

Economics

THE WEEK AHEAD

March 16 - 20, 2026

No comment

by Avery Shenfeld avery.shenfeld@cibc.com

Both the Federal Reserve Chairman and the Bank of Canada Governor are on the hook for a press conference in the coming week, and when it comes to the inflation outlook, they might prefer to offer a terse “no comment.” That’s not an option when an interest rate decision has been announced, even if in both cases it will be a decision to do nothing at all. But amidst a thick fog of war, a long winded version of “no comment” is what we expect to hear in terms of where monetary policy is headed. Anything else would reflect a degree of confidence in their forecasts that they just can’t have at this point.

That will be an easier task for BoC Governor Macklem, since the week ahead’s announcement isn’t one accompanied by a Monetary Policy Report, leaving no obligation to spell out a new forecast. That avoids taking a clear stance on the outlook for oil prices and headline inflation, at a time in which claiming to have such clarity would amount to hubris. If the oil shock is short lived, economic slack should prevent a lot of spillover from energy to core prices, and that’s as much as the Governor will be prepared to say.

If the headline inflation picture isn’t clear, the growth picture is decidedly anemic. After a real GDP decline in Q4, albeit with some bright spots in final domestic demand, the first quarter is off to a weak start, underscored by soft readings in most of the growth and employment data we have for the first month or two of the year.

For reasons we couldn’t really fathom, markets entered Friday morning priced for almost two quarter point hikes by the Bank of Canada this year. With so much slack in the economy, this is hardly a time to beat up on demand. Even if the Governor doesn’t offer a full throated dovish outlook on inflation, by not giving any hints of a rate hike ahead, he’ll throw some cold water on those inclined to position themselves for a policy tightening this year.

Jay Powell certainly won’t want to weigh in about the negative economic impacts of the war. Relations with the White House are frosty enough as it is. But the FOMC does have to issue a new set of forecasts at this worst possible juncture. We expect

the committee to base their calls on a view that the war and its oil shock will be relatively short-lived.

But unlike Canada, the US entered this wartime period with core inflation already running above target, and the labour market thus far is showing only a bit of slack. The Fed can’t therefore be quite as confident as the Bank of Canada about whether energy prices could spread into a broader inflationary impulse if the oil shock lingers for a while. So a very dovish message isn’t in the cards.

Whatever the “dots” say, Powell isn’t going to want to make any clear promises about further interest rate relief. We had forecast two quarter point rate cuts in June and July, but given the energy price surge, we’re pushing those cuts back to September and October, and that’s on the assumption that oil prices will have reversed the bulk of their run-up by the end of the summer.

Still, Powell doesn’t want to say enough to signal that the Fed is either done with rate cuts for good, or thinking about hiking, because the economy might still need some stimulus down the road. True, the growth picture isn’t as weak as it looked in the revised 0.7% Q4 headline real GDP pace. Real final sales to private sector purchasers, a measure that strips out the impact of a government shutdown, were still running just shy of 2%. But real consumption has slowed to only a 1.2% annualized pace in the three months to January, and will be squeezed by higher energy costs this spring. Any further softening in the labour market could add to that drag on a key component of demand.

Powell has been adept at saying a lot while saying little when that’s been the right call, and it’s what we look for in the coming week. While we still lean more dovishly than the market, we’re not expecting any support for that view from the Fed Chair while war clouds the inflation picture. And we’d be inclined to downplay what the “dot” forecast has to say. The FOMC voters don’t have any better clarity on the war outcomes than anyone else.

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, March 16	8:15 AM	HOUSING STARTS SAAR	(Feb)	(M)	260.0K	-	238.0K
Monday, March 16	8:30 AM	CPI M/M	(Feb)	(H)	0.6%	0.6%	0.0%
Monday, March 16	8:30 AM	CPI Y/Y	(Feb)	(H)	1.8%	1.9%	2.3%
Monday, March 16	8:30 AM	Consumer Price Index	(Feb)	(M)	-	166.0	165.0
Monday, March 16	8:30 AM	CPI Core- Median Y/Y%	(Feb)	(M)	2.3%	2.4%	2.5%
Monday, March 16	8:30 AM	CPI Core- Trim Y/Y%	(Feb)	(M)	2.3%	2.4%	2.4%
Tuesday, March 17	5:00 AM	EXISTING HOME SALES M/M	(Feb)	(M)	-	-	-5.8%
Wednesday, March 18	8:30 AM	INT'L. SEC. TRANSACTIONS	(Jan)	(M)	-	-	-5.6B
Wednesday, March 18	9:45 AM	BANK OF CANADA RATE ANNOUNCE.	(Mar 18)	(H)	2.25%	2.25%	2.25%
Thursday, March 19	-	AUCTION: 5-YR CANADAS \$5.3B	-	-	-	-	-
Friday, March 20	8:30 AM	RETAIL TRADE TOTAL M/M	(Jan)	(H)	1.5%	1.3%	-0.4%
Friday, March 20	8:30 AM	RETAIL TRADE EX-AUTO M/M	(Jan)	(H)	-	1.4%	0.1%
Friday, March 20	8:30 AM	INDUSTRIAL PROD. PRICES M/M	(Feb)	(M)	-	-	2.7%
Friday, March 20	8:30 AM	RAW MATERIALS M/M	(Feb)	(M)	-	-	7.7%

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, March 16	8:30 AM	NEW YORK FED (EMPIRE)	(Mar)	(M)	-	3.9	7.1
Monday, March 16	9:15 AM	INDUSTRIAL PRODUCTION M/M	(Feb)	(H)	0.0%	0.1%	0.7%
Monday, March 16	9:15 AM	CAPACITY UTILIZATION	(Feb)	(M)	76.2%	76.2%	76.2%
Monday, March 16	10:00 AM	NAHB HOUSING INDEX	(Mar)	(L)	-	37.0	36.0
Tuesday, March 17	-	AUCTION: 1-YR TREASURIES \$50B	-	-	-	-	-
Tuesday, March 17	-	AUCTION: 20-YR TREASURIES \$13B	-	-	-	-	-
Tuesday, March 17	10:00 AM	LEADING INDICATORS M/M	(Feb)	(M)	-	-	-0.2%
Tuesday, March 17	10:00 AM	PENDING HOME SALES M/M	(Feb)	(M)	-	-1.0%	-0.8%
Wednesday, March 18	7:00 AM	MBA-APPLICATIONS	(Mar 13)	(L)	-	-	3.2%
Wednesday, March 18	8:30 AM	PPI M/M	(Feb)	(M)	0.3%	0.3%	0.5%
Wednesday, March 18	8:30 AM	PPI M/M (core)	(Feb)	(M)	0.3%	0.3%	0.8%
Wednesday, March 18	8:30 AM	PPI Y/Y	(Feb)	(M)	-	-	2.9%
Wednesday, March 18	8:30 AM	PPI Y/Y (core)	(Feb)	(M)	-	-	3.6%
Wednesday, March 18	10:00 AM	FACTORY ORDERS M/M	(Jan)	(M)	-	-	-0.7%
Wednesday, March 18	10:00 AM	DURABLE GOODS ORDERS M/M	(Jan)	(H)	-	-	-1.4%
Wednesday, March 18	10:00 AM	DURABLE GOODS ORDERS EX-TRANS M/M	(Jan)	(H)	-	-	1.0%
Wednesday, March 18	2:00 PM	FOMC RATE DECISION (UPPER BOUND)	(Mar 18)	(H)	3.75%	3.75%	3.75%
Wednesday, March 18	2:00 PM	FOMC RATE DECISION (LOWER BOUND)	(Mar 18)	(H)	3.50%	3.50%	3.50%
Wednesday, March 18	4:00 PM	NET CAPITAL INFLOWS (TICS)	(Jan)	(L)	-	-	\$28.0B
Thursday, March 19	-	AUCTION: 10-YR TIPS \$19B	-	-	-	-	-
Thursday, March 19	8:30 AM	INITIAL CLAIMS	(Mar 14)	(M)	-	-	213K
Thursday, March 19	8:30 AM	CONTINUING CLAIMS	(Mar 7)	(L)	-	-	1850K
Thursday, March 19	8:30 AM	PHILADELPHIA FED BUSINESS OUTLOOK	(Mar)	(M)	-	-	16.3
Thursday, March 19	10:00 AM	NEW HOME SALES SAAR	(Jan)	(M)	735K	725K	745K
Thursday, March 19	10:00 AM	NEW HOME SALES M/M	(Jan)	(M)	-	-2.7%	-1.7%
Thursday, March 19	10:00 AM	WHOLESALE INVENTORIES M/M	(Jan)	(L)	-	-	0.2%
Friday, March 20	-	-	-	-	-	-	-

Week Ahead's market call

by Avery Shenfeld

In the **US**, a week of only secondary data releases will keep the focus on what the Fed has to say. But the central bankers aren't military experts, and even the experts diverge in where they think the Middle East conflict is going, and how long oil flows will be disrupted. Since that's key to both inflation forecasts and the policy outlook, we will treat the FOMC forecasts with a grain of salt. But core PCE price pressures are serving to push back the timetable for rate cuts, and while Powell will want to stay noncommittal, the committee's forecasts could lean towards a longer pause.

In **Canada**, Bank of Canada isn't going to sound hawkish enough to support those who, at least prior to the poor jobs figures, were pricing in a rate hike or two this year. But we expect it to be vague about the inflation outlook given all of the uncertainties surrounding the war and oil prices, and not terribly confident about the growth picture either. The not-seasonally-adjusted headline CPI figure will see the typical heat in February, but the 0.6% gain would translate into a benign 0.2% seasonally adjusted monthly pace, and the Bank's core measures should also provide comforting news about where inflation stood before the energy shock. Retail sales could match the flash estimate with a 1.5% January gain, but that's a lonely outlier among other Q1 data that have looked weak, and comes off a soft stretch for real retail volumes.

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

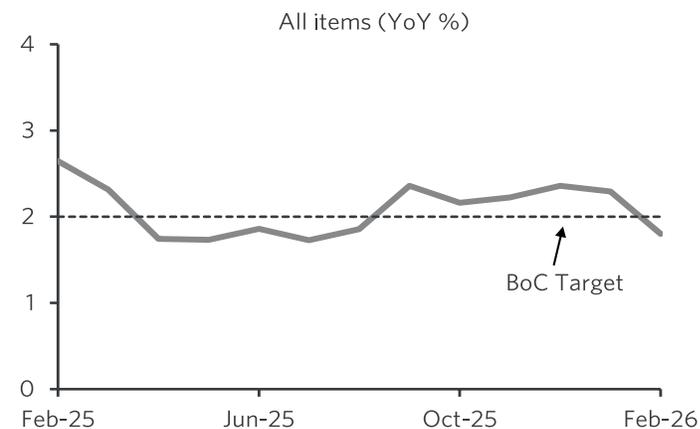
(Monday, 8:30 am)

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Variable (%)	CIBC	Mkt	Prior
CPI NSA (m/m)	0.6	0.6	0.0
CPI (y/y)	1.8	1.9	2.3

Energy prices increased in February ahead of the war, which will drive an acceleration in headline inflation to 0.6% m/m non-seasonally adjusted, or a more tame 0.2% in seasonally adjusted terms, with base effects leaving annual inflation several ticks slower at 1.8% y/y. Soft underlying demand in line with labour market slack likely kept core price pressures in check, in addition to the slowdown in rental rates, with both CPI trim and median expected to increase by 0.1% m/m SA.

Chart: Canadian consumer price index



Source: Statistics Canada, Haver Analytics, CIBC

Forecast implications — With core price pressures contained ahead of the oil price shock, the Bank of Canada is likely to play down its concern around higher energy prices, which could see the headline CPI escalate to just under 3% y/y in the months ahead. Tame demand should keep core services inflation muted, along with the deceleration in rents, leaving the Bank of Canada on the sidelines.

Other Canadian releases: Retail sales—January

(Friday, 8:30 am)

Retail sales likely rebounded by 1.5% in January, as suggested by the advance estimate, with most of that being driven by higher volumes, as goods prices were largely flat. However, that follows two quarters of contraction in volume terms, suggesting that there is still lots of ground for consumers to make up to return to a healthy level of spending. Looking ahead, higher prices at the pump will eat into discretionary spending.

There are no major US data releases next week.

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