July 24, 2026
Commentary

Weekly Economic Perspectives

Contents

Contact

Simona Mocuta
Chief Economist
simona_mocuta@statestreet.com

Amy Le
Macro-Investment Strategist
amy_le@statestreet.com

Krishna Bhimavarapu
Economist
VenkataVamseaKrishna_Bhimavarapu@statestreet.com

Weekly Highlights

Inflation anxiety on the rise again amid Iran re-escalation.

Global: Manufacturing PMI Index (June)
52.2
Still near multi-year high.

US: New Home Sales (Jun, thous, saar)
628
Better, not yet good.

ECB: Main Refinancing Rate
2.4%
As expected.

CA: Headline CPI (Jun, m/m)
2.8%
Slightly below expectations.

UK: Headline CPI (Jun, m/m)
2.6%
June is likely the low point for inflation.

UK: Average Weekly Earnings (May, 3-month y/y)
4.3%
Labor market weakening continues.

JP: CPI Inflation (Jun, y/y)
1.7%
Easy base effects.

JP: Core CPI Inflation (Jun, y/y)
1.7%
New local low.

JP: Manufacturing PMI (Jul, prelim)
54.7
Solid.

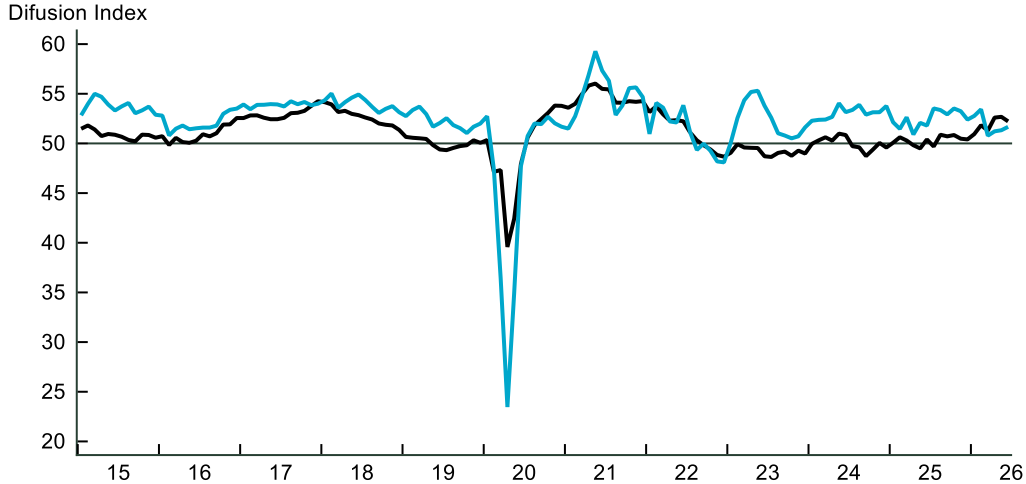
Global: Manufacturing Strong, Services Relatively Soft

We have repeatedly highlighted in these pages how the US economy is becoming increasingly K-shaped, not just within the consumer space (low-income vs well-to-do), but also across investment segments (housing vs AI-related). A similar performance divergence exists at the global level across manufacturing and services industries.

Global manufacturing is booming, reflecting the ongoing AI enthusiasm. The global purchasing managers' index (PMI) for manufacturing eased modestly in June, but remains near multi-year highs at 52.2. The current upturn in global manufacturing activity is the strongest since the post-reopening boom and, prior to that, 2017-18.

By contrast—though not entirely surprising given the Iran war—global services activity remains soft relative to history. To be fair, the rates of expansion are not that different between the two sectors, but given the stronger default baseline for services, this registers as weakness. It is likely to persist for a while given geopolitical uncertainties.

Figure 1: Global Manufacturing OK, Services Softer



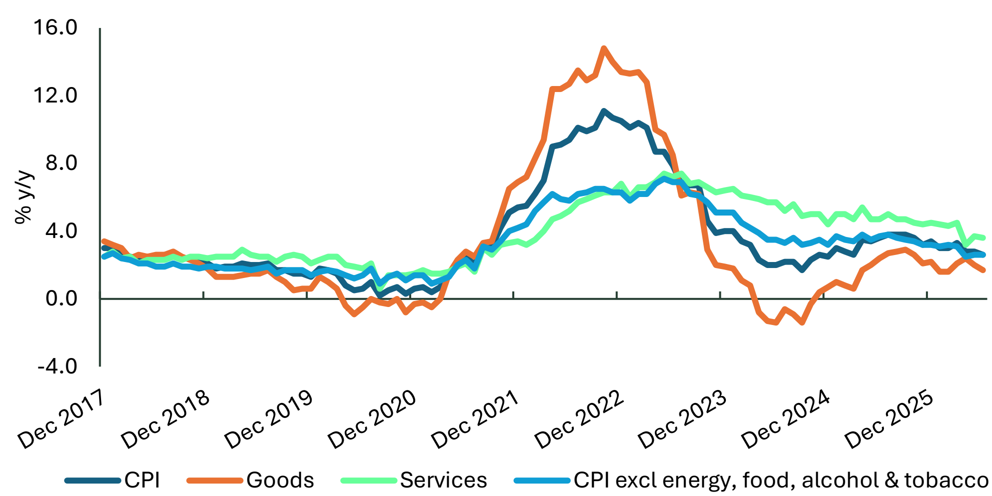
Sources: Macrobond, SSGA Economics, S&P Global

BoE: Set To Hold Again

The recent rise in energy prices will almost certainly draw the MPC's attention, but the bigger question is whether this shock is feeding through into broader price pressures. For now, there is little evidence that it is, which should give the Committee enough comfort to keep Bank Rate unchanged at 3.75% next week.

The latest inflation data reinforce that message. Headline CPI eased to 2.6%y/y in June from 2.8% in May, mainly driven by sharp decline in petrol prices. Food inflation also remained contained, while services inflation measure moved lower again, which is an important signal for policymakers focused on domestic price persistence.

Figure 2: UK Inflation Surprised on the Downside in June



Source: ONS, State Street Investment Management

Even so, June is likely to mark the low point for inflation. July's Ofgem price-cap rise should lift headline inflation again, while the VAT holiday on electricity bills is likely to be outweighed by higher wholesale energy costs after renewed Middle East tensions.

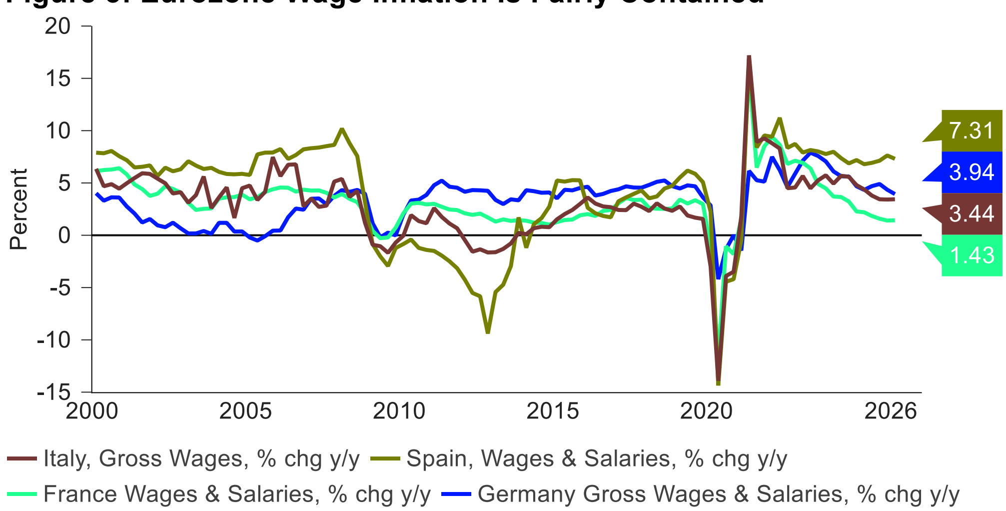
Against that backdrop, the labor market offers the MPC a more reassuring signal. Conditions remain soft enough to limit the risk of second-round inflation effects. The unemployment rate stayed at 4.9% in May, while vacancies were broadly unchanged at 712k in the three months to May. Wage growth also softened, with average earnings growth on a three-month annualized basis easing to 4.3% in May, from 4.4% in April. Regular private sector pay growth edged down from 3.0% to 2.9%, offset by stronger regular public sector pay growth, which rose from 5.1% to 5.5%.

Eurozone: ECB on Hold (For Now)

It came as no surprise that the ECB Governing Council left policy interest rates unchanged at this week's meeting. The crosscurrents influencing the outlook are numerous and contradictory. But in essence, President Lagarde described the situation as "back to the baseline". This required no immediate action, but requires intense observation focused on the intensity, durability, and transmission channels form the renewed flare up of the Iran conflict.

The good news, allowing the Governing Council to unanimously support leaving interest rates unchanged at this meeting, is that "we are not seeing second-round effects." For now, that is. Meanwhile, there is evidence of softening wage inflation, which we ourselves have highlighted as a key reason why the ECB need not be aggressive in tightening policy.

Figure 3: Eurozone Wage Inflation Is Fairly Contained



Source: Macrobond, State Street Investment Management, Central Bank of Germany (Deutsche Bundesbank), French National Institute of Statistics & Economic Studies (INSEE), Eurostat, Italian National Institute of Statistics (Istat)

Perhaps the most important message from the press conference is that “the burden of proof is on data, as simple as that”. There will, indeed, be a lot of data still to come before the September 10 meeting. The market is pricing a near 90% chance of another rate hike then. Whether in September or later, we do also expect another rate hike to come…even though we disagree on the need for it.

Week in Review

A summary of macro data releases from the past week.

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, Jul 20					
US	Leading Index (Jun, m/m)	-0.1%	-0.2%	0.1%	Weak but not really relevant.
CA	CPI (Jun, y/y)	2.9%	2.8%	3.2%	Lower than expected.
Tuesday, Jul 21					
UK	Average Weekly Earnings (May, 3-month y/y)	4.5%	4.3%	4.4%	Soft.
UK	ILO Unemployment Rate (May, 3-month)	4.9%	4.9%	4.9%	Stable.
GE	ZEW Survey Expectations (Jul)	15.3	26.3	10.5	Welcome, but will likely relapse.
Wednesday, Jul 22					
US	MBA Mortgage Applications (Jul 17)	n/a	1.9%	-2.7%	Weak overall.
UK	CPI (Jun, y/y)	2.7%	2.6%	2.8%	Lower than expected.
AU	Unemployment Rate (Jun)	4.4%	4.4%	4.4%	Steady.
Thursday, Jul 23					
US	Initial Jobless Claims (Jul 18, thous)	211	187	209	Incredibly low.
US	Continuing Claims (Jul 11, thous)	1,810	1,796	1,798	Very low.
CA	Retail Sales (May, m/m)	1.0%	1.0%	0.4%(↓)	As expected.
EU	ECB Interest Rate Decision	2.40%	2.40%	2.40%	As expected.
Friday, Jul 24					
US	New Home Sales (Jun, thous)	606	628	618 (↑)	Better, but far from great.
US	Building Starts (Jun, final, thous)	n/a	1,427	1,199	Much better!
UK	GfK Consumer Confidence	-22.0	-17.0	-23.0	Improved.
UK	Core Retail Sales (Jun, m/m)	-0.4%	1.1%	1.2%	Strong but unlikely to last long.
UK	Manufacturing PMI (Jul, prelim)	52.0	52.8	52.5	OK.
UK	Services PMI (Jul, prelim)	49.4	51.8	48.8	OK.
GE	GfK Consumer Confidence (Aug)	-28.5	-29.6	-29.3(↓)	Persistently soft.
GE	Manufacturing PMI (Jul, prelim)	50.5	52.2	50.3	Welcome uptick, but will it last?
GE	Services PMI (Jul, prelim)	49.0	49.6	48.6	Soft.
FR	Manufacturing PMI (Jul, prelim)	51.0	50.0	51.2	Uninspiring.
FR	Services PMI (Jul, prelim)	47.5	49.8	46.8	Soft.
JN	Natl CPI (Jun, y/y)	1.7%	1.7%	1.5%	Strong base effects.
JN	Manufacturing PMI (Jul, prelim)	n/a	54.7	54.8	Strong!
JN	Services PMI (Jul, prelim)	n/a	51.9	52.2	OK.

Source: data, Bloomberg®; for commentary, SSGA Economics.

About State Street Investment Management

At State Street Investment Management, we have been helping create better outcomes for institutions, financial intermediaries, and investors for nearly half a century. Starting with our early innovations in indexing and ETFs, our rigorous approach continues to be driven by market-tested expertise and a relentless commitment to those we serve. With over $6 trillion in assets managed*, clients in 60 countries, and a global network of strategic partners, we use our scale to deliver a comprehensive and cost-effective suite of investment solutions that help investors get wherever they want to go.

*This figure is presented as of June 30, 2026 and includes ETF AUM of $2,203.98 billion USD of which approximately $156.81 billion USD in gold assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Investment Management are affiliated. Please note all AUM is unaudited.

www.statestreet.com/im

Marketing Communication

Important Risk Discussion

Investing involves risk including the risk of loss of principal.

All information is from SSIM unless otherwise noted and has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability, or completeness of, nor liability for, decisions based on such information, and it should not be relied on as such.

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.

The trademarks and service marks referenced herein are the property of their respective owners. Third party data providers make no warranties or representations of any kind relating to the accuracy, completeness or timeliness of the data and have no liability for damages of any kind relating to the use of such data.

The whole or any part of this work may not be reproduced, copied, or transmitted or any of its contents disclosed to third parties without SSIM's express written consent.

The views expressed in this material are the views of SSIM Economics Team through the period ended July 24, 2026, and are subject to change based on market and other conditions. This document may contain certain statements deemed to be forward-looking statements. All statements, other than historical facts, contained within this document that address activities, events or developments that SSIM expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are based on certain assumptions and analyses made by SSIM in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances, many of which are detailed herein. Such statements are subject to a number of assumptions, risks, uncertainties, many of which are beyond SSIM's control. Please note that any such statements are not guarantees of any future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

The information contained in this communication is not a research recommendation or 'investment research' and is classified as a 'Marketing Communication' in accordance with the Markets in Financial Instruments Directive (2014/65/EU) or applicable Swiss regulation. This means that this marketing communication (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

Intellectual Property Information

BLOOMBERG®, a trademark and service mark of Bloomberg Finance L.P. Standard & Poor's S&P 500 Index® is a registered trademark of Standard & Poor's Financial Services LLC. FTSE 100® is a trademark jointly owned by the London Stock Exchange Plc and The Financial Times Limited, and is used by FTSE International Limited under license. "All-World", "All-Share" and "All-Small" are trademarks of FTSE International Limited.

Australia: State Street Global Advisors, Australia, Limited (ABN 42 003 914 225) is the holder of an Australian Financial Services License (AFSL Number 238276). Registered office: Level 14, 420 George Street, Sydney, NSW 2000, Australia. T: +612 9240-7600. F: +612 9240-7611.

Belgium: State Street Global Advisors Belgium, Chaussée de La Hulpe 185, 1170 Brussels, Belgium. T: +32 2 663 2036. State Street Global Advisors Belgium is a branch office of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2

Canada: State Street Global Advisors, Ltd., 1981 McGill College Avenue, Suite 500, Montreal, Qc, H3A 3A8, T: +514 282 2400 and 30 Adelaide Street East Suite 1100, Toronto, Ontario M5C 3G6. T: +647 775 5900.

Dubai: State Street Global Advisors Limited, DIFC branch is regulated by the Dubai Financial Services Authority (DFSA) as a category 4 regulated firm and is only active in arranging deals in investments and advising on financial products. This document is intended for Professional Clients or Market Counterparties only as defined by the DFSA and no other person should act upon it.

State Street Global Advisors Limited, DIFC Branch, OT 01-39, 1st Floor, Central Park Towers, DIFC, P.O Box 507448, Dubai, United Arab Emirates. Regulated by the DFSA under reference number: F009297. Telephone: +971 4 871 9100

France: State Street Global Advisors Europe Limited, France Branch ("State Street Global Advisors France") is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. State Street Global Advisors France is registered in France with company number RCS Nanterre 899 183 289, and its office is located at Coeur Défense — Tour A — La Défense 4, 33e étage, 100, Esplanade du Général de Gaulle, 92 931 Paris La Défense Cedex, France. T: +33 1 44 45 40 00. F: +33 1 44 45 41 92.

Germany: State Street Global Advisors Europe Limited, Branch in Germany, Brienner Strasse 59, D-80333 Hansastrasse 29a, D-81373 Munich, Germany with a representation office at Brüsseler Strasse 1-3, D-60327 Frankfurt am Main Germany ("State Street Global Advisors Germany"). Munich T +49 (0)89 55878 400. Frankfurt T +49 (0)69 667745 000. State Street Global Advisors Germany is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2.

Hong Kong: State Street Global Advisors Asia Limited, 68/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. T: +852 2103-0288. F: +852 2103-0200.

Ireland: State Street Global Advisors Europe Limited ("SSGAEL"), regulated by the Central Bank of Ireland. Registered office address 78 Sir John Rogerson's Quay, Dublin 2. Registered number 49934. T: +353 (0)1 776 3000. Fax: +353 (0)1 776 3300. Web: www.ssga.com.

Italy: State Street Global Advisors Europe Limited, Italy Branch ("State Street Global Advisors Italy") is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. State Street Global Advisors Italy is registered in Italy with company number 11871450968 — REA: 2628603 and VAT number 11871450968, and its office is located at Via Ferrante Aporti, 10 - 20125 Milan, Italy. T: +39 02 32066 100. F: +39 02 32066 155.

Japan: State Street Global Advisors (Japan) Co., Ltd., Toranomon Hills Mori Tower 25F 1-23-1 Toranomon, Minato-ku, Tokyo 105-6325 Japan. T: +81-3-4530-7380. Financial Instruments Business Operator, Kanto Local Financial Bureau (Kinsho #345), Membership: Japan Investment Advisers Association, The Investment Trust Association, Japan, Japan Securities Dealers' Association.

Netherlands: State Street Global Advisors Netherlands, B Vital, De Entree 201, 1101 HG Amsterdam, Netherlands. T: +31 20 7181701. State Street Global Advisors Netherlands is a branch office of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2.

Singapore: State Street Global Advisors Singapore Limited, 168, Robinson Road, #33-01 Capital Tower, Singapore 068912 (Company Reg. No: 200002719D, regulated by the Monetary Authority of Singapore). T: +65 6826-7555. F: +65 6826-7501.

Spain: State Street Global Advisors Europe Limited, Spanish Representative Office ("State Street Global Advisors Europe Limited, Oficina de Representación en España") Calle Velázquez, 34, 28001 Madrid, Spain. State Street Global Advisors Europe Limited, Spanish Representative Office is the representative office of State Street Global Advisors Europe Limited in Spain. State Street Global Advisors Europe Limited is registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2.

South Africa: State Street Global Advisors Limited is regulated by the Financial Sector Conduct Authority in South Africa under license number 42670.

Switzerland: State Street Global Advisors AG, Beethovenstr. 19, CH-8027 Zurich. Registered with the Register of Commerce Zurich CHE-105.078.458. T: +41 (0)44 245 70 00. F: +41 (0)44 245 70 16.

United Kingdom: State Street Global Advisors Limited ("SSGAL"). Authorized and regulated by the Financial Conduct Authority, Registered No.2509928. VAT No. 5776591 81. Registered office: 20 Churchill Place, Canary Wharf, London, E14 5HJ. Telephone: 020 3395 6000. Facsimile: 020 3395 6350

United States: State Street Investment Management, One Congress Street, Boston, MA 02114.

2537623.342.1.GBL.RTL
Exp. Date: 07/31/2027