

Euro wrap-up

Overview

- Bunds tracked the swings of global bond markets on the news-flow out of the Middle East and ended the day higher while a moderation in German inflation in May was also confirmed.
- Gilts made larger gains after UK GDP contracted at the start of Q2.
- The BoE will likely leave policy unchanged on Thursday, while updates on UK and euro area inflation and UK jobs and retail sales are also due in the coming week.

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Daily bond market movements

Bond	Yield	Change
BKO 2½ 06/28	2.616	-0.056
OBL 2½ 04/31	2.715	-0.041
DBR 2.9 02/36	2.998	-0.032
UKT 4% 03/28	4.235	-0.101
UKT 4% 03/31	4.373	-0.089
UKT 4% 10/35	4.839	-0.065

*Change from close as at 4:30pm BST.

Source: Bloomberg

Euro area

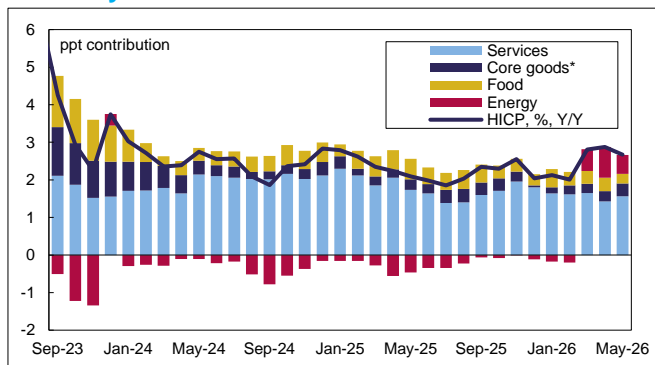
Member states' inflation data validate increases in flash headline & core euro area rates

Today's inflation updates from the large member states offered up little in the way of a surprise. The final May estimates from Germany, France and Spain aligned with their respective flash estimates. And so, assuming no material change to the final estimates from Italy (on Tuesday), May's final euro area release should validate the flash figures of 3.2%Y/Y for headline inflation and 2.5%Y/Y for the core rate. Moreover, the detail aligned with our suspicions regarding the drivers of the 0.2ppt step-up in the aggregate euro area rate from April. Among other things, the final estimates from Germany confirmed that fiscal support was directly responsible for most of the drop in the May HICP reading (2.7%Y/Y). Relief from the government's temporary cut to energy taxes was apparent in auto fuels (down 8ppts to 17.7%Y/Y). But as in each of the large member states, the electricity component was also softer. So, German energy inflation fell to a three-month low (5.6%Y/Y). Moderating pressures in food and beverages also subtracted from the headline rates in each member state, with those components falling in Germany to their lowest levels in more than two and four years respectively. While helped by the fading pressure in recently hot categories like meat and chocolate, that easing was encouragingly broad based. However, we strongly expect food inflation to pick up again in the latter half of this year as higher energy and fertiliser costs are passed through to customers.

Oil spillovers and Easter calendar effects predictably evident in the pickup of services inflation

In Germany at least, the softness in food offset a predictable reacceleration in services inflation. Inflation in April had been depressed by calendar distortions relating to the timing of Easter. As usual, transport services – particularly airfares – and package holidays were the culprits. As we expected, the package holidays component rebounded in May to 3.5%Y/Y, broadly in line with the average in 2025. But likely also reflecting the initial pass-through of higher fuel prices, airfare inflation rose a little more than 20ppts to 14.3%Y/Y, considerably above its pre-war level albeit softer than in March. Given also a modest rise in core goods inflation (1.2%Y/Y), the German core HICP rate rose to a six-month high (2.6%Y/Y). But we would emphasise that, beyond package holidays and airfares, services inflation was otherwise well behaved. May's increase was accounted by those two categories and, at 3.4%Y/Y, the services component remained 0.1ppt softer than the pre-war level, suggesting that the energy shock remains relatively well contained. Absent the pressures in core goods, similar patterns were observed throughout France and Spain. Admittedly, the rebound in French services was more subtle, and higher household gas prices were chiefly responsible for the rise in headline HICP inflation (2.8%Y/Y). But in Spain, where fiscal policy support to reduce energy prices is currently greatest (amounting to €5bn in total), the relatively modest 0.1ppt increase in headline inflation (3.6%Y/Y) was forced by a 0.6ppt jump in services inflation, to a 2½-year high of 4.3%Y/Y.

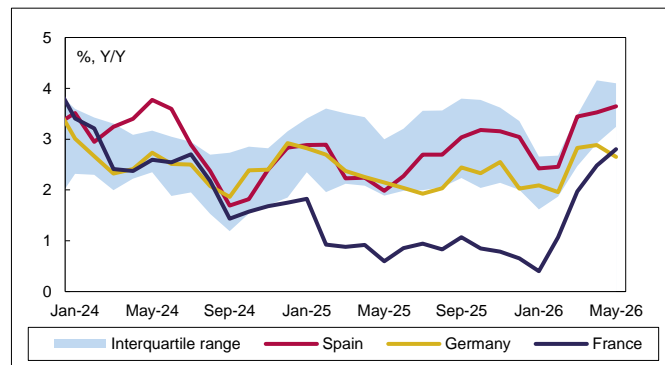
Germany: HICP inflation contributions



*Non-energy industrial goods.

Source: Macrobond and Daiwa Capital Markets Europe Ltd.

Selected euro area member states: HICP inflation



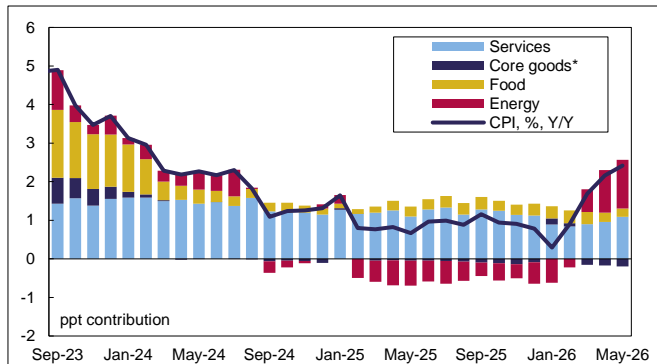
Source: Macrobond and Daiwa Capital Markets Europe Ltd.

The week ahead in the euro area

As outlined above, today's results reinforce our expectation that the final euro area inflation data for May (Wednesday) will be largely unremarkable. Certainly, headline inflation will validate its flash estimate, confirming a 0.2ppt uptick to 3.2%Y/Y, a 32-month high. And considering the softer signals from food and, likely in net, energy components, core inflation will be confirmed as having risen slightly more than 0.2ppt. The flash release pointed to an increase of 0.3ppt, to 2.5%Y/Y. But we note that an upwards revision to that figure still cannot be completely ruled out. Nonetheless, the detail will attribute the vast majority of the rise in core inflation to transport services and package holidays, suggesting that cost pressures, at least for now, are relatively contained. But additional price data from Germany (Monday and Friday) should underscore that pipeline price pressures remain under pressure, placing the future risks to consumer prices firmly to the upside. President Lagarde reiterated in her post-Governing Council meeting press conference on Thursday that it was probably too soon to see any evidence of second-round effects in the incoming wage data. But, for what it's worth, the ECB's wage tracker update (Wednesday) should continue to signal that wage settlement growth is gravitating towards a softer range, around 2½-2¾%Y/Y, by year-end. And the final euro area labour cost indices for Q1 (Tuesday) are also expected to flag that cost pressures were more muted at the onset of the conflict against a backdrop of slightly softer demand.

The euro area dataflow will also bring a handful of releases, which will shed more light on the prospects for GDP growth in Q2. The IP release for April (Monday) will provide the most informative of those and, we suspect, provide a relatively disappointing account of production activity given the suggestions by some business surveys about the magnitude of front-loaded production activity. National data point towards a meagre uptick in euro area output, likely no more than 0.1%M/M. Still, that would mark a third consecutive increase since the steep decline at the start of the year. And that would imply IP starting Q2 around ½% above its level in Q1, which alongside the signals of resilient activity, bodes well for a return to expansion this quarter. And construction activity (Thursday) looks likely to have started Q2 on a firmer footing too owing principally to a reacceleration in German civil engineering activity. Euro area goods trade data (Monday) will also give some insight into the likelihood of a second successive positive contribution to GDP growth from net trade this quarter.

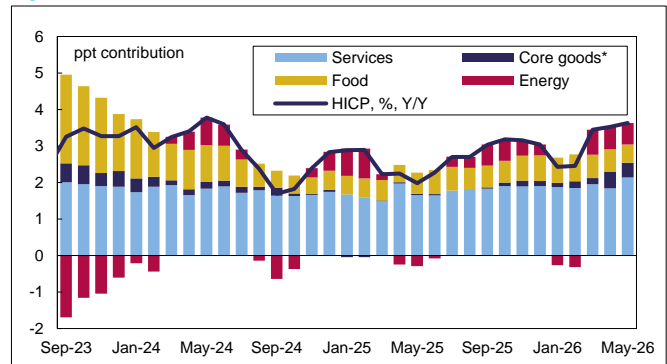
France: CPI inflation contributions



*Non-energy industrial goods.

Source: Macrobond and Daiwa Capital Markets Europe Ltd.

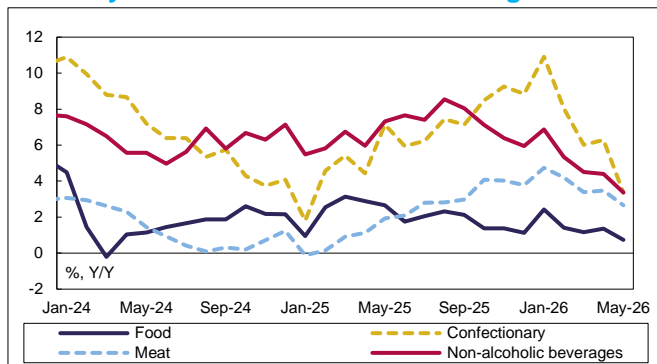
Spain: HICP inflation contributions



*Non-energy industrial goods.

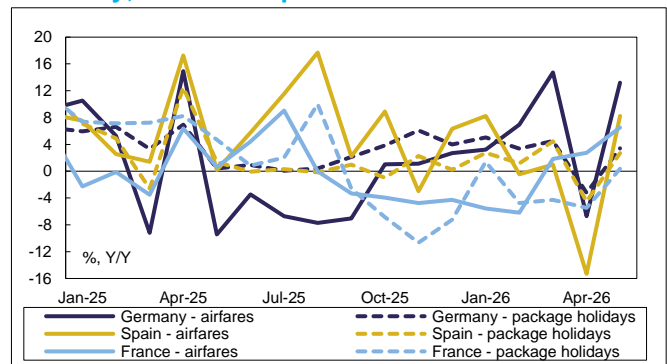
Source: Macrobond and Daiwa Capital Markets Europe Ltd.

Germany: Food & non-alcoholic beverages inflation



Source: Macrobond and Daiwa Capital Markets Europe Ltd.

Germany, France & Spain: Selected inflation rates



Source: Macrobond and Daiwa Capital Markets Europe Ltd.

UK

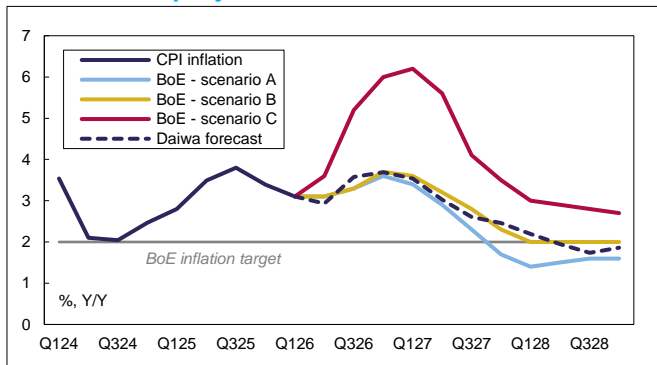
BoE set to leave rates unchanged on Thursday, but more than one MPC member will vote to hike

Contrasting the ECB's decision yesterday to tighten monetary policy, the BoE is highly likely to keep Bank Rate unchanged at 3.75% on Thursday. However, while only Chief Economist Huw Pill of the nine rate-setters wanted to tighten policy at the previous meeting at end-April, we expect at least two MPC members to vote for a 25bp rate hike this time around. Indeed, Pill will surely be joined by external member Megan Greene, who has typically been hawkish while on the Committee and earlier this month set out in an FT article why higher rates might very soon be needed to mitigate second-round inflation effects. Recent comments of Catherine Mann, another external member, suggest an outside chance that she will also support tighter policy. And given her assessment at the time of the last MPC meeting, her track record of occasional past hawkish dissents, and evidence of rising consumer inflation expectations (see below), a vote for a hike by Deputy Governor Lombardelli would not be surprising. But we strongly expect the remaining five members, including Governor Bailey, to vote to leave Bank Rate unchanged this month. The majority will acknowledge continued heightened uncertainty. But they will also likely agree that the tightening of financial conditions since the outbreak of conflict in the Middle East, coupled with the MPC's 'active' recent decisions to hold policy rather than deliver the cuts priced by the markets earlier in the year, might yet suffice to return inflation to target on a sustainable basis over the policy horizon.

MPC will signal readiness to hike if risks to inflation outlook rise over coming months

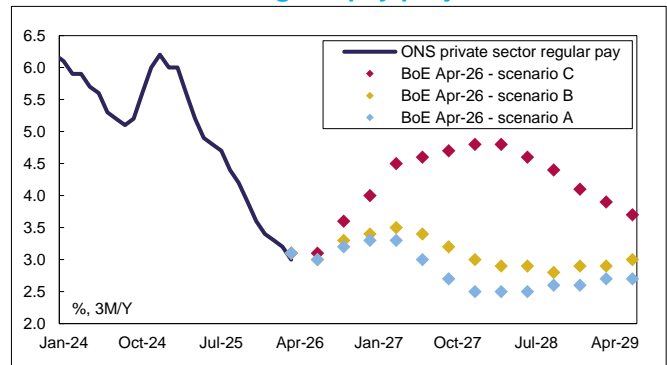
While data due Wednesday will show that inflation rebounded somewhat in May (see below), and will likely take another step up in July to 3½%YY or above when the Ofgem energy price cap is hiked, the majority on the MPC will not be overly alarmed. The labour market report due ahead of the rate announcement on Thursday will suggest that persisting slack continues to place downwards pressure on wage growth, while surveys also suggest that pay pressures are expected to remain well contained into next year too. The majority of rate-setters might take further comfort that energy price forward curves remain broadly consistent with the assumptions used in the BoE's projection scenarios (A & B), which envisaged inflation returning to or below target by early 2028. Those scenarios, however, also assumed a couple of temporary rate hikes over the coming year, while the third more inflationary scenario (C) suggested the need for significantly more substantive tightening than that. So, the majority on the MPC will likely agree that rates might need to rise in the second half of the year if wholesale energy prices shift higher again and/or (more likely perhaps) the risks of indirect and second-round inflation effects increase. But most members will see no need to rush to tighten.

UK: Inflation projections



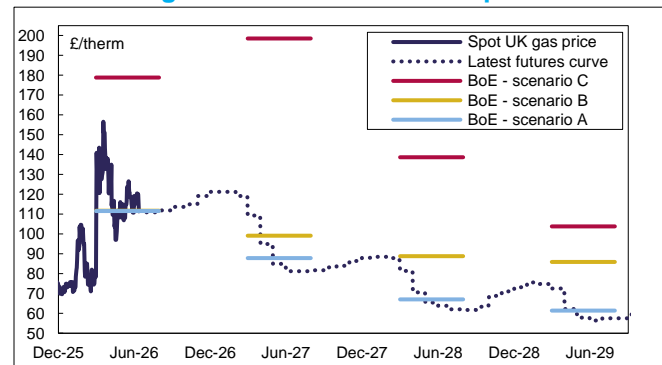
Source: BoE Apr-26, Macrobond and Daiwa Capital Markets Europe Ltd.

UK: Private sector regular pay projections



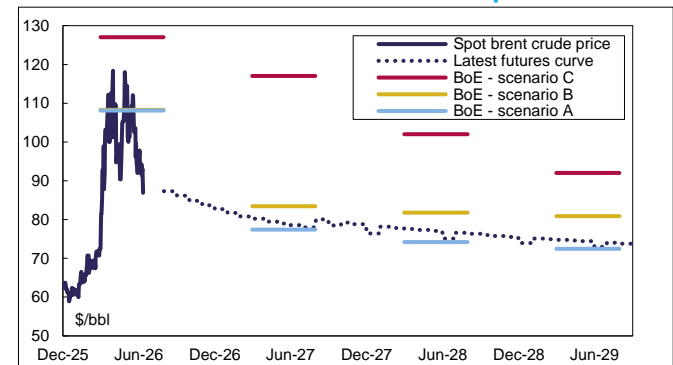
Source: BoE Apr-26, Macrobond and Daiwa Capital Markets Europe Ltd.

UK: Natural gas futures & BoE assumptions*



*Lines for the BoE show conditioning assumptions in Q2 of each year. Source: Bloomberg, BoE Apr-26 and Daiwa Capital Markets Europe Ltd.

UK: Brent crude futures & BoE assumptions*



*Lines for the BoE show conditioning assumptions in Q2 of each year. Source: Bloomberg, BoE Apr-26 and Daiwa Capital Markets Europe Ltd.

Selected quotes from BoE MPC members

MPC member	Previous vote	Projected vote*	Select comments*
Governor Andrew Bailey	Hold	Hold	<p>"[By taking] expected cuts off the table for now, we have already tightened policy considerably."</p> <p>"...tolerating temporarily above target inflation to provide some support for the real economy is an appropriate [approach]... But that tolerance would weaken if signs of second-round effects begin to emerge."</p> <p>"...monetary policy needs to balance the costs of leaning too little against [second-round] effects against the costs of responding too much, and the right balance is likely to change depending on how events unfold..."</p> <p><i>Speech, 29 May</i></p>
Deputy Governor Sarah Breen	Hold	Hold	<p>"We've got time to understand firstly the size of the shocks and secondly how the economy is evolving... we can't wait forever, but we don't need to [hike] in June or July."</p> <p><i>Interview with the FT, 14 May</i></p>
Deputy Governor Dave Ramsden	Hold	Hold	<p>"...the labour market continues to weaken and demand is subdued, such that second-round effects...are likely to be limited... I see upside risks to energy prices relative to futures curves and so place equal weight on Scenarios A & B... I would consider raising Bank Rate [in Scenario B] and accepting a larger output gap... [but if some] downside risks in Scenario A materialise, I would favour a less restrictive path."</p> <p><i>Monetary Policy Summary and Minutes, 30 April</i></p>
Swati Dhingra	Hold	Hold	<p>"If you ask me what's my interest-rate decision, I think that's very hard to say because... I don't think any of us definitely know [what will happen to energy prices]"</p> <p><i>Quoted remarks from speech, June 5</i></p> <p>"[At 3.75%] we are really restrictive...and the economy looks weak... [even in a worse scenario] we should not see the disinflation process derailed...[but I can't rule out] that these twin energy shocks, happening on the back of each other, have repercussions...That is why we have to do our job more strictly than before"</p> <p><i>Remarks to the Treasury Select Committee, 20 May</i></p>
Alan Taylor	Hold	Hold	<p>"I thought Bank Rate would be 50bps lower now than it actually is, so in terms of my policy position, we're now about 50bps above where I would have preferred to be"</p> <p><i>Webcast, 21 May</i></p>
Catherine Mann	Hold	Possible hike	<p>"...firms tend to pass [shocks] through to a greater degree on the upside...[and] wage bargaining in Q127 is going to be on the back of relatively high inflation prospects for the second half of this year... however, I have to acknowledge that financial conditions have tightened dramatically, and that plays an important role..."</p> <p><i>Remarks to the Treasury Select Committee, 20 May</i></p>
Deputy Governor Claire Lombardelli	Hold	Possible hike	<p>"Prior to the conflict, domestic inflationary pressures had reduced but were lingering. Consumers and businesses have faced sustained above-target inflation... [BoE surveys] indicate that firms will look to pass on cost rises...However, there are downside risks to activity...I place more weight on [Scenario B] ... A tightening in monetary and financial conditions relative to before the war is warranted..."</p> <p><i>Monetary Policy Summary and Minutes, 30 April</i></p>
Megan Greene	Hold	Hike	<p>"...the risk of acting, even if inflation proves to be less persistent, is less severe than the risk of failing to act... I considered voting for a rate increase at our April meeting...[but] it was worth waiting to learn more [about the shock] ... we cannot rely on [tighter financial conditions] ...absent a hike in Bank Rate soon, the curve will likely fall... I think the case for hiking...grows as the conflict wears on and believe a tightening in monetary policy over the next few weeks or months may be necessary"</p> <p><i>Speech, 2 June</i></p>
Chief Economist Huw Pill	Hike	Hike	<p>"What we can't do is just allow ourselves to drift off into the deep space of inflationary dynamics becoming uncontrolled... by taking prompt but modest action, the BoE would be able to influence the response...to the rise in headline inflation"</p> <p><i>Fireside chat, 14 April</i></p>

*Daiwa expectations for June MPC meeting. *Where recent comments are unavailable, excerpts from MPC members' paragraphs in the summary and minutes from the latest MPC meeting are used. Source: BoE, Bloomberg, HoC Treasury Select Committee, FT, MNI and Daiwa Capital Markets Europe Ltd.

Services softness pushes GDP down marginally in April, but 3-month growth at 2-year high

Today's GDP data for April will likely have no bearing on Thursday's rate decision. Broadly in line with expectations, economic output declined for the first month since August, albeit by just 0.1%M/M. As a result, GDP was up 0.7%3M/3M, the strongest rate in almost two years and firmly above estimates of potential growth. But in its April Monetary Policy Report, the BoE stated that underlying growth in Q1 was likely to have been weaker than the official estimate of growth (0.6%Q/Q). And MPC members are likely to maintain that view in Q2. The softness in April was centred on services, by far the economy's largest sector, where activity fell for the first month in six and by 0.2%M/M. In part, that reflected a pull-back in administrative and support services. And there was unusual weakness in sport and recreation activities, which the ONS attributed in part to the cancellation of multiple sporting events in the Middle East, with the Saudi and Bahrain Formula 1 Grands Prix presumably most important in that respect. But despite the decline in April, services output was still up 0.8%3M/3M, the same pace as Q1, with ICT activity strong. And thanks not least to the accommodation subsector, consumer-facing services activity was also firm at 0.6%3M/3M.

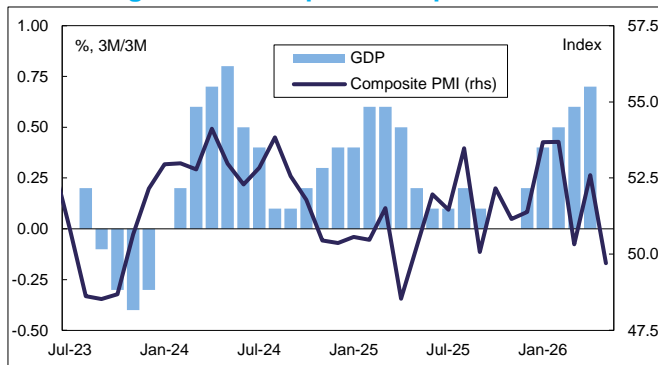
Manufacturing & construction output supported growth

While the conflict in the Middle East had a negative impact on services in April, it likely further supported manufacturing output in certain subsectors such as pharmaceuticals where firms continued to frontload production as a precaution against possible future supply disruption and additional cost pressures. Having jumped 1.2%M/M in March, manufacturing output rose a further 0.4%M/M in April. But with growth over prior months in autos related to post-cyberattack catchup in JLR exhausted, and production of machinery and equipment seemingly restrained by heightened uncertainty, three-month manufacturing growth moderated to 0.6%3M/3M, the softest in the sector since November. Meanwhile, due to weather-related weakening in utilities, overall industrial production was merely flat on the month in April to be down 0.1%3M/3M. But in construction, output rose for the fourth month in a row (0.1%M/M) to be up 1.6%3M/3M, the best in more than four years. To some extent, however, that merely represented a recovery from weakness at the end of last year. And growth in the sector remained concentrated largely in repair and maintenance.

Growth momentum weaker but long-term consumer inflation expectations rise to series high

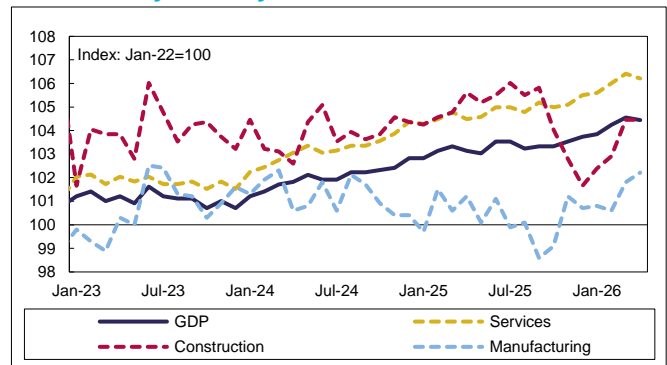
Perhaps unsurprisingly, surveys suggest that economic momentum has weakened over the remainder of Q2 as the Middle East conflict has increasingly taken a toll. Services likely benefited from better weather and the resumption of the Grand Prix calendar in May. But the respective PMI fell below 50 to a 13-month low while the headline construction index was the lowest since the first wave of Covid. While the manufacturing output PMI rose further above 50, costs pressure and an end to precautionary activity points to downside risks in June. And we now expect growth to slow to a sub-potential pace of 0.2%Q/Q in Q2. High-frequency data tally with that softer momentum. For example, in the labour market, redundancy notices have picked up and the BoE's agents report that firms' hiring intentions have weakened due to the impact of the conflict on costs and demand. But they also note business concerns of upside pressure on 2027 pay settlements in sectors affected by increases in the National Living Wage and those with high union representation. In terms of prices, the agents' commentary suggested no significant spillovers so far from items directly impacted by events in the Middle East. But the BoE's consumer survey reported that household inflation expectations for the coming 12 months jumped 0.8ppt this quarter to 4.0%, the highest since Q422. Some comfort might be taken that consumers' perception of inflation over the past 12 months was more than 1ppt above that rate. Nevertheless, two-year inflation expectations rose to 3.5% to match the highest on the series dating back to 2009. And longer-term inflation expectations rose 0.2ppt to a series high of 3.9%, almost double the BoE's target, likely reinforcing concerns about second-round effects among some of the MPC's more hawkish members.

UK: GDP growth & composite output PMI



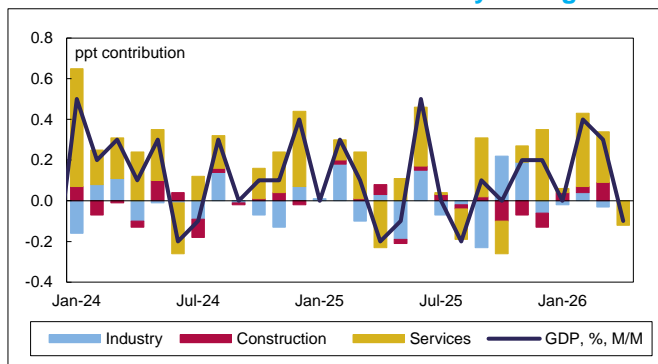
Source: S&P Global, Macrobond and Daiwa Capital Markets Europe Ltd.

UK: Monthly GDP by sector



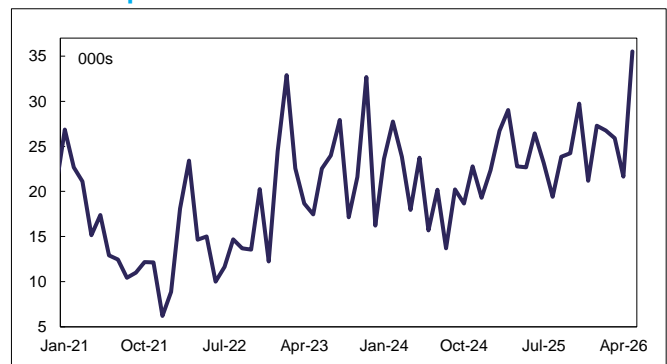
Source: Macrobond and Daiwa Capital Markets Europe Ltd.

UK: Sectoral contributions to monthly GDP growth



Source: Macrobond and Daiwa Capital Markets Europe Ltd.

UK: HR1 potential redundancies



Source: Insolvency Service via ONS, Macrobond and Daiwa Capital Markets Europe Ltd.

The week ahead in the UK for data

It's set to be a busy week on the UK data front with a handful of top-tier releases covering inflation (Wednesday), the labour market (Thursday) and retail sales (Friday). As noted above, UK inflation is expected to have accelerated in May. And as in the euro area, we suspect that pressure will be led by services, particularly in transport. Airfare and package holiday components should receive some payback for their weakness in April, when they were subdued by calendar distortions linked to the timing of Easter. Those components, and transport services more broadly, are also especially vulnerable to any indirect spillovers from higher oil prices, posing an extra upside risk. And 'other transport services' will also rise steeply, adding at least 0.1ppt to headline inflation alone, as a direct consequence of base effects relating to last year's VED (vehicle excise duty) error by the ONS. As a result, we see both the headline and core CPI rates rising by 0.3ppt, to 3.1%Y/Y and 2.8%Y/Y respectively. Still, not least helped by April's cut to regulated household energy tariffs, that rise should only take the headline up halfway to where they were in March. The non-core components should be better behaved too, with slightly lower auto fuel prices helping to keep the contribution from energy inflation broadly stable below 7½Y/Y, and the possibility of further moderation in food inflation in line with the recent global trend.

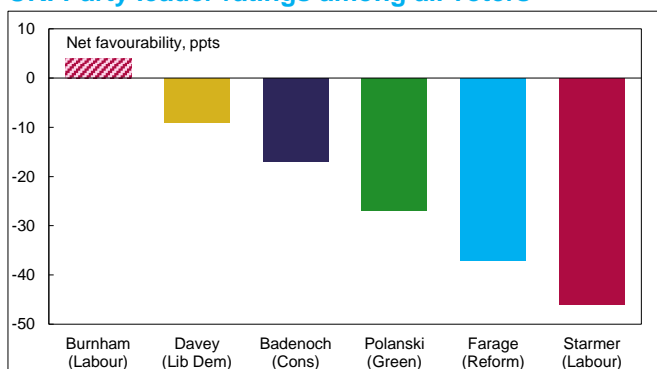
Before Thursday's policy announcement, the latest labour market report should provide a reminder of the persistent slack that to some extent should mitigate risks of second-round effects on inflation. In particular, we see the risks to the unemployment rate as skewed firmly to the upside, given the amalgamation of warning signs of weak labour demand from business surveys, rising redundancy notices and marked deterioration in April's preliminary payroll estimate (-100k). In all likelihood, payrolls should be revised higher that month. But the overriding message of further labour market loosening will remain. Consistent with that view, we also expect the BoE's preferred wage measure (i.e. private regular pay growth) to decelerate to 2.9%3M/Y in April, the first sub-3% reading in 5½ years consistent with an undershooting of the BoE's most dovish scenario projection (A). The backdrop of a weak labour market and slowing real wage growth is also bound to pose a headwind to consumer spending. That said, given the boost to footfall from warmer weather that month, we expect a modest uptick in retail sales volumes in May. But its strength should be insufficient to compensate for April's weakness, and fuel sales will fail to bounce back. And since the GfK's consumer confidence reading for June (Friday) is likely to remain subdued, we see less scope for a boost from the football World Cup at the end of the quarter than we might otherwise have done.

The week ahead in the UK for politics

Data and monetary policy aside, the coming week will bring UK political news back into the spotlight. The flashpoint will be Thursday's parliamentary byelection in Makerfield, where the outcome will have a significant impact in determining who holds the position of UK Prime Minister from later this year onwards. The contest has shaped into a head-to-head battle between the incumbent Labour Party and nationalist populist Reform UK. Last month, the latter won almost all (24 out of 25) of the contested seats on the local Wigan Council. But when the results are declared in the early hours of Friday morning, we expect the victor to be Labour's Andy Burnham, the soft-left Mayor of Greater Manchester and prospective challenger to Keir Starmer as Party leader and Prime Minister. Indeed, what few polls have been published grant Burnham a sizeable advantage – of around +10pts – over Reform, whose own chances of victory appear to have been further undermined by support for the even more extreme right-wing Restore Britain, in a distant third.

The odds of a Labour victory have undeniably been boosted by Burnham's candidacy, whose favourability ratings among the general public are far higher than any other UK politician and, critically, much higher than any other Labour politician – not just Keir Starmer – among Party members. So, should Burnham win, he seems bound to challenge PM Starmer's leadership before too long, and likely before the autumn. And he would certainly be expected to win such a contest. A Burnham government might be expected to be more interventionist, with greater public control (if not ownership) of struggling public utilities. It would also likely add to public expenditure, albeit more likely principally funded by higher taxes. Despite Burnham's stated commitment to the budgetary straitjacket of Reeves' fiscal rules, we would not be surprised if borrowing by certain public bodies was shifted out of their scope.

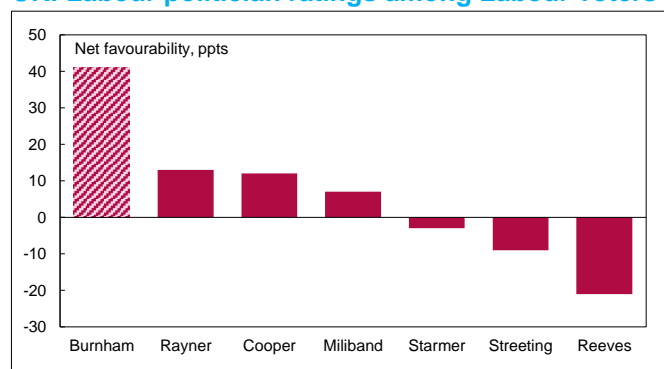
UK: Party leader ratings among all voters*



*Burnham included as hypothetical Labour leader.

Source: YouGov (May 2026) and Daiwa Capital Markets Europe Ltd.










UK: Labour politician ratings among Labour voters



Source: YouGov (May 2026) and Daiwa Capital Markets Europe Ltd.






Of course, despite his historically low popularity levels, and even after the further damaging resignations on Thursday of Defence Secretary Healey and Armed Forces Minister Carns over underwhelming defence investment plans, Starmer insisted today that he would contest any challenge to his leadership over coming months. But that doesn't look particularly credible. Indeed, even on the off-chance that Burnham doesn't win in Makerfield on Thursday, Starmer's future as Prime Minister looks doomed, with it only being a matter of time before one of several possible hopefuls makes a formal challenge.

Daiwa economic forecast

	2025		2026				2027	2026	2027	2028
	Q4	Q1	Q2	Q3	Q4	Q1				
GDP	%, Q/Q						%, Y/Y			
Euro area 	0.2	-0.2	0.1	0.1	0.2	0.3	0.2	1.0	1.4	
UK 	0.2	0.6	0.2	0.0	0.2	0.4	1.0	1.1	1.4	
Inflation, %, Y/Y										
Euro area										
Headline HICP 	2.1	2.0	3.2	3.4	3.5	3.5	3.0	2.7	2.1	
Core HICP 	2.4	2.3	2.4	2.6	2.7	3.0	2.5	2.8	2.1	
UK										
Headline CPI 	3.4	3.1	2.9	3.6	3.7	3.5	3.3	2.9	1.9	
Core CPI 	3.3	3.2	2.6	2.9	3.2	3.3	3.0	3.3	2.4	
Monetary policy, %										
ECB										
Deposit Rate 	2.00	2.00	2.25	2.50	2.75	2.75	2.75	2.50	2.25	
Refi Rate 	2.15	2.15	2.40	2.65	2.90	2.90	2.90	2.65	2.40	
BoE										
Bank Rate 	3.75	3.75	3.75	4.00	4.00	4.00	4.00	3.50	3.50	

Source: Bloomberg, ECB, BoE and Daiwa Capital Markets Europe Ltd.



























European calendar

Today's results							
Economic data							
Country	Release	Period	Actual	Market consensus/ Daiwa forecast	Previous	Revised	
Germany 	Final HICP (CPI) Y/Y%	May	2.7 (2.6)	<u>2.7 (2.6)</u>	2.9 (2.9)	-	
France 	Final HICP (CPI) Y/Y%	May	2.8 (2.4)	<u>2.8 (2.4)</u>	2.5 (2.2)	-	
Spain 	Final HICP (CPI) Y/Y%	May	3.6 (3.2)	<u>3.6 (3.2)</u>	3.5 (3.2)	-	
UK 	Monthly GDP M/M% (3M/3M%)	Apr	-0.1 (0.7)	<u>-0.2 (0.7)</u>	0.3 (0.5)	-	
	Services output M/M% (3M/3M%)	Apr	-0.2 (0.8)	-0.1 (0.8)	0.3 (0.8)	-	
	Industrial output M/M% (Y/Y%)	Apr	0.0 (-0.2)	0.1 (-0.1)	-0.2 (0.0)	-	
	Construction output M/M% (Y/Y%)	Apr	0.1 (1.0)	-0.7 (-1.7)	1.5 (-0.3)	-	
	Trade (goods trade) balance £bn	May	-8.4 (-21.0)	-5.4 (-22.9)	-9.7 (-27.2)	-	
	BoE/Ipsos inflation attitudes survey – 1Y ahead CPI Y/Y%	Q2	4.0	-	3.2	-	
Auctions							
Country	Auction						
- Nothing to report -							

Source: Bloomberg and Daiwa Capital Markets Europe Ltd.

The next Euro wrap-up will be published on Tuesday 16 June 2026

The coming week's data calendar

The coming week's key data releases					
Country	BST	Release	Period	Market consensus/ <i>Daiwa forecast</i>	Previous
Monday 15 June 2026					
Euro area		10.00 Industrial production M/M% (Y/Y%)	Apr	<u>0.1 (0.4)</u>	0.2 (-2.1)
		10.00 Trade balance €bn	Apr	-	3.5
Germany		07.00 Wholesale prices M/M% (Y/Y%)	May	-	2.0 (6.3)
UK		00.01 Rightmove house prices M/M% (Y/Y%)	Jun	-	1.2 (-0.3)
Tuesday 16 June 2026					
Euro area		10.00 Final labour costs Y/Y%	Q1	<u>3.4</u>	3.4
		10.00 Final job vacancy rate %	Q1	<u>2.2</u>	2.3
Germany		10.00 ZEW current situation (expectations) balance	Jun	-78.0 (-5.3)	-77.8 (-10.2)
Italy		09.00 Final HICP (CPI) Y/Y%	May	<u>3.3 (3.2)</u>	2.8 (2.7)
Wednesday 17 June 2026					
Euro area		10.00 Final headline (core) HICP Y/Y%	May	<u>3.2 (2.5)</u>	3.0 (2.2)
UK		07.00 Headline (core) CPI Y/Y%	May	<u>3.1 (2.8)</u>	2.8 (2.5)
		07.00 PPI – output (input) prices Y/Y%	May	4.0 (8.8)	4.0 (7.7)
		09.30 House price index Y/Y%	Apr	-	0.0
Thursday 18 June 2026					
Euro area		09.00 ECB current account €bn	Apr	-	14.9
		10.00 Construction output M/M% (Y/Y%)	Apr	-	0.8 (-1.2)
UK		07.00 Average wages (excluding bonuses) 3M/Y%	Apr	4.0 (3.2)	4.1 (3.4)
		07.00 Private sector regular wages 3M/Y%	Apr	<u>2.9</u>	3.0
		07.00 Unemployment rate 3M%	Apr	5.0	5.0
		07.00 Employment 3M/3M change 000s	Apr	75	148
		07.00 Payrolled employment M/M change 000s	May	-20	-100
		07.00 Claimant count rate % (change 000s)	May	-	4.4 (26.5)
		12.00 BoE Bank Rate %	Jun	<u>3.75</u>	3.75
Friday 19 June 2026					
Germany		07.00 PPI Y/Y%	May	2.5	1.7
UK		00.01 GfK consumer confidence indicator	Jun	-23	-23
		07.00 Retail sales – incl. auto fuel M/M% (Y/Y%)	May	0.5 (1.9)	-1.3 (0.0)
		07.00 Retail sales – excl. auto fuel M/M% (Y/Y%)	May	0.3 (3.1)	-0.4 (1.1)
		07.00 Public sector net borrowing £bn	May	18.8	24.3

Source: Bloomberg and Daiwa Capital Markets Europe Ltd.

The coming week's key events & auctions

Country	BST	Event / Auction
Monday 15 June 2026		
- Nothing scheduled -		
Tuesday 16 June 2026		
Euro area	14.10	ECB Chief Economist Lane participates in interview at Reuters summit, London
Germany	10.30	Auction: to sell up to €5bn of 2.5% 2031 bonds
UK	10.00	Auction: to sell up to £4.25bn of 4.875% 2036 bonds
Wednesday 17 June 2026		
Euro area	09.00	ECB to publish wage tracker update
Germany	10.30	Auction: to sell up to €1bn of 3.4% 2047 bonds
	10.30	Auction: to sell up to €1.5bn of 1.8% 2053 bonds
Thursday 18 June 2026		
France	09.50	Auction: to sell up to €14bn of 2.4% 2029, 3.25% 2032, 2% 2032 and 3% 2034 bonds
	10.50	Auction: to sell €1.5bn of 3.15% 2032, 0.1% 2038, and 1.8% 2040 inflation-linked bonds
Spain	09.30	Auction: to sell 3% 2033, 2.4% 2036 and 4.9% 2040 bonds
UK	12.00	BoE monetary policy announcement, statement and minutes to be published
Friday 19 June 2026		
UK	-	Results of the Makerfield parliamentary by-election to be announced

**Details to be announced. Source: Bloomberg and Daiwa Capital Markets Europe Ltd.*

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