

Economics

# THE WEEK AHEAD

May 18 - 22, 2026

## The scary, or perhaps not-so-scary, future

by Avery Shenfeld [avery.shenfeld@cibc.com](mailto:avery.shenfeld@cibc.com)

Looking beyond today's immediate worries about geopolitical conflicts, there's a visible angst in the US and Canadian populace about their country's longer term future. Various polls show that many, in some cases a majority, fear that the nascent AI revolution could do more harm than good, or could cost them their jobs. In contrast, the equity market, which at least in theory is also priced off a view of the longer term future, has never looked better.

Is that a vision of the future in which shareholders and business owners get richer, while the average worker gets squeezed out? In aggregate, American data seem to suggest that's just what's been happening, and not just recently, but for decades as older forms of technology, from the internet, computers, robots in factories and the like took hold, and as trade opened up new sources of supplies. The share of the US national income pie going to profits has hit all time highs. That gives some justification for the equity market's buoyancy, at least for those companies that actually are generating those profits. That's come as labour's share of the pie has been in a trend decline (Chart).

But a smaller share of the pie needn't be problematic, if the pie is growing fast enough. And it has. The American median family, or even the median single-person household, has seen incomes rise in inflation adjusted terms over these same decades.

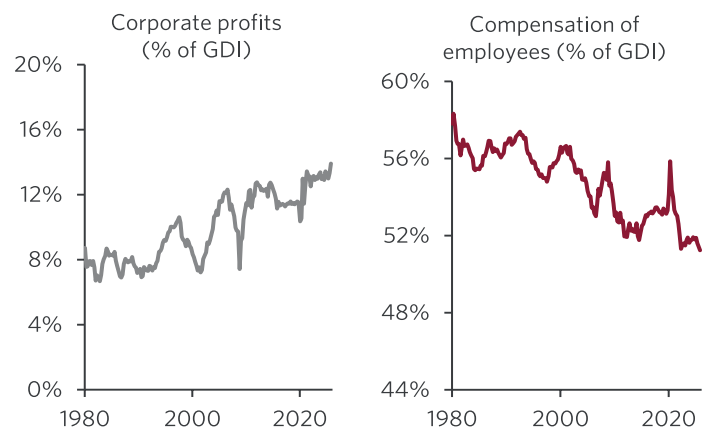
How are these shares of the pie, and median incomes, part of a consistent story. For one, some of the rise in the profit share reflects the necessary return to an ever rising input of capital equipment relative to the labour input. The capital-to-labour ratio has generally grown over the decades.

Moreover, that rising capital intensity, and technological change, is part of what has enabled real incomes for the median family to rise. Workers can get paid more if their real output per hour increases, and goods can become cheaper relative to wages due to those same technology improvements.

The jury is still out on the degree to which AI impacts will be similar. Most likely, some workers will be displaced, others will become more productive, and the resulting reduction in the cost of producing goods and services will free up some spending power that will leave room for new offerings, and new employment opportunities. The greatest risks to those worried Americans lie in how quickly the new jobs arise as the old ones are squeezed out, and we might need policies aimed at ensuring that wins for the economy as a whole don't leave too many people behind for too long.

If there are things to really worry about AI, perhaps they lie elsewhere, in its societal impacts: addictive chatbots that lead people, including vulnerable children, into poor decisions, the spread of misinformation that increases political polarization, and new cybersecurity risks. On the economic front, we've never seen a wave of technological progress that left the median household poorer.

Chart: Profit and labor shares of US gross domestic income



Source: BEA, CIBC

## Week Ahead Calendar And Forecast—Canada

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, May 18	-	Markets Closed (Victoria Day)	-	-	-	-	-
Tuesday, May 19	-	AUCTION: 3-M BILLS \$18.2B, 6-M BILLS \$6.4B, 1-YR BILLS \$6.4B	-	-	-	-	-
Tuesday, May 19	8:30 AM	CPI M/M	(Apr)	(H)	0.8%	0.6%	0.9%
Tuesday, May 19	8:30 AM	CPI Y/Y	(Apr)	(H)	3.2%	3.1%	2.4%
Tuesday, May 19	8:30 AM	Consumer Price Index	(Apr)	(M)	-	-	167.4
Tuesday, May 19	8:30 AM	CPI Core- Median Y/Y%	(Apr)	(M)	2.2%	2.2%	2.3%
Tuesday, May 19	8:30 AM	CPI Core- Trim Y/Y%	(Apr)	(M)	2.1%	2.1%	2.2%
Tuesday, May 19	8:30 AM	BUILDING PERMITS M/M	(Mar)	(M)	-	3.7%	-8.4%
Wednesday, May 20	-	AUCTION: 2-YR CANADAS \$5.5B	-	-	-	-	-
Thursday, May 21	-	-	-	-	-	-	-
Friday, May 22	8:30 AM	RETAIL TRADE TOTAL M/M	(Mar)	(H)	0.6%	0.6%	0.7%
Friday, May 22	8:30 AM	RETAIL TRADE EX-AUTO M/M	(Mar)	(H)	-	0.9%	0.5%
Friday, May 22	8:30 AM	INDUSTRIAL PROD. PRICES M/M	(Apr)	(M)	-	-	2.4%
Friday, May 22	8:30 AM	RAW MATERIALS M/M	(Apr)	(M)	-	-	12.0%
Friday, May 22	10:30 AM	Release: Senior Loan Officer Survey	-	-	-	-	-

## Week Ahead Calendar And Forecast—United States

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, May 18	10:00 AM	NAHB HOUSING INDEX	(May)	(L)	-	34.0	34.0
Monday, May 18	4:00 PM	NET CAPITAL INFLOWS (TICS)	(Mar)	(L)	-	-	\$58.6B
Tuesday, May 19	8:30 AM	PENDING HOME SALES M/M	(Apr)	(M)	-	1.6%	1.5%
Tuesday, May 19	8:00 AM	Speaker: Christopher J. Waller (Governor) (Voter)	-	-	-	-	-
Tuesday, May 19	7:00 PM	Speaker: Anna Paulson (Philadelphia) (Voter)	-	-	-	-	-
Wednesday, May 20	-	AUCTION: 20-YR TREASURIES \$16B	-	-	-	-	-
Wednesday, May 20	7:00 AM	MBA-APPLICATIONS	(May 15)	(L)	-	-	1.7%
Wednesday, May 20	2:00 PM	FOMC Meeting Minutes	(Apr 29)	-	-	-	-
Wednesday, May 20	9:15 AM	Speaker: Michael S. Barr (Governor) (Voter)	-	-	-	-	-
Thursday, May 21	-	AUCTION: 10-YR TIPS \$19B	-	-	-	-	-
Thursday, May 21	8:30 AM	INITIAL CLAIMS	(May 16)	(M)	-	-	211K
Thursday, May 21	8:30 AM	CONTINUING CLAIMS	(May 9)	(L)	-	-	1782K
Thursday, May 21	8:30 AM	PHILADELPHIA FED BUSINESS OUTLOOK	(May)	(M)	-	15.0	26.7
Thursday, May 21	8:30 AM	HOUSING STARTS SAAR	(Apr)	(M)	1390K	1420K	1502K
Thursday, May 21	8:30 AM	BUILDING PERMITS SAAR	(Apr P)	(H)	1365K	1380K	1363K
Thursday, May 21	9:45 AM	S&P GLOBAL US SERVICES PMI	(May P)	(L)	-	51.3	51.0
Thursday, May 21	9:45 AM	S&P GLOBAL US COMPOSITE PMI	(May P)	(L)	-	-	51.7
Thursday, May 21	9:45 AM	S&P GLOBAL US MANUFACTURING PMI	(May P)	(L)	-	53.6	54.5
Friday, May 22	10:00 AM	MICHIGAN CONSUMER SENTIMENT	(May)	(H)	-	48.2	48.2
Friday, May 22	10:00 AM	Speaker: Christopher J. Waller (Governor) (Voter)	-	-	-	-	-

## Week Ahead's market call

by Avery Shenfeld

In the **US**, it's a light week on the data front, with a downtick in housing starts after the prior month's jump likely to put us back on a flat trend for homebuilding activity. Among the Fed speakers, Waller, has less reason to tilt on the dovish side than he did when he was on Trump's shortlist for the Chair position, but it will be interesting to see if he still sees an eventual easing on the horizon. Now back from his China sojourn, the President can refocus on the impasse in the Strait of Hormuz, with the clock ticking down on how many weeks we have until the release of reserves can cushion the world from even higher prices.

In **Canada**, we'll get the two sides of the stagflation impacts of higher oil prices. On the 'flation side, the CPI looks set for an outsized jump that will take headline inflation north of 3%. While the 12-month core rate should be much tamer, its monthly change might see a bit of upside from airfares, among the first items to be hit by a passthrough from fuel costs. None of that will matter for central bank policy if the war ends soon enough. On the 'stag side, retail sales will be weak in after-inflation terms, as higher gasoline prices flatter the nominal gain but leave diminished spending room for other retailers.

## Week Ahead's key Canadian number: Consumer price index—April

(Tuesday, 8:30 am)

Andrew Grantham [andrew.grantham@cibc.com](mailto:andrew.grantham@cibc.com)

Variable (%)	CIBC	Mkt	Prior
CPI NSA (m/m)	0.8	0.6	0.9
CPI (y/y)	3.2	3.1	2.4

Headline inflation will accelerate sharply again in April, with a 0.8% monthly increase (0.6% in seasonally adjusted terms) taking the annual rate of inflation above 3% for the first time since late 2023. Of course, most of the acceleration will come from sharply higher gasoline prices linked to the conflict in the Middle East and the impact on global oil prices. However, core measures may also look a little stronger than in the prior month, if we start to see some of the passthrough from energy prices into airline fares and other areas.

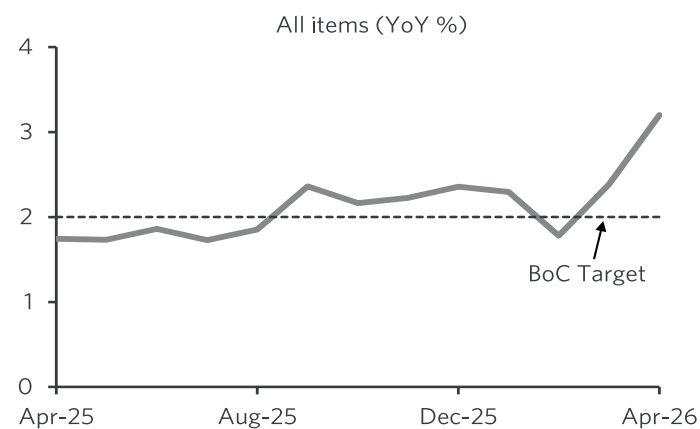
We expect core measures of inflation to average roughly 0.25% on the month, although due to base effects the annual rate of inflation could actually tick down. The spillover into core inflation that we expect in Canada would also be very modest compared with recent US data, thanks largely to the current slack in the Canadian economy and the downward pressure that will place on ex-airfare services inflation.

## Other Canadian releases: Retail sales—March

(Friday, 8:30 am)

Retail sales likely rose by a nominal 0.6% in March, which would be in line with the advance estimate. However, due to the sharp rise in prices, that would still likely reflect a modest decline in inflation-adjusted terms. The advance estimate for April is likely to point to more of the same — a moderate rise in nominal sales which would represent a slight drop after adjusting for inflationary pressures.

Chart: Canadian consumer price index



Source: Statistics Canada, Haver Analytics, CIBC

**Forecast implications** — While signs of passthrough of higher energy prices to core inflation may build further in the months ahead, we expect any acceleration to be modest and not large enough to concern policymakers. Relatively tame core measures of inflation would allow the Bank of Canada to keep interest rates on hold throughout this year, even with headline CPI above 3% through at least the spring.

## Week Ahead's key US number: Housing starts—April

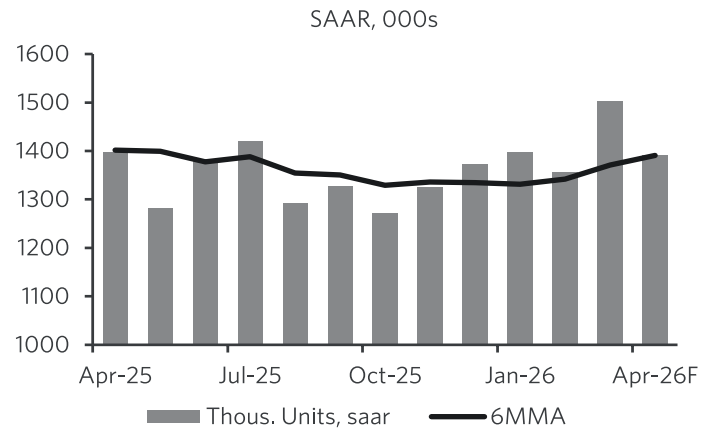
(Thursday, 8:30 am)

Katherine Judge [katherine.judge@cibc.com](mailto:katherine.judge@cibc.com)

Variable	CIBC	Mkt	Prior
Housing starts SAAR	1390K	1420K	1502K

After surging by 11% in March, homebuilding likely eased off to a 1390K pace in April. Homebuilder confidence is being hit by the conflict in Iran, as it has caused building material prices to escalate, and the climb in mortgage rates is working to sideline buyers at the start of the spring buying season. Indeed, new home sales were 3% below year-ago levels in Q1, with home prices declining, which will leave builders cautious, and we expect roughly flat permit issuance on the month.

Chart: US housing starts



Source: Census Bureau, Haver Analytics, CIBC

**Forecast implications** — Residential investment declined for the fourth consecutive quarter in Q1, and could remain a drag on growth in Q2 given the deterioration in homebuilder and consumer confidence as a result of the conflict in Iran.

## Contacts:

Avery Shenfeld  
[avery.shenfeld@cibc.com](mailto:avery.shenfeld@cibc.com)

Benjamin Tal  
[benjamin.tal@cibc.com](mailto:benjamin.tal@cibc.com)

Andrew Grantham  
[andrew.grantham@cibc.com](mailto:andrew.grantham@cibc.com)

Katherine Judge  
[katherine.judge@cibc.com](mailto:katherine.judge@cibc.com)

CIBC Capital Markets  
PO Box 500  
161 Bay Street, Brookfield Place  
Toronto, Canada, M5J 2S8  
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