

Week Ahead Economic Preview

Markets anticipate FOMC rate cut as BoE and BoJ hold steady

12 September 2025

The big event of the week is Thursday's FOMC meeting, where an interest rate cut is widely expected, though policy meetings are also scheduled in the UK, Japan, Canada, Brazil, Norway and Japan to make for a busy week for central bank watchers.

It is also a heavy week for data releases, which include industrial production and retail sales data for both the US and mainland China, UK inflation and labour market statistics, plus eurozone industrial production numbers.

Markets have baked in a near-certainty that the FOMC will reduce the federal funds rate by 25 basis points from the current 4.25-4.50% range at the conclusion of its 16-17 September meeting. However, there's also a smaller chance signalled that we could see a larger 50 basis point cut.

The meeting also sees the FOMC members' projections for future interest rates updated in the so-called 'dot plot', which will provide an important steer on how policymakers see the rates path evolving over the next few years. The last set of projections showed the FOMC's median expectation was for a federal funds rate of 3.6% in 2026 and 3.4% in 2027, dropping to 3.0% in the longer run.

US policymakers are weighing up [different signals on the economy](#). On one hand, economic growth is showing signs of encouraging resilience, with GDP growth of at least 2% widely expected in the third quarter. Inflation also continues to run above target and unemployment remains historically low. On the other hand, there's an expectation among some on the FOMC that any rise in prices, notably from tariffs, will prove short lived. The jobs market has meanwhile shown signs of cooling, most notably through recent disappointing nonfarm payroll numbers.

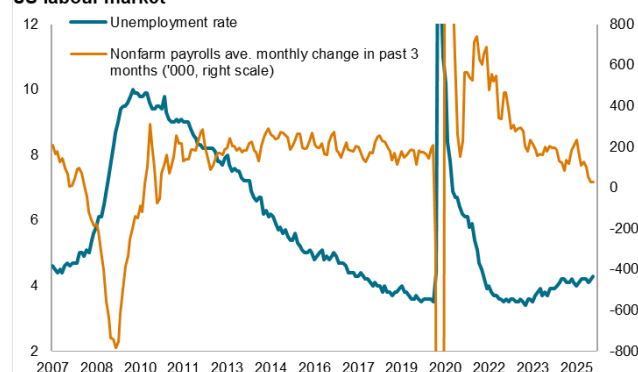
The Bank of England is meanwhile expected to leave its policy rate on hold at a two-and-a-half year low of 4.0%, having cut by 25% basis points in a split decision in August. An ongoing quarterly cadence of rate cuts has widely been anticipated, but many analysts are starting to see the next rate cut being pushed out beyond November amid signs that UK [growth has picked up](#) and inflation is proving more stubborn than previously hoped.

The Bank of Japan is also expected to remain on hold for now amid worries over price trends, but markets will be looking for signs that more tightening will be on the way thanks to signs of [improving economic resilience](#).

US labor market drives rate cut hopes:

US Fed policymakers have become increasingly concerned about the health of the labor market, driving expectations for a lowering of interest rates at the upcoming FOMC meeting. Recent months have seen the lowest spell of jobs growth since 2010 if the early pandemic months are excluded. However, while the unemployment rate has also edged up to 4.3%, its highest for nearly four years, such a rate is low by historical standards and commonly associated with near-full employment. This potential tightness of the labor market augurs for some caution in reducing borrowing costs while inflation is above target and the pace of economic growth is estimated to be running strong in the third quarter.

US labour market



As of August 2025

Axes clipped to cut data extremities during pandemic.

Source: S&P Global Market Intelligence, BLS.

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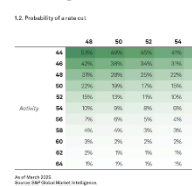
Monday 15 Sep	Tuesday 16 Sep	Wednesday 17 Sep	Thursday 18 Sep	Friday 19 Sep
Americas <ul style="list-style-type: none"> US NY Empire State Manufacturing Index (Sep) EMEA <ul style="list-style-type: none"> - Eurozone Balance of Trade (Jul) APAC <i>Japan Market Holiday</i> <ul style="list-style-type: none"> - China (Mainland) Industrial Production, Retail Sales, Fixed Asset Investment, Unemployment (Aug) - India WPI (Aug) - Hong Kong SAR Industrial Production (Q2) 	Americas <i>Mexico Market Holiday</i> <ul style="list-style-type: none"> - Canada Inflation (Aug) - US Retail Sales, Industrial Production, Business Inventories (Aug) EMEA <ul style="list-style-type: none"> - UK Labour Market Report (Jul) - Italy Inflation (Aug, final) - Eurozone Industrial Production (Jul) - Eurozone ZEW Economic Sentiment Index (Sep) - Germany ZEW Economic Sentiment Index (Sep) APAC <i>Malaysia Market Holiday</i>	Americas <ul style="list-style-type: none"> - US Building Permits (Aug, prelim) - US Housing Starts (Aug) - Canada BoC Interest Rate Decision - US Fed Interest Rate Decision - US FOMC Economic Projections - Brazil BCB Interest Rate Decision EMEA <ul style="list-style-type: none"> - UK Inflation (Aug) - Eurozone Inflation (Aug, final) APAC <ul style="list-style-type: none"> - Japan Trade (Aug) - Singapore Non-Oil Domestic Exports (Aug) - Indonesia BI Interest Rate Decision 	Americas <ul style="list-style-type: none"> - US Initial Jobless Claims - US Philadelphia Fed Manufacturing Index (Sep) EMEA <ul style="list-style-type: none"> - UK BoE Interest Rate Decision - Norway Norges Bank Interest Rate Decision APAC <ul style="list-style-type: none"> - New Zealand GDP (Q2) - Japan Machinery Orders (Jul) - Australia Employment Change (Aug) - Taiwan BCB Interest Rate Decision 	Americas <ul style="list-style-type: none"> - Canada Retail Sales (Aug, prelim) EMEA <ul style="list-style-type: none"> - UK Gfk Consumer Confidence (Sep) - Germany PPI (Aug) - UK public sector borrowing (Aug) - UK Retail Sales (Aug) - France Business Confidence (Sep) APAC <ul style="list-style-type: none"> - New Zealand Balance of Trade (Aug) - Japan Inflation (Aug) - Japan BoJ Interest Rate Decision - Malaysia Trade (Aug)

Recent PMI and economic analysis from S&P Global

Global	Brazil bucks EM manufacturing trends as regional neighbours show resilience	11-Sep	Pollyanna De Lima, Cassandra Pagan
	Monthly PMI Bulletin: September 2025	11-Sep	Jingyi Pan
	Global trade downturn persists into August	10-Sep	Jingyi Pan
	Global PMI growth driven by surging demand for financial services and technology	5-Sep	Chris Williamson
	Global PMI at 14-month high in August, but future growth expectations fall further	4-Sep	Chris Williamson
	Manufacturing PMI at 14-month high in August amid broad improvement in worldwide production trends	3-Sep	Chris Williamson
	Flash PMIs show broad-based developed world upturn in August	22-Aug	Chris Williamson
EMEA	Eurozone flash PMI hits 15-month high in August as manufacturing conditions improve for first time since mid-2022	21-Aug	Chris Williamson
	UK flash PMI signals fastest growth for a year in August despite persistent job cuts	21-Aug	Chris Williamson
Americas	PMI surveys point to solid third quarter US growth, but lower business optimism sends warning signal for outlook	4-Sep	Chris Williamson
	Flash US PMI signals faster growth and hiring, but also shows tariff-driven inflation	21-Aug	Chris Williamson
Asia-Pacific	Mixed export performance seen across goods producers in Asia	10-Sep	Usamah Bhatti

S&P Global Market Intelligence highlights

Using PMI data to better understand monetary policy decisions



In this paper, we use Purchasing Managers' Index™ (PMI®) data from S&P Global to calculate the likelihood of changes in monetary policy at the world's major central banks. PMI data are advantageous as a tool for central banks, providing timely sets of macroeconomic information that are released monthly and not revised. This contrasts with official data, such as GDP, employment or the Consumer Price Index (CPI), which have a longer publication lead times and are often subject to revision.

[Click here to access our research and analysis](#)

The Decisive | PMI in Focus: Inflation Insights and Expectations for 2026



In this episode of The Decisive Podcast, S&P Global Market Intelligence's team of Purchasing Managers' Index economists decodes inflation, highlighting the stark differences between the US and Eurozone. Join host Paul Smith and fellow economists Andrew Harker and Phil Smith as they explore the underlying factors driving these trends, including tariffs and exchange rate movements.

[Click here to listen to this podcast by S&P Global Market Intelligence](#)

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- [PMI Frequently Asked Questions](#)
- [Background to the PMIs \(video\)](#)
- [Understanding the headline PMI and its various subindices](#)
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