew hawkish this month



UK elections preview: Starmer under yet more pressure

While not normally an event we would see as market-moving, on May 7th, local elections are due to take place, potentially with major implications for the government. Polls foresee Labour losing up to 1,800-2,000 councillors out of their 2,500 seats. Meanwhile, the political map is fragmenting, meaning no single alternative is set to benefit. Reform, the Green Party, and the Liberal Democrats are all expected to make gains. Figures from PollCheck suggest Reform finishing on 1,421 seats, the Green Party: 689, Liberal Democrats: 824, Conservatives: 707, and Labour: 1110. If replicated at a general election, this would represent a crushing defeat for the government.

That fact will not be lost on Labour MPs. If projected losses materialise, this would further damage the Prime Minister's position - already unstable after the latest development in the Peter Mandelson appointment saga. Moreover, any internal Labour divisions are only likely to intensify as the party loses ground to multiple opponents, leaving no clear path to win back votes with a directional shift in policy. We see a risk that such a defeat could prove the death knell for Keir Starmer's premiership.

"If so, markets will therefore need to start weighing the likely Prime Ministerial alternatives and their policy implications."

On this score, it is significant that Keir Starmer is still seen as relatively "market-friendly", despite his unpopularity. However, his removal could well lead to a very different government depending on the candidate. Angela Rayner is seen as more authentic to Labour's "roots", but would raise fears of increased spending, borrowing, and taxes, as would Manchester Mayor Andy Burnham, although he lacks an obvious route back into Parliament. Both are likely to shift the government to the left, a move that would worry traders. Wes Streeting might be the market's favoured candidate at this point, but even he is not obviously sterling positive, given his likely weak position if Starmer is dethroned. Putting that all together, then, we attach downside sterling risks to the May local elections, with a bad result for Labour more likely than not to weigh on the pound once all outcomes are considered.

Canada jobs preview: A closer look is likely not loonie positive

Although likely to be overshadowed by a counterpart US release also taking place on Friday, we see risks that Canada's jobs report ultimately proves more consequential from a currency perspective. The loonie's appreciation over recent weeks has been fueled, in part, by expectations that the BoC will hike rates later in 2026. This, in turn, stems from an emerging view that the Canadian economy is rebounding after a soft start to the year. Upcoming jobs figures will be key for validating that perspective.

In terms of expectations, markets expect to see just 5k jobs added in April, down from 14.1k in March. The unemployment rate, meanwhile, is expected to remain unchanged at 6.7%. We agree with both on this occasion, albeit seeing risks skewed in favour of a modestly softer set of figures. But even if the data only meets expectations, this will still represent a set of prints that we find hard to square with the idea of hiking rates. With that in mind, it would not be surprising to see the loonie weakening on Friday, as traders are prompted to take a second look at domestic fundamentals after a period where geopolitics and energy prices have largely driven price action.

US jobs preview: Not quite so hot

The March payrolls report caught markets by surprise, showing 178k job gains after outright losses over the two months prior. This, we think, was likely an aberration. Consensus expectations forecast a much softer 60k job gains for April, broadly in line with our own expectations. Accompanying the headline payrolls figure, the unemployment rate is predicted to remain at 4.3%, unchanged from March. Wage growth, meanwhile, is seen at 0.3% MoM, up from 0.2% previously. That would, in turn, see annual pay rising 3.8% YoY, up from 3.5% in March due to base effects.

All in all, we think this set of prints would be consistent with an economy that continues to soften, but only very slowly, with the labour market not quite so hot as it might have appeared back in March. For the Fed, it is certainly no cause to move on rates with an energy price shock to contend with simultaneously. So, assuming that market expectations are met next week, rates are likely to remain unmoved, limiting greenback implications. Risk conditions and an unwind of price action following last week's yen intervention episode remain the more likely dollar catalysts.



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