9 June 2026

Macro Monthly

Economics
GLOBAL

Hard data holding up for now

- The Middle East conflict is increasingly feeding through to inflation, particularly energy related components…
- …leading to weaker business and consumer survey data, but hard data are still holding up for now
- We expect rate hikes in the eurozone, UK and Japan while the US is likely to be in wait-and-see mode

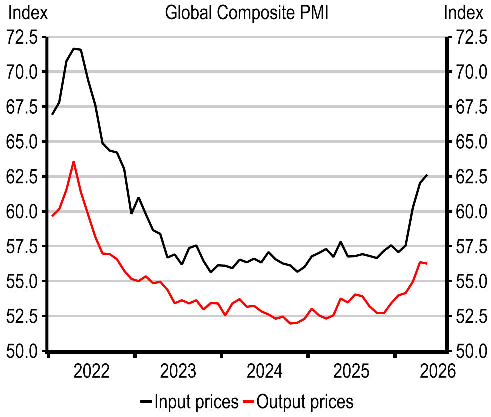
We are now more than 100 days into the US-Iran conflict, and its effects are now showing up in the inflation data. While a framework deal was agreed at the end of May for a 60-day ceasefire, to allow negotiations on Iran's nuclear programme (BBC, 31 May 2026), air strikes between Iran and Israel continue. It is unclear at the time of writing when a final agreement will be reached. For the global economy, the key uncertainty is **how quickly the Strait of Hormuz can reopen**, but even if a reopening happens soon, there will still be scars through commodity markets for some time.

Cost pressures

Oil shipments through the Strait of Hormuz remain limited and the IEA has flagged the risk of oil inventories running out soon. That poses substantial upside risks to oil prices. In the CPI data across the world we've had for April and May, **we can see a clear rise in energy-related components** – such as retail petrol prices, air fares, and broader household energy prices – **but core (non-transport) inflation has been much more subdued**. In addition, the heightened risk of El Niño could add further pressure to food prices and help to keep headline inflation elevated for several more months. We continue to watch for signs of the **clear cost pressure for businesses**, as evident in the PMI surveys (charts 1 and 2), being passed on in more broad-based inflation.

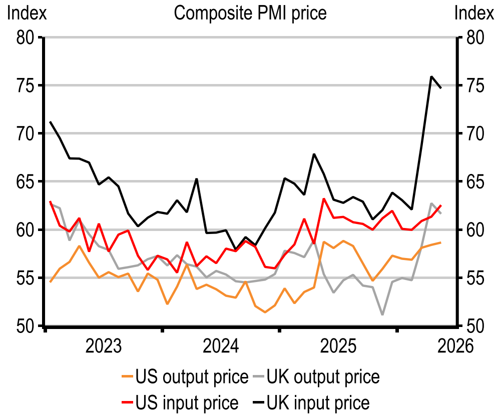
Businesses expect inflation to rise in the coming months

1. Cost pressures are clearly building for firms…



Source: S&P Global, Latest data: May 2026

2. …particularly in the US and UK



Source: S&P Global, Latest data: May 2026

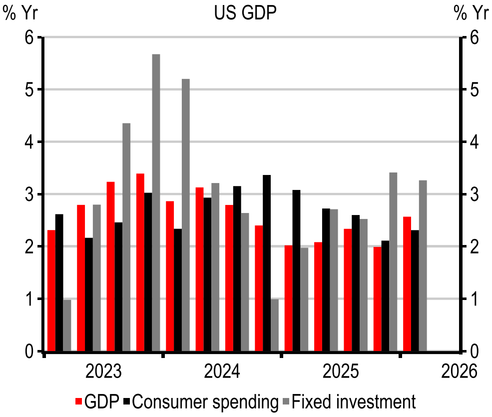
Meanwhile, survey indicators such as PMIs, and other business and consumer sentiment measures, **point to weaker confidence**, signs of front-loading, and subdued demand conditions.

Robust hard data

US consumption and labour market appear resilient

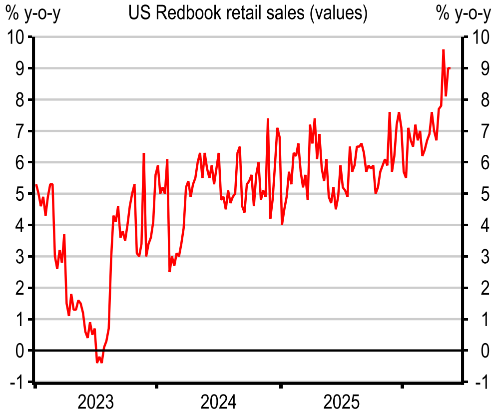
However, **hard data have yet to reflect this slowdown** in many countries, particularly the US, where consumption and the labour market appear resilient. Q1 GDP data across the world was reasonably strong, buoyed by a combination of consumption, and AI-related investment and exports (particularly in Korea, Taiwan, and the US). This is likely to be the calm before the storm, with the impact of the supply chain and inflation shocks from the Middle East **yet to hit much of the activity data**, particularly in Southeast Asia. Activity has slowed in mainland China, and weak domestic data are at odds with a rebound in exports. Still, plans to expand public services access to migrant workers should give a boost to consumption in the medium term.

3. Q1 GDP in the US remained robust, still driven by AI investment…



Source: BEA, Latest data: 2026 Q1

4. …while consumption is holding up well



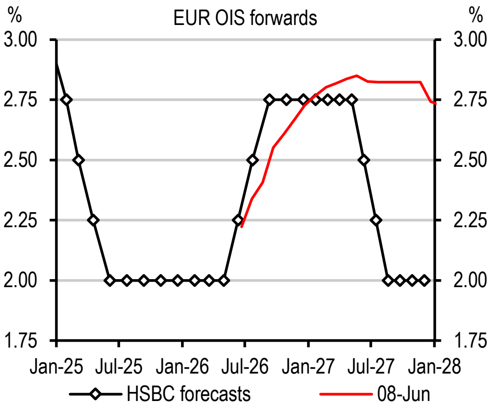
Source: Redbook Latest data: May 2026

Rate hikes

We expect the US to keep rates steady for now

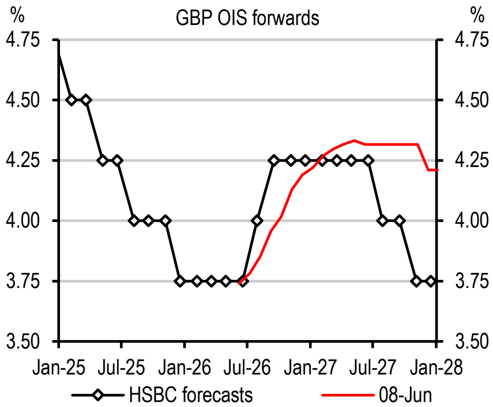
These dynamics have complicated the policy outlook. Central banks in Australia, Norway, Indonesia, and the Philippines have **already raised policy rates**. We expect other major central banks, such as the European Central Bank, Bank of England, and Bank of Japan, **to follow**. By contrast, the US Federal Reserve is likely to remain in **wait-and-see mode**, with a close eye on the data.

5. The European Central Bank is likely to lift rates in June…



Source: Bloomberg, Latest data: 8 June 2026. Note: OIS = Overnight Index Swap

6. …and the Bank of England is likely to hike twice, starting in July



Source: Bloomberg, Latest data: 8 June 2026. Note: OIS = Overnight Index Swap

Key recent releases

Date	Market	Release	Period	Actual	Consensus expectation	Prior	Actual vs. Consensus
14 May	UK	GDP (% y-o-y)	Q1, flash	1.1	0.8	1.0	↑
18 May	Mainland China	Industrial production (% y-o-y)	Apr	4.1	6.0	5.7	↓
18 May	Mainland China	Retail sales (% y-o-y)	Apr	0.2	2.0	1.7	↓
20 May	UK	CPI (% y-o-y)	Apr	2.8	3.0	3.3	↓
1 Jun	US	ISM manufacturing (Index)	May	54.0	53.0	52.7	↑
2 Jun	Eurozone	HICP (% y-o-y)	May, flash	3.2	3.2	3.0	→
3 Jun	US	ISM services (Index)	May	54.5	53.8	53.6	↑
5 Jun	US	Unemployment rate (%)	May	4.3	4.3	4.3	→
5 Jun	US	Nonfarm payrolls, monthly change (000s)	May	172	85	179	↑

Source: Bloomberg, HSBC
↑ Positive surprise – actual is higher than consensus, ↓ Negative surprise – actual is lower than consensus, → Actual is in line with consensus

Key upcoming events

Date	Market	Release	Period
16 Jun	Mainland China	Retail Sales	May
17 Jun	UK	CPI	May
18 Jun	UK	Bank of England interest rate announcement	-
18 Jun	US	Federal Reserve interest rate announcement	-
19 Jun	UK	Retail Sales	May
22 Jun	Mainland China	People's Bank of China interest rate announcement	Jun
23 Jun	EU / UK / US	PMIs	Jun
30 Jun	Mainland China	NBS Manufacturing PMI	Jun
30 Jun	UK	GDP	Q1
1 Jul	Eurozone	HICP	Jun
2 Jul	US	Non-Farm Payrolls	Jun

Source: LSEG Eikon, HSBC

Disclosure appendix

Important disclosures

1 This report is dated as at 09 June 2026.

2 All market data included in this report are dated as at close 08 June 2026, unless a different date and/or a specific time of day is indicated in the report.

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