

## Economics

## THE WEEK AHEAD

May 11 - 15, 2026

## Mr. Warsh goes to Washington

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

The week ahead will see Kevin Warsh gain Senate approval, ready to take up the reins as the incoming Fed chair. We're frequently asked what we think of that prospect, and as a PhD holder in economics, admit to having a bias in favour of those in that tribe. After all, one would expect the Surgeon General to be a physician. Greenspan, Bernanke and Yellen were all distinguished professional economists, but Powell was not, and so the need to be an eminent monetary policy scholar seems to no longer be a criterion.

As for Warsh's track record in his past service at the Fed, it's a mixed bag. He was a hawkish outlier on the FOMC at a time in which, with hindsight, that wasn't the right call. But he is said to have played a valuable role as a go-between between the central bank and Wall Street.

Concerns have been raised over his independence from the White House, given that since Trump assumed office, Warsh flipped to become more dovish than the current committee. One idea he's touted, that a rate cut is justified by expectations of faster productivity, seems to be counting on chickens before they hatch. We haven't really seen that disinflation yet. While AI-related labour productivity gains can reduce costs, there are new costs to be borne in data centres and power plants, and productivity gains are often associated with economic booms that are accompanied by higher inflation.

We doubt, however, that his dovish tilt will matter much for upcoming rate decisions. Indeed, Warsh is likely to have to assert his independence by voting against a rate cut on June 17. No Fed chair can afford to be a lone dissenting vote on a committee that, is unlikely to have another vote for an immediate rate cut. If, as we expect, the next Fed move after the energy shock has died down ends up being a cut, it's worth remembering that the majority on the current committee also sees it that way.

Some of what Warsh has written about slashing the Fed's balance sheet reads to this economist as a bit imprecise, and perhaps not a fully-formed strategy that takes into account all of the nuances in the banking system. But remember that,

once in office, Warsh will be able to draw on the expertise of a large team of policy geeks on the Fed staff, and won't be flying solo in setting balance sheet policy. Moreover, disfunctions in the market will show up if the balance sheet is cut too sharply, giving time for policymakers to reconsider.

Other ideas Warsh has touted would represent shifts from recent Fed behaviour, but would be more of a return to the Fed's historical modus operandi. There's a case for dialing back the degree of forward guidance, with fewer speeches and no explicit "dot plot". Markets sometimes take that hazy guidance too literally, and the Fed may be wedded to sticking to what it had said while the facts on the ground change.

We're not entirely clear on Warsh's message about coordinating policy more closely with the Treasury, and some of that seems to bump up against the need for independence. But there are certainly some areas where that is sensible. The Treasury, through its decisions on what to issue, and the Fed, through its bond holdings, can end up working at cross purposes if, for example, the Fed is attempting to flatten the curve by adding duration to its holdings just as the Fed is lengthening the duration of its issuance. The Fed has also historically executed FX interventions at the request of Treasury, and there has likely been some discussions about decisions surrounding the extension of swap lines to other countries.

Add it all up, having Mr. Warsh go to Washington might end up being more of a change in tone than substance, at least while the rest of the committee remains intact. Sure, we've added someone whose inclination is to be dovish, at least when a Republican is in the White House. But the committee might actually be a shade less dovish than it was last month. Warsh is taking the seat of the FOMCs most reliable dove, Stephen Miran, who inexplicably provided a lone vote for a May rate cut amid surging energy prices and a mere 4.3% unemployment rate. As for a PhD in economics providing better judgement, we concede that Miran does hold that degree, and from this writer's alma mater.

## 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 11	10:30 AM	Release: Market Participants Survey	-	-	-	-	-
Tuesday, May 12	-	-	-	-	-	-	-
Wednesday, May 13	-	AUCTION: 5-YR CANADAS \$5B	-	-	-	-	-
Wednesday, May 13	9:00 AM	Speaker: Michelle Alexopoulos (External Deputy gov.)	-	-	-	-	-
Wednesday, May 13	1:30 PM	Publication: Summary of Deliberations	-	-	-	-	-
Thursday, May 14	8:30 AM	EXISTING HOME SALES M/M	(Apr)	(M)	-	-	-0.1%
Thursday, May 14	8:30 AM	WHOLESALE SALES EX-PETROLEUM M/M	(Mar)	(M)	1.4%	-	2.0%
Friday, May 15	8:15 AM	HOUSING STARTS SAAR	(Apr)	(M)	240.0K	245.0K	235.9K
Friday, May 15	8:30 AM	INT'L. SEC. TRANSACTIONS	(Mar)	(M)	-	-	\$6.2B
Friday, May 15	8:30 AM	MANUFACTURING SHIPMENTS M/M	(Mar)	(M)	3.5%	3.5%	3.6%

## 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 11	-	AUCTION: 3-YR TREASURIES \$58B	-	-	-	-	-
Monday, May 11	10:00 AM	EXISTING HOME SALES SAAR	(Apr)	(M)	-	4.1M	4M
Monday, May 11	10:00 AM	EXISTING HOME SALES M/M	(Apr)	(M)	-	2.0%	-3.6%
Tuesday, May 12	-	AUCTION: 1-YR TREASURIES \$50B	-	-	-	-	-
Tuesday, May 12	-	AUCTION: 10-YR TREASURIES \$42B	-	-	-	-	-
Tuesday, May 12	8:30 AM	CPI M/M	(Apr)	(H)	0.5%	0.6%	0.9%
Tuesday, May 12	8:30 AM	CPI M/M (core)	(Apr)	(H)	0.3%	0.3%	0.2%
Tuesday, May 12	8:30 AM	CPI Y/Y	(Apr)	(H)	3.6%	3.7%	3.3%
Tuesday, May 12	8:30 AM	CPI Y/Y (core)	(Apr)	(H)	2.7%	2.7%	2.6%
Tuesday, May 12	2:00 PM	FEDERAL BUDGET BALANCE	(Apr)	(L)	-	-	-\$164.1B
Tuesday, May 12	1:00 PM	Speaker: Austan D. Goolsbee, Chicago (Non-Voter)	-	-	-	-	-
Wednesday, May 13	-	AUCTION: 30-YR TREASURIES \$25B	-	-	-	-	-
Wednesday, May 13	7:00 AM	MBA-APPLICATIONS	(May 8)	(L)	-	-	-4.4%
Wednesday, May 13	8:30 AM	PPI M/M	(Apr)	(M)	0.5%	0.5%	0.5%
Wednesday, May 13	8:30 AM	PPI M/M (core)	(Apr)	(M)	0.3%	0.3%	0.1%
Wednesday, May 13	8:30 AM	PPI Y/Y	(Apr)	(M)	-	4.9%	4.0%
Wednesday, May 13	8:30 AM	PPI Y/Y (core)	(Apr)	(M)	-	4.3%	3.8%
Wednesday, May 13	11:30 AM	Speaker: Susan M. Collins (Boston) (Non-Voter)	-	-	-	-	-
Wednesday, May 13	1:15 PM	Speaker: Neel Kashkari (Minneapolis) (Voter)	-	-	-	-	-
Thursday, May 14	8:30 AM	INITIAL CLAIMS	(May 9)	(M)	-	206K	200K
Thursday, May 14	8:30 AM	CONTINUING CLAIMS	(May 2)	(L)	-	-	1766K
Thursday, May 14	8:30 AM	IMPORT PRICE INDEX M/M	(Apr)	(L)	-	1.1%	0.8%
Thursday, May 14	8:30 AM	EXPORT PRICE INDEX M/M	(Apr)	(L)	-	1.1%	1.6%
Thursday, May 14	8:30 AM	RETAIL SALES M/M	(Apr)	(H)	0.7%	0.5%	1.7%
Thursday, May 14	8:30 AM	RETAIL SALES (X-AUTOS) M/M	(Apr)	(H)	0.8%	0.6%	1.9%
Thursday, May 14	8:30 AM	RETAIL SALES CONTROL GROUP M/M	(Apr)	(H)	0.4%	0.4%	0.7%
Thursday, May 14	10:00 AM	BUSINESS INVENTORIES M/M	(Mar)	(L)	-	0.3%	0.4%
Thursday, May 14	1:00 PM	Speaker: Beth M. Hammack (Cleveland) (Voter)	-	-	-	-	-
Thursday, May 14	5:30 PM	Speaker: Michael S. Barr (Governor) (Voter)	-	-	-	-	-
Friday, May 15	8:30 AM	NEW YORK FED (EMPIRE)	(May)	(M)	-	8.0	11.0
Friday, May 15	9:15 AM	INDUSTRIAL PRODUCTION M/M	(Apr)	(H)	0.2%	0.2%	-0.5%
Friday, May 15	9:15 AM	CAPACITY UTILIZATION	(Apr)	(M)	75.9%	75.8%	75.7%

## Week Ahead's market call

by Avery Shenfeld

In the **US**, we'll see the next gasoline-related jump in headline CPI in the April data (cushioned slightly because there's a seasonal rise in gas prices that gets stripped out), but might also pick up the first spillover into core inflation, with more of that to come in May/June if energy prices stay elevated. Softness in rent inflation is the key barrier to a more material rise in core inflation. Retail sales will get a lift in nominal terms from these price hikes that will more than offset softer unit auto sales, but even the core measure will have some momentum, helped by tax refunds. We're not far from consensus on these key releases, and once again, headlines on the conflict in the middle east will dominate market trends.

In **Canada**, manufacturing shipments should look reasonably healthy in March, but will look weaker in volume terms. Home sales and housing starts won't alter the picture of a sector that's been a drag on growth in the past year. But overall, it's a quiet week ahead for domestic news, leaving the Canadian market steered by developments in the Persian Gulf.

**There are no major Canadian data releases next week.**

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

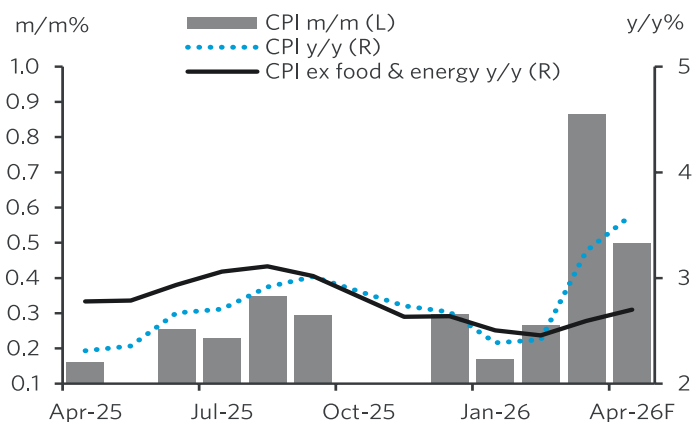
(Tuesday, 8:30 am)

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Variable (%)	CIBC	Mkt	Prior
Headline CPI (m/m)	0.5	0.6	0.9
Headline CPI (y/y)	3.6	3.7	3.3
Core CPI (m/m)	0.3	0.3	0.2
Core CPI (y/y)	2.7	2.7	2.6

Monthly headline price pressures likely eased slightly in April while still remaining red-hot, leaving annual inflation stronger at 3.6% y/y. That will reflect the continued lift to gasoline prices from the oil price shock, and the first signs of increases in core elements tied to passthrough, which could have seen the ex. food/energy index accelerate to 0.3% m/m. Tariffs could have also boosted goods prices, although decelerating rents are providing a partial offset, in line with the slowdown in population growth and a weak housing market.

Chart: US consumer price index



Source: BLS, Haver Analytics, CIBC

**Forecast implications** — Annual inflation is set to move closer to 4% in May, which will keep the Fed on the sidelines for now. But if oil prices head sustainably lower in the summer months, the Fed could look through the one-time lift to prices from tariffs and cut rates in December.

## Other US Releases: Retail sales—April

(Thursday, 8:30 am)

The 0.7% headline retail sales increase that we expect for April will include a boost from higher gasoline prices against a drop off in unit auto sales. Although higher gasoline prices will have left less money for spending on discretionary goods and services, higher tax refunds could have provided a buffer, leaving control group spending still at a moderate 0.4% pace.

## Industrial production—April

(Friday, 9:15 am)

Industrial production likely returned to a trend-like 0.2% m/m pace in April, following a drop in the prior month that reflected a normalization in temperatures which constrained utilities output. That could mask some weakness in manufacturing, as the ISM's survey showed that war-related bottlenecks worsened, which could have worked to limit production along with higher input costs and demand worries.

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