September 25, 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

Global manufacturing activity is accelerating, heightening inflation concerns.

World: Manufacturing PMI Index (Aug)
52.3
Improving trend.

US: S&P Global Manuf. PMI (Sep, prelim)
57.0
Highest since May 2022.

EZ: S&P Global Manuf. PMI (Sep, prelim)
52.7
Improving trend.

UK: Manufacturing PMI (Sep, prelim)
52.0
Edging up.

UK: Services PMI (Sep, prelim)
51.7
Growth slowed down.

UK: GFK Consumer Confidence (Sep)
-13
.2-year highs.

JP: Flash Mfg. PMI (Sep)
54.1
Trending high.

AU: Employment (Aug, m/m)
39.5
Strong despite fall in full-time employment.

AU: Participation Rate (Aug)
67.1%
0.1 pp short of all time high.

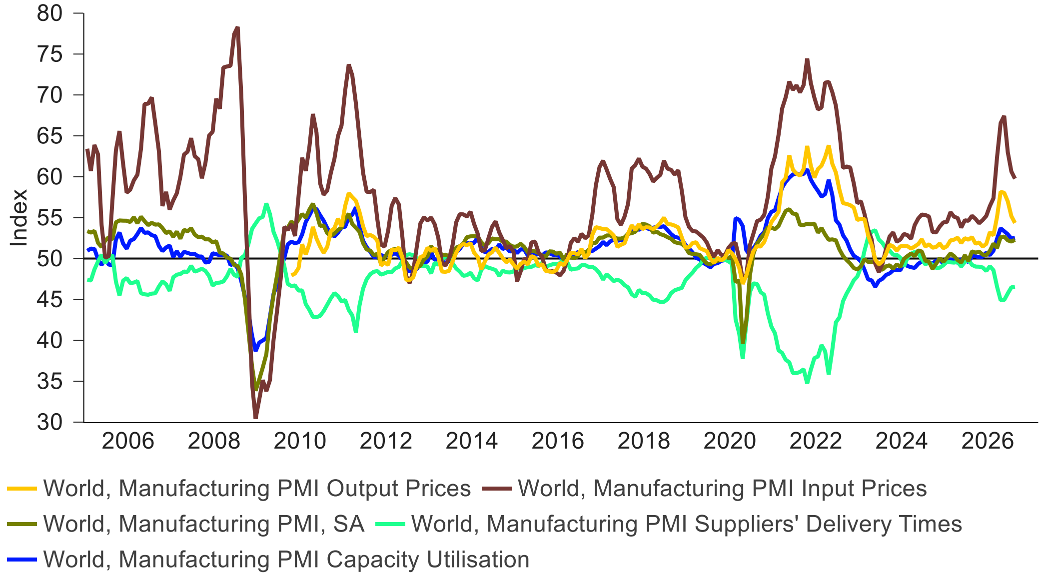
Global: Manufacturing Momentum

Following an extended period of about three years of marginal contraction or very tepid, marginal growth, global manufacturing activity has picked up notably over the last six months. The upturn has been driven primarily by developed markets whose composite manufacturing PMI now sits more than two points above the emerging market equivalent. This is a big relative change from the 2023-2025 period, when emerging markets outperformed.

This improvement is directly related to artificial intelligence investments globally, but especially in developed economies. Within this group, the United States, Japan, and Taiwan exhibit the strongest momentum, with the latest readings around or above 55 (the US soared to 57.0 in the preliminary September reading) and Korea and Eurozone more moderate at about 52.0.

Stronger activity has lifted capacity utilization and has lengthened supplier delivery times (Figure 1, page 3). This is adding to concerns around inflationary pressures globally, although it is important to note that both on capacity utilization and supply chain metrics, current readings suggest far less strain than during the post-Covid re-opening phase. This is encouraging, although the surge in oil and other commodity prices means the price metrics themselves have risen more sharply.

Figure 1: Global Manufacturing Momentum Tightens Supply Chains

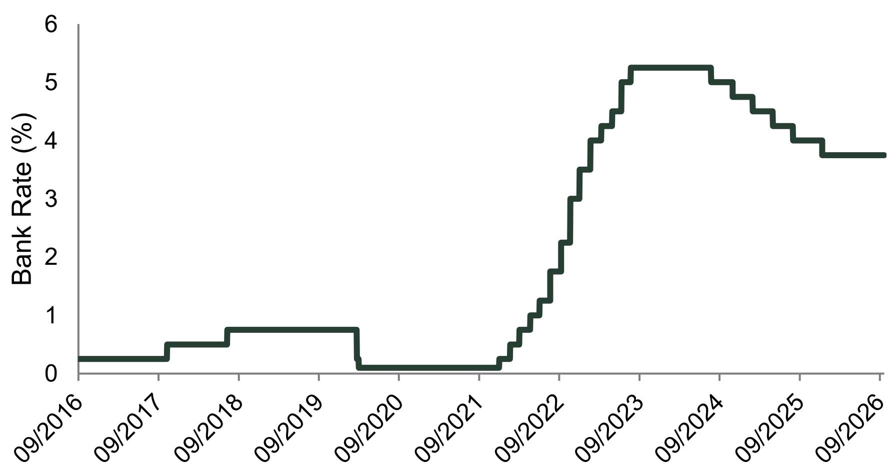


Source: Macrobond, State Street Investment Management, JP Morgan S&P Global

UK: Private Sector Lost Momentum

Businesses are losing steam just as costs are climbing. Business activity lost momentum in September. The flash S&P Global composite PMI slipped from 52.5 in August to 3-month low of 51.7, largely because of weaker services. The slowdown came as conditions in the Middle East deteriorated. Oil prices rose to their highest since May, while natural-gas prices reached levels last seen in early 2023. Input costs jumped, which were passed on in higher selling prices. Unless oil and gas prices retreat sharply, the BoE is likely to raise Bank Rate by a quarter-point in November, with another increase probably following in February.

Figure 2: Bank Of England Policy Rate



Source: Bank Of England, State Street Investment Management. As of 25 Sep 2026.

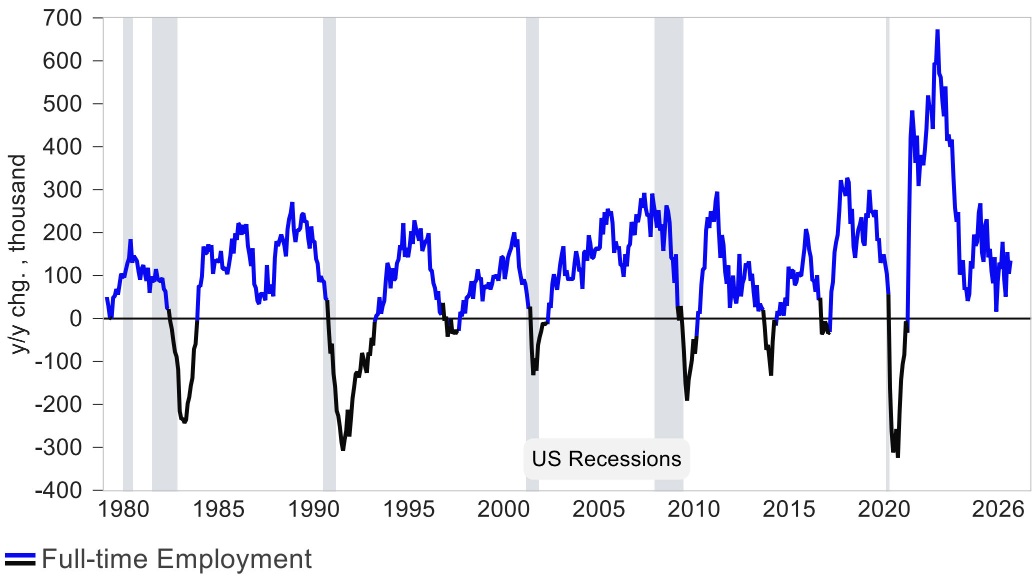
Australia: Labor Softness, RBA To Still Hike

Headline employment rose a stronger-than-expected 39.5k in August, but the underlying labor market picture softened at the margin. Full-time employment fell by 6.3k, while the unemployment rate rose to 4.646%, narrowly missing a round-up to 4.7%. The main positive surprise came from hours worked, which increased a solid 0.7% m/m.

Overall, the labor market is moving closer to our 4.8% unemployment rate forecast and appears softer than expected. However, we would caution against over-interpreting the rise in unemployment. The ABS noted unusually large sampling variability between April and July, alongside the possibility that supplementary survey effects amplified seasonal distortions. As a result, we think the direction of travel is broadly accurate, but the magnitude of the deterioration may be overstated. The ABS also introduced a new supplementary survey collection model in August. While the agency indicated that any impact on monthly movements should be smaller than normal sampling variability, the methodological changes provide another reason not to place too much weight on a single month's outcome.

Consequently, while we continue to view the weakness in full-time employment as largely cyclical, we are less convinced that the labor market is undergoing a more meaningful transition. If anything, that signal has weakened at the margin, suggesting that a further rate hike could still help stabilize labor market dynamics rather than exacerbate any deterioration.

Figure 3: Australia's Full-Time Employment Is Cyclical



Source: Macrobond, State Street Investment Management, Australian Bureau of Statistics

Attention now shifts to a crucial week for Australia, with the Reserve Bank of Australia (RBA) policy meeting followed by the August CPI release the following day.

The employment report is unlikely to materially alter the RBA's decision next week. Our base case remains a 25bp rate hike, although the softer labor market backdrop raises the possibility of somewhat less hawkish guidance and a reduced sense of urgency around further tightening. Even so, we expect the RBA to retain a tightening bias given inflation remains above target and is likely to move higher in the near term.

We forecast headline CPI to rise to 4.1% y/y in August, while trimmed mean inflation remains sticky at 3.6% y/y. Against that backdrop, labor market conditions, while clearly softening, are not yet weak enough to materially shift the policy outlook. The hurdle for a dovish pivot remains high.

Week in Review

A summary of macro data releases from the past week.

Country	Release (Date, format)	Consensus	Actual	Last	Comments
Monday, Sep 21					
No major release.					
Tuesday, Sep 22					
No major release.					
Wednesday, Sep 23					
UK	Manufacturing PMI (Sep, prelim)	51.5	52.0	51.7	Good.
GE	Manufacturing PMI (Sep, prelim)	54.0	53.8	54.3	Robust.
FR	Manufacturing PMI (Sep, prelim)	51.0	50.3	51.1	Modest
JN	Manufacturing PMI (Sep, prelim)	n/a	54.1	54.9	Robust.
AU	Unemployment Rate (Aug)	4.5%	4.6%	4.5%	Almost rounded to 4.7%, but RBA to still hike.
Thursday, Sep 24					
US	Initial Jobless Claims (19 Sep, thous)	200	197	198	Extremely low.
US	Continuing Claims (12 Sep, thous)	1,740	1,719	1,717	Extremely low.
US	New Home Sales (Aug, thous)	616	684	643 (↑)	Median price declined 5.8% y/y.
US	Kansas City Fed Manf. Activity (Sep)	9.0	14.0	10.0	Highest since 2022.
US	Building Permits (Aug, final, thous)	1,433	1,403	1,394	Very weak.
CA	Retail Sales (Jul, m/m)	-0.8%	-0.7%	0.6%	On the weak side.
UK	GfK Consumer Confidence (Sep)	-16.0	-13.0	-14.0	2-year high.
GE	IFO Business Climate (Sep)	89.0	89.9	88.8	Highest since mid-2023.
FR	Consumer Confidence (Sep)	85.0	86.0	86.0	Soft.
FR	Business Confidence (Sep)	98.0	96.0	98.0	Modest, trending sideways to lower.
Friday, Sep 25					
US	Durable Goods Orders (Aug, prelim)	-0.3%	0.0%	0.9% (↓)	Up 10.1% y/y!
US	U. of Mich. Sentiment (Sep, final)	47.8	48.1	51.7	Higher inflation expectations.
GE	GfK Consumer Confidence (Oct)	-27.2	-30.6	-26.8 (↓)	Softening anew.

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

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 September 25, 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.

Saudi Arabia: State Street Saudi Arabia Financial Solutions (SSSAFS) is licensed by the Capital Markets Authority (CMA) in Saudi Arabia under license number 19208-35 dated 16/11/1441H corresponding to 07/07/2020 G. This document is confidential. It is intended only for the person to whom it is addressed.

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.

2537623.352.1.GBL.RTL
Exp. Date: 09/30/2027