

The Week Ahead: UK CPI and labour data in focus; US FOMC minutes critical

► **US: January NFP reinforces labour resilience; Fed minutes eyed**

US nonfarm payrolls rose by 130K in January, well above consensus (65K), while the unemployment rate edged down to 4.3% and wage growth strengthened to 0.4% m-o-m (3.7% y-o-y) — a combination that underscores ongoing labour-market resilience and supports the Fed's patient stance. However, it is too early to conclude that the labour market is re-accelerating. January data is prone to measurement noise and residual seasonality, complicating signal extraction from a single print. In addition, recent changes to the Bureau of Labor Statistics' (BLS) birth-death model likely added some upward bias to job growth. Hiring also remained highly concentrated in healthcare and social assistance, as well as construction, limiting evidence of broad-based job growth. More importantly, the benchmark revision – which lowered payroll employment by 862K for April 2024-March 2025, largely in line with the preliminary September revision – confirms that trend hiring through 2025 was weaker than previously thought, tempering the signal from one month's upside surprise.

The report reinforces the case for the Fed to remain on hold, pending clearer evidence on underlying labour-market momentum and inflation dynamics. The data also limits the need for near-term rate cuts. Market pricing for the next rate cut has shifted to July from June following the NFP and CPI releases. The FOMC minutes, due Wednesday, should echo this message, reinforcing a patient and data-dependent stance, alongside highlighting persistent services inflation and labour-market resilience as arguments against premature easing.

► **US: Core CPI firm; data unlikely to alter Fed's near-term path**

January US CPI came in broadly in line with expectations, delivering a benign headline but a firmer core, reinforcing the Fed's case for patience. The headline CPI print undershot slightly, rising 0.2% m-o-m (consensus: 0.3%), largely due to lower energy prices. Core CPI accelerated 0.3% m-o-m, matching consensus, and marking a rare January print that did not overshoot forecasts. On an annual basis, headline CPI moderated to 2.4% y-o-y (December: 2.7%) and core to 2.5% (December: 2.6). Core goods prices were broadly flat (0.04% m-o-m), as a sharp decline in used car prices offset signs of tariff-related pressures in import-heavy categories such as apparel and recreation goods. Services inflation firmed (0.39% m-o-m; December: 0.27%), led by airfares and other travel-related components, though the increases were less broad-based and smaller than a year ago, suggesting no renewed acceleration. Importantly, shelter inflation continued to ease, with rent and owners' equivalent rent slowing further, reinforcing the view that one of the most persistent sources of inflation is gradually cooling.

Still, headline CPI softness overstates underlying progress in PCE terms – the Fed's preferred gauge of inflation. CPI-to-PCE translations point to firmer core PCE inflation for January, estimated at 0.33-0.41% m-o-m (c.3-3.1% y-o-y), reflecting differences in category weight, including a lower influence of used cars and a higher weight of services in PCE. These differences suggest that

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while CPI inflation appears to be moderating toward the target, the Fed's preferred measure remains above its comfort level, limiting the scope for any imminent policy pivot.

► **UK: CPI and labour data to test final leg of disinflation**

January CPI (Wednesday) and December labour market (Tuesday) releases will be crucial in assessing whether inflation is moving sustainably back towards the target and the disinflationary feed-through from cooling wage growth. Consensus expects CPI to decelerate to 3% in January from 3.4%, driven by softer price rises for energy and goods. However, the focus will be on any deceleration in sticky services inflation (consensus: 4.3% y-o-y; December: 4.5%), especially labour-intensive components such as rents and hospitality. In parallel, the employment report will test the extent of labour-market loosening, with pay growth trends crucial for the Bank of England. Consensus sees wage growth slowing to 4.2% (3M/y-o-y) in December from 4.5%, with unemployment steady at 5.1%. A combination of cooler service prices and easing wage pressures would support the case for gradual BoE rate cuts later this year, while any upside surprise – especially on earnings – would argue for caution, underscoring the central role of domestic cost dynamics. We expect two 25 bps cuts, in March and September, on labour market cooling and gradual disinflation.

GDP data released last week for 4Q2025 also points to the need for further monetary policy easing, though we think the onus remains on inflation and market developments. The print undershot consensus and the BoE's expectations modestly (+0.2% q-o-q), with the UK economy expanding by 0.1% q-o-q and 1% y-o-y in 4Q. Full-year 2025 GDP growth strengthened to 1.3%, versus 1.1% in 2024, though with a loss of momentum in 2H.

► **Egypt: CBE cuts by 100 bps; RRR cut signals disinflation confidence**

The Central Bank of Egypt (CBE) cut policy rates by another 100 bps last week, lowering the overnight deposit and lending rates to 19% and 20%, respectively. This was accompanied by a 200 bps cut in the reserve requirement ratio (RRR) to 16%, marking the first adjustment since the 2022 tightening, when it was raised to 18% from 14%. The RRR reduction sends a strong dovish signal, indicating that the CBE is comfortable easing liquidity conditions alongside rates and reflecting confidence that inflationary pressures are receding. We see the RRR cut as improving the pass-through of cumulative policy easing to money markets and the broader economy, supporting credit conditions without the need for more aggressive rate cuts. We expect a further phased 500 bps of rate cuts in 2026, taking the benchmark lending rate to 15% by year-end. The case for further easing is supported by sustained disinflation, improved external financing conditions, and still-restrictive real interest rates. We maintain a constructive outlook on the EGP and expect the currency to remain in a 47-49 range against the USD in 1H2026. Please see our note, **Egypt Economic Update - CBE delivers a 100 bps cut; RRR cut signals greater confidence in disinflation**, published on 13 February 2026, for further details.

► **Turkey: CBRT forecast revisions signal mildly hawkish bias**

The Central Bank of Türkiye (CBRT) raised its 2026 year-end inflation forecast range by 2 pp to 15-21%, while keeping the interim inflation target unchanged at 16% in its February Inflation Report. This underscores the CBRT's commitment to the disinflation path, though it highlights the near-term pressures. The inflation range is more in line with our year-end inflation expectation, and we highlighted upside risks following the January inflation print. The upward adjustment to the 2026 inflation forecast was driven by changes to the CPI basket that increased the weight of services, with higher assumptions for non-energy commodity prices, and continued volatility in food prices, which are feeding into inflation expectations. The CBRT's upward revision to the forecast range signals a mildly hawkish bias, as it implicitly

acknowledges a greater persistence of inflation. Notably, CBRT Governor Fatih Karahan emphasised that monetary policy will remain data-dependent, with a high bar for faster rate cuts.

We acknowledge the risk of a smaller cut or a pause in March, contingent on any potential upside surprise in the February CPI data, which is due ahead of the March MPC meeting. We maintain our view of a further 1,000 bps of rate cuts in 2026, including 100 bps in March, with the pace of cuts accelerating from 2Q. We still expect further disinflation, which should keep the door open for additional rate cuts, especially with monetary policy remaining tight and real incomes still under pressure. The CBRT maintained its 2027 forecast band at 6-12%, and reiterated medium-term targets of 9% and 8% for 2027 and 2028, respectively.

► **India: New CPI series reinforces low-inflation regime**

India's January CPI printed at 2.8% y-o-y under the new 2024 base series, confirming that inflation remains firmly within the RBI's target band (4% +/-2%), despite a mechanical lift from methodological changes. The headline was pushed up by a lower weight for food (36.9% vs c.46%) – which is currently seeing contained price pressures – and a higher weight for services. Nevertheless, the overall inflation picture remains benign. Food inflation stayed low at 2.1% y-o-y, supported by easing vegetable and pulse prices. Meanwhile, core inflation remained relatively tame at around 3.4% y-o-y, pointing to limited demand-side pressure. We believe the revised CPI framework, with its lower food weighting, should dampen headline volatility over time and reduce sensitivity to food price shocks. The print is unlikely to materially alter the RBI's stance of a prolonged pause. In our view, a meaningful downside surprise to the growth outlook – with 4Q2025 GDP data due later this month – would be a more likely trigger for rate cuts than inflation dynamics.

I. Economic Calendar

Fig. 1. The week ahead

Time*	Country	Event	Period	Prior	Consensus
Expected this week					
	Saudi Arabia	Budget Balance	4Q	-88.52B	
	Qatar	Trade Balance Month	Jan	14086M	
	Oman	CPI, y-o-y	Jan	1.6%	
Monday, 16 February					
	Saudi Arabia	CPI, y-o-y	Jan	2.1%	
3:50	Japan	GDP Annualized SA, q-o-q	4Q P	-2.6%	1.6%
3:50	Japan	GDP SA, q-o-q	4Q P	-0.7%	0.4%
3:50	Japan	GDP Deflator, y-o-y	4Q P	3.5%	3.2%
8:30	Japan	Capacity Utilization, m-o-m	Dec	-5.3%	
8:30	Japan	Industrial Production, m-o-m	Dec F	-0.1%	
10:30	India	Wholesale Prices, y-o-y	Jan	0.8%	1.4%
	India	Trade Balance	Jan	-25046M	-25400M
	India	Exports, y-o-y	Jan	1.9%	
	India	Imports, y-o-y	Jan	8.8%	
	India	Unemployment Rate	Jan	4.8%	
Tuesday, 17 February					
11:00	Germany	CPI, m-o-m	Jan F	0.1%	0.1%
11:00	Germany	CPI, y-o-y	Jan F	2.1%	2.1%
11:00	UK	ILO Unemployment Rate, 3Mths	Dec	5.1%	5.1%
11:00	UK	Employment Change, 3M/3M	Dec	82K	108K
11:00	Germany	CPI EU Harmonized, y-o-y	Jan F	2.1%	2.1%
11:00	UK	Weekly Earning ex Bonus 3M/y-o-y	Dec	4.5%	4.2%
11:00	UK	ILO Unemployment Rate 3Mths	Dec	5.1%	5.1%
11:00	UK	Jobless Claims Change	Jan	17.9K	
14:00	Germany	ZEW Survey Expectations	Feb	59.6	65.0
14:00	Germany	ZEW Survey Current Situation	Feb	-72.7	-65.7
17:30	US	Empire Manufacturing	Feb	7.7	6.2
Wednesday, 18 February					
11:00	UK	CPI, m-o-m	Jan	0.4%	-0.5%
11:00	UK	CPI, y-o-y	Jan	3.4%	3.0%
11:00	UK	CPI Core, y-o-y	Jan	3.2%	3.0%
16:00	US	MBA Mortgage Applications	13-Feb	-0.3%	
17:30	US	Durable Goods Orders	Dec P	5.3%	-2.0%
17:30	US	Housing Starts	Dec		1307K
18:15	US	Industrial Production, m-o-m	Jan	0.4%	0.4%
19:00	US	Leading Index	Jan	-0.3%	-0.2%
Thursday, 19 February					
17:30	US	Wholesale Inventories, m-o-m	Dec P	0.2%	0.2%
17:30	US	Initial Jobless Claims	14-Feb	227K	225K
17:30	US	Trade Balance	Dec	-56.8B	-55.5B
19:00	Eurozone	Consumer Confidence	Feb P	-12.4	-11.7
Friday, 20 February					
3:30	Japan	Natl CPI, y-o-y	Jan	2.1%	1.6%
11:00	UK	Retail Sales Inc Auto Fuel, m-o-m	Jan	0.4%	0.2%
17:30	US	Personal Income	Dec	0.3%	0.3%
17:30	US	Personal Spending	Dec	0.5%	0.4%
17:30	US	GDP Annualized, q-o-q	4Q A	4.4%	3.0%

*UAE time

Source: Bloomberg, ADCB Economic Research

Fig. 2. Last week's data

Time*	Country	Event	Period	Prior	Consensus	Actual
GCC Economies						
	UAE	Dubai CPI, y-o-y	Jan	3.0%		
	UAE	M3 Money Supply, y-o-y	Dec	16.2%		17.2%
	Qatar	CPI, y-o-y	Jan	2.0%		
	Kuwait	CPI, y-o-y	Dec	2.4%		
Monday, 9 February						
3:50	Japan	BoP Current Account Balance	Dec	3674.1B	1081.2B	728.8B
Tuesday, 10 February						
3:50	Japan	Money Stock M2, y-o-y	Jan	1.7%		1.6%
3:50	Japan	Money Stock M3, y-o-y	Jan	1.1%		1.0%
17:30	US	Import Price Index, m-o-m	Dec		0.1%	0.1%
17:30	US	Employment Cost Index	4Q	0.8%	0.8%	0.7%
17:30	US	Retail Sales Advance, m-o-m	Dec	0.6%	0.4%	0.0%
17:30	US	Retail Sales ex-Auto, m-o-m	Dec	0.4%	0.4%	0.0%
17:30	US	Retail Sales ex-Auto and Gas	Dec	0.3%	0.4%	0.0%
17:30	US	Retail Sales Control Group	Dec	0.2%	0.4%	-0.1%
	Egypt	Urban CPI, y-o-y	Jan	12.3%		11.9%
Wednesday, 11 February						
5:30	China	PPI, y-o-y	Jan	-1.9%	-1.5%	-1.4%
5:30	China	CPI, y-o-y	Jan	0.8%	0.4%	0.2%
16:00	US	MBA Mortgage Applications	06-Feb	-8.9%		-0.3%
17:30	US	Change in Nonfarm Payrolls	Jan	48K	65K	130K
17:30	US	Change in Manufact. Payrolls	Jan	-8K	-7K	5K
17:30	US	Unemployment Rate	Jan	4.4%	4.4%	4.3%
23:00	US	Federal Budget Balance	Jan	-128.6B	-94.4B	-94.6B
Thursday, 12 February						
3:50	Japan	PPI, y-o-y	Jan	2.4%	2.3%	2.3%
11:00	UK	GDP, q-o-q	4Q P	0.1%	0.2%	0.1%
11:00	UK	GDP, y-o-y	4Q P	1.2%	1.2%	1.0%
11:00	UK	Industrial Production, m-o-m	Dec	1.3%	0.0%	-0.9%
11:00	UK	Industrial Production, y-o-y	Dec	2.3%	1.4%	0.5%
11:00	UK	Manufacturing Production, m-o-m	Dec	1.9%	-0.1%	-0.5%
14:30	India	CPI, y-o-y	Jan		2.8%	2.8%
17:30	US	Initial Jobless Claims	07-Feb	232K	223K	227K
17:30	US	Continuing Claims	31-Jan	1841K	1850K	1862K
19:00	US	Existing Home Sales	Jan	4.27M	4.15M	3.91M
	Egypt	Lending Rate	12-Feb	21.0%		20.0%
	Egypt	Deposit Rate	12-Feb	20.0%	19.0%	19.0%
Friday, 13 February						
14:00	Eurozone	GDP SA, q-o-q	4Q S	0.3%	0.3%	0.3%
14:00	Eurozone	GDP SA, y-o-y	4Q S	1.3%	1.3%	1.3%
16:00	UK	BOE's Huw Pill Speaks				
17:30	US	CPI, m-o-m	Jan	0.3%	0.3%	0.2%
17:30	US	Core CPI, m-o-m	Jan	0.2%	0.3%	0.3%
17:30	US	CPI, y-o-y	Jan	2.7%	2.5%	2.4%
17:30	US	Core CPI, y-o-y	Jan	2.6%	2.5%	2.5%
17:30	US	CPI Index NSA	Jan	324.1	325.5	325.3
17:30	US	Core CPI Index SA	Jan	331.8	332.8	332.8
17:30	US	Real Avg Weekly Earnings, y-o-y	Jan	1.0%		1.2%

*UAE time

Source: Bloomberg, ADCB Economic Research

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