

## Economics

# THE WEEK AHEAD

June 8 - 12, 2026

## The “consecutive” question

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

Markets sometimes have a habit of clinging onto one particular phrase or word in central bank statements or other communications, and in doing so lose sight of the underlying message. While policymakers noted two-sided risks to interest rates during the last meeting, financial markets clung onto the term “consecutive” that was used to describe a possible rate hike scenario in an elevated oil price environment.

But whether or not that phrase is repeated in the coming week, the underlying tone from the Bank is likely to remain very balanced, noting that in today’s world of heightened uncertainty there remains a risk of interest rate moves in either direction. Also, for now, that nothing is imminent and policymakers are happy to wait and see how some of these risks play out.

Oil prices haven’t retreated as quickly as the Bank of Canada assumed in its April MPR base case, and futures markets are expecting a higher price at the end of the year than they were six weeks ago. However, oil prices are still lower than what the Bank used in its scenario analysis of persistently higher inflation.

Perhaps more importantly, however, is that economic data since April’s meeting hasn’t exactly been screaming that higher interest rates would be needed even in a more elevated oil price environment. Crucially, core measures of inflation have continued to decelerate, and even though some pick-up will be seen as higher airfares are included over the summer, the lower starting point should help reassure policymakers that a widespread run up in inflation is unlikely.

While the job market appears a little tighter following today’s strong Labour Force Survey, we still haven’t improved beyond recent peaks and troughs in the employment-population ratio or unemployment rate respectively, and both are still a long way away from levels that we believe are consistent with a 2% inflation target over the longer-term.

The Bank of Canada is likely to push back on the view that two consecutive quarters of GDP contraction constitute a recession, given that the magnitude of the decline is small and well within the range of future data revisions, as well as evidence that the economy is rebounding again in Q2.

However, they will have to concede that, looking through the volatility, the 1% average growth rate we seem to be tracking for the first half of the year is a touch weaker than they had previously been forecasting. Moreover, with GDP data showing continued weakness in interest rate sensitive sectors of the economy, the Bank should be questioning just how much (if at all) the current interest rate setting is spurring growth and inflation.

So next week’s statement and press conference is likely to continue to point to two-sided risk for interest rates. Higher oil prices and inflationary pressures could warrant interest rate hikes at some point, but the potential for higher tariffs if CUSMA negotiations don’t progress well could warrant further cuts. Investors should be wary of paying too much attention if the word “consecutive” is used again in reference to a potential rate hike scenario, because the Bank is also likely to suggest that nothing is imminent at this stage and that policymakers are more than happy to wait to see how these risks play out.

## 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, June 8	-	-	-	-	-	-	-
Tuesday, June 9	8:30 AM	MERCHANDISE TRADE BALANCE	(Apr)	(H)	\$2.7B	\$2.0B	\$1.8B
Wednesday, June 10	9:45 AM	BANK OF CANADA RATE ANNOUNCEMENT	(Jun 10)	(H)	2.25%	2.25%	2.25%
Thursday, June 11	-	AUCTION: 10-YR CANADAS \$5B	-	-	-	-	-
Thursday, June 11	8:30 AM	BUILDING PERMITS M/M	(Apr)	(M)	-	-	10.3%
Thursday, June 11	8:30 AM	CAPACITY UTILIZATION	(1Q)	(L)	-	-	78.5%
Friday, June 12	-	-	-	-	-	-	-

## 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, June 8	-	-	-	-	-	-	-
Tuesday, June 9	-	AUCTION: 1-YR TREASURIES \$50B	-	-	-	-	-
Tuesday, June 9	-	AUCTION: 3-YR TREASURIES \$58B	-	-	-	-	-
Tuesday, June 9	8:30 AM	GOODS & SERVICES TRADE BALANCE	(Apr)	(H)	-\$55.5B	-\$55.5B	-\$60.3B
Tuesday, June 9	10:00 AM	EXISTING HOME SALES SAAR	(May)	(M)	-	4.1M	4M
Tuesday, June 9	10:00 AM	EXISTING HOME SALES M/M	(May)	(M)	-	0.9%	0.2%
Tuesday, June 9	10:00 AM	WHOLESALE INVENTORIES M/M	(Apr)	(L)	-	-	0.5%
Wednesday, June 10	-	AUCTION: 10-YR TREASURIES \$39B	-	-	-	-	-
Wednesday, June 10	7:00 AM	MBA-APPLICATIONS	(Jun 5)	(L)	-	-	-2.5%
Wednesday, June 10	8:30 AM	CPI M/M	(May)	(H)	0.6%	0.5%	0.6%
Wednesday, June 10	8:30 AM	CPI M/M (core)	(May)	(H)	0.3%	0.3%	0.4%
Wednesday, June 10	8:30 AM	CPI Y/Y	(May)	(H)	4.3%	4.2%	3.8%
Wednesday, June 10	8:30 AM	CPI Y/Y (core)	(May)	(H)	2.9%	2.9%	2.8%
Wednesday, June 10	2:00 PM	FEDERAL BUDGET BALANCE	(May)	(L)	-	-	\$215.0B
Thursday, June 11	-	AUCTION: 30-YR TREASURIES \$22B	-	-	-	-	-
Thursday, June 11	8:30 AM	INITIAL CLAIMS	(Jun 6)	(M)	-	-	225K
Thursday, June 11	8:30 AM	CONTINUING CLAIMS	(May 30)	(L)	-	-	1777K
Thursday, June 11	8:30 AM	PPI M/M	(May)	(M)	0.7%	0.7%	1.4%
Thursday, June 11	8:30 AM	PPI M/M (core)	(May)	(M)	0.5%	0.5%	1.0%
Thursday, June 11	8:30 AM	PPI Y/Y	(May)	(M)	-	-	6.0%
Thursday, June 11	8:30 AM	PPI Y/Y (core)	(May)	(M)	-	-	5.2%
Friday, June 12	10:00 AM	MICHIGAN CONSUMER SENTIMENT	(Jun P)	(H)	-	46.0	44.8

## Week Ahead's market call

by Helen Lao and Andrew Grantham

In the **US**, with gasoline prices staying elevated, we will see another significant increase in headline CPI in the May data. With total CPI expected to reach above 4% and core CPI close to 3% on an annual basis, the policy debate in the US is shifting towards a marginal hike. We expect the May PPI to also show a strong print, which implies that more inflationary pressures could be in the pipeline. But with a labour market that is still in balance as seen in today's job numbers and consumption showing signs of easing, the Fed will likely just be on pause for the rest of the year.

In **Canada**, the Bank will hold rates steady and continue to stress that trade and oil price uncertainty mean that there are risks for interest rate moves in both directions. Trade data will be flattered once again by oil prices, but judging by advance indicators could also show solid growth in export volumes for manufactured goods.

## Week Ahead's key Canadian number: Merchandise trade balance—April

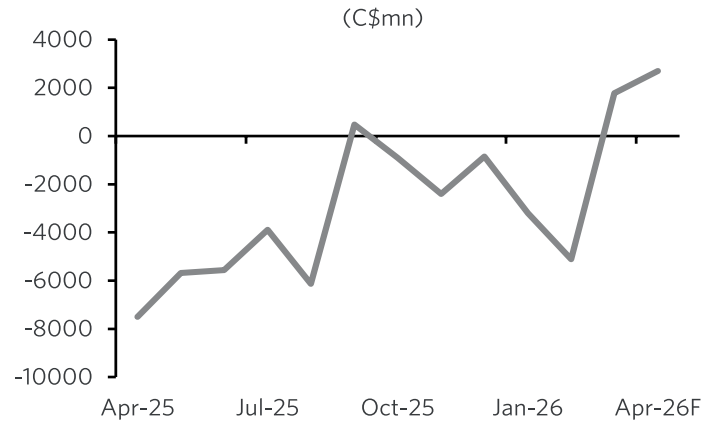
(Tuesday, 8:30 am)

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Variable	CIBC	Mkt	Prior
Trade balance	\$2.7B	\$2.0B	\$1.8B

Canada's trade surplus likely grew in April, due to a further rise in oil prices and signs of further recovery in export volumes of manufactured goods. Energy will have played a major part in the expected surplus, with oil prices rising further in April and with US data suggesting volumes were little changed relative to the previous month. Advance manufacturing data for April have pointed to a further rebound in the auto sector, and that should also show up in higher exports during the month.

Chart: Canadian trade balance



Source: Statistics Canada, Haver Analytics, CIBC

**Forecast implications** — While Canada's trade surplus is being driven mainly by higher oil prices, an improvement in export volumes as well will provide a boost to real GDP growth in Q2. Whether that can continue into the second half of the year, however, will depend on upcoming trade discussions with the US and any progress made to reduce some of the sector-specific tariffs currently in place.

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

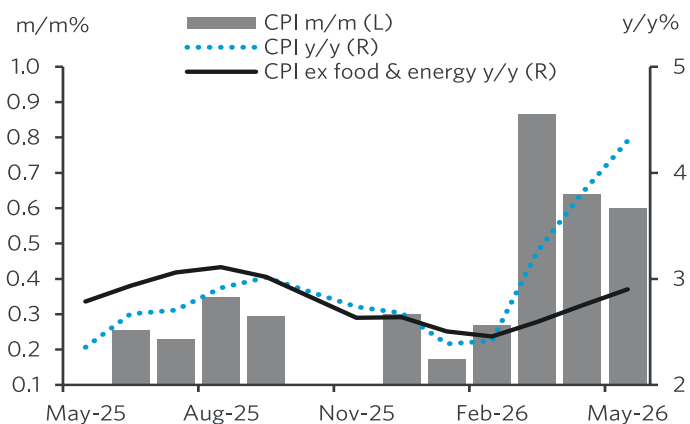
(Wednesday, 8:30 am)

Helen Lao [helen.lao@cibc.com](mailto:helen.lao@cibc.com)

Variable (%)	CIBC	Mkt	Prior
Headline CPI (m/m)	0.6	0.5	0.6
Headline CPI (y/y)	4.3	4.2	3.8
Core CPI (m/m)	0.3	0.3	0.4
Core CPI (y/y)	2.9	2.9	2.8

Inflation continues to heat up in the US, with headline CPI expected to increase and surpass 4% on an annual basis in May. Although a large part of this will continue to reflect higher gasoline prices from the oil price shock, passthrough to core inflation should become more apparent in some services components such as airfares. Tariffs could have also boosted goods prices and the recent shortage of memory-chips and strong demand are pushing up prices of some AI-related items (e.g., computer software and accessories). We expect monthly growth of rent prices to decelerate after April's outsized 0.6% jump partly due to a technical quirk from the government shutdown.

Chart: US consumer price index



Source: BLS, Haver Analytics, CIBC

**Forecast implications** — Total inflation is expected to remain around 4% on an annual basis for the summer months, with core inflation around 3%, the top of the Fed's target range. This will keep the Fed on the sidelines for now but on close watch. Even if oil prices were to come down sustainably in the upcoming months, the Fed will still be in no hurry at all to cut rates.

**Market implications** — We are on consensus for the more important core inflation measure which should limit any market reaction.

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