8 September 2026

Macro Monthly

Economics
GLOBAL

Global data defying headwinds

- Headline inflation risks are growing again but core price data remain well-behaved for now
- Growth data are faring better than expected – even in economies not seeing much of an AI-related boost
- Policymakers have a tough path to tread, balancing inflation and growth risks in both directions

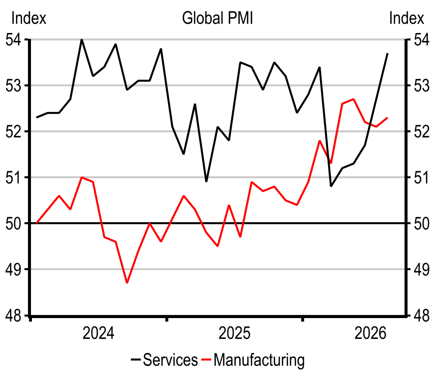
More than six months into the Middle East conflict, there's still no resolution in sight. Energy prices remain volatile: Brent crude has climbed again, and natural gas prices are still elevated. On top of this, El Niño conditions have intensified in recent weeks, putting pressure on food prices alongside the impact of the recent hot weather and drought in many parts of the world.

Shrugging off risks

Global business survey data have been improving

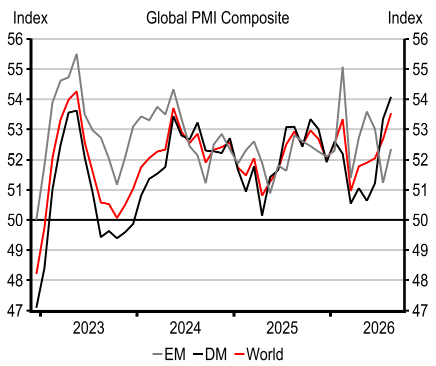
Given those pressures, it's even more surprising how 'good' much of the global economic data has been. The **composite global PMI hit a 27-month high in August**, with price indices largely looking a lot better, and that has been reflected in GDP data for Q2 holding up or surprising to the upside in much of the world.

1. Global PMI data are improving…



Source: S&P Global Latest data: August 2026

2. …with the global composite up at a 27-month high in August



Source: S&P Global Latest data: August 2026

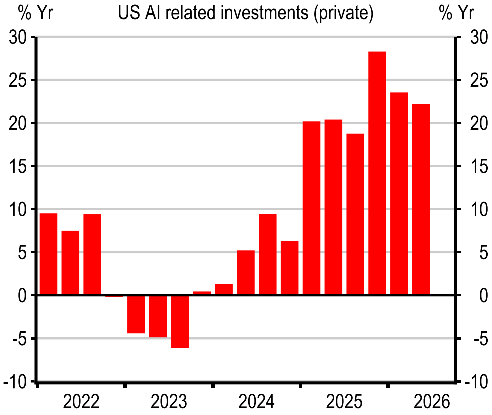
Core inflation remains benign despite food and energy risks

The inflation impact has been much more benign, too. Despite these headline inflation risks from food and energy, sequential **core inflation data remains remarkably under control**, even in the US, where core inflation has slowed a little and wage growth has cooled to 3.1% y-o-y despite strong payroll gains in August.

AI investment continues to support growth

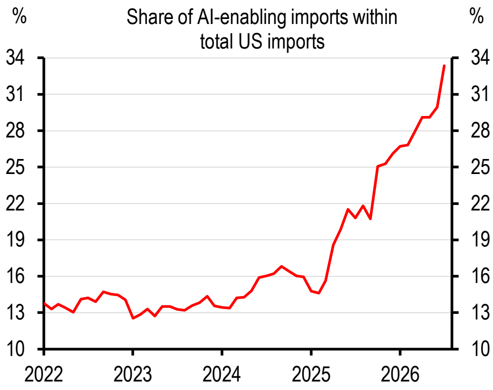
Of course, **a decent portion of this resilience remains AI** – with the build out across the world keeping export orders and semiconductor exports exceptionally strong in Taiwan while in the US imports of AI-enabling goods have risen to record highs, now accounting for more than 30% of its total imports.

3. AI related investment also continues to lift growth in the US…



Source: BEA Latest data:2026 Q2

4. …as the AI buildout continues



Source: HSBC, US Census Bureau Note: Based on World Bank list of AI-enabling goods

High-tech exports are booming in mainland China

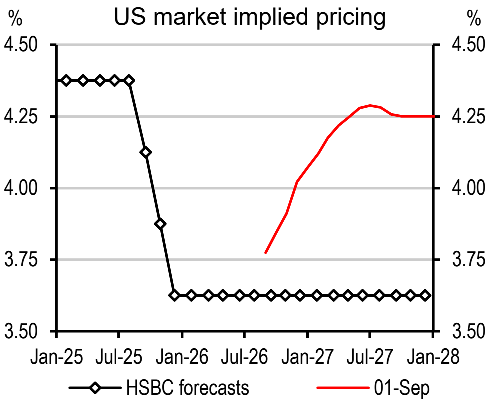
AI remains a key part of the story for mainland China, too, **with high-tech exports booming**, but domestic activity remains subdued. India, by contrast, continues to post robust growth: Q2 GDP held up well, rising by 7.8% y-o-y, supported by **strong consumption and government capital expenditure**. In Europe, activity data have troughed, with **retail sales and consumer confidence edging up** and we recently revised our 2026 eurozone GDP forecast to 0.8%, up from 0.3% with defence and AI-related spending playing a key role.

Rising rate expectations

Markets are pricing higher rates in the US, EU and Japan

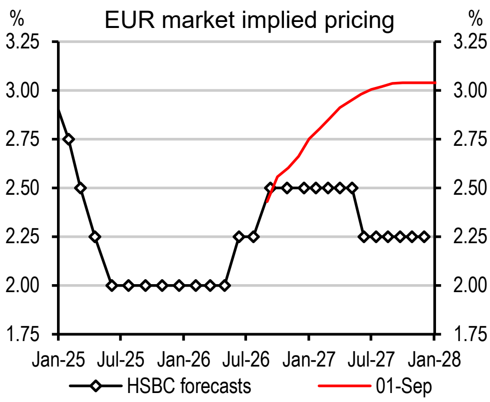
However, market concerns over fiscal sustainability have risen again – with global bond yields spiking despite the US Treasury announcement of increased purchase plans. Rising inflation risks and worries over higher short-term interest rates have played a role, **with markets pricing more tightening in the US** following Fed Chair Kevin Warsh's Jackson Hole speech, but we think it will be a close call. We expect the European Central Bank (ECB) and Bank of Japan (BoJ) to raise rates again in September, but policymakers the world over must balance the resilience in growth and the upside headline inflation risks against more benign core price data and cooler labour markets.

5. For the Fed, September, October, and December all look like 'live' meetings



Source: Bloomberg, Latest data: September 1, 2026

6. The ECB will likely hike in September



Source: Bloomberg, Latest data: September 1, 2026

Key recent releases

Date	Market	Release	Period	Actual	Consensus expectation	Prior	Actual vs. Consensus
17 Aug	Mainland China	Retail sales (% y-o-y)	Jul	0.6	1.5	1.0	↓
17 Aug	Mainland China	Industrial production (% y-o-y)	Jul	4.5	5.0	5.3	↓
19 Aug	UK	CPI (% y-o-y)	Jul	2.9	2.9	2.6	→
21 Aug	Eurozone	Manufacturing PMI (Index)	Aug, flash	52.8	51.8	51.9	↑
21 Aug	Eurozone	Services PMI (Index)	Aug, flash	51.5	51.7	51.7	↑
26 Aug	US	Total PCE price index (% y-o-y)	Jul	3.7	3.6	3.7	↑
1 Sep	Eurozone	HICP (% y-o-y)	Aug, flash	3.3	3.3	2.9	→
4 Sep	US	Nonfarm payrolls, monthly change (000s)	Aug	162	55	-23	↑

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
10 Sep	Eurozone	European Central Bank interest rate announcement	-
11 Sep	UK	GDP	Jul
11 Sep	US	CPI	Aug
15 Sep	Mainland China	Retail Sales	Aug
16 Sep	UK	CPI	Aug
16 Sep	US	Retail Sales	Aug
17 Sep	US	Federal Reserve interest rate announcement	-
17 Sep	UK	Bank of England interest rate announcement	-
18 Sep	Japan	Bank of Japan interest rate announcement	-
18 Sep	UK	Retail Sales	Aug
21 Sep	Mainland China	People's Bank of China interest rate announcement	-
23 Sep	EU, UK, US	PMIs	Sep
30 Sep	UK	GDP	Q2
2 Oct	Eurozone	HICP	Sep
2 Oct	US	Non-Farm Payrolls	Sep

Source: LSEG Eikon, HSBC

Disclosure appendix

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