Economics

WELLS FARGO

Weekly — September 11, 2026

Economics Week Ahead

Next week, we expect the FOMC to raise rates by 25 bps, bringing the federal funds rate target range to 3.75%–4.00%. Consumer spending should remain resilient, with retail sales rebounding 0.7% in August. Meanwhile, elevated mortgage rates and affordability challenges are likely to keep housing starts under pressure in August.

Abroad, central banks remain in focus. We expect the Bank of Japan to hike rates by 25 bps, while the Bank of England likely stays on hold but maintains a hawkish tone. In emerging markets, we expect India's CPI is expected to rise to 4.75% year-over-year, a bit softer than consensus, while cooler-than-expected inflation in Brazil should support another 25 bps rate cut to 13.75%.

United States:

- Retail Sales (Wednesday), FOMC Meeting (Wednesday), Housing Starts (Thursday)

Advanced Economies:

- Canada CPI (Monday), Bank of England (Thursday), Bank of Japan (Friday)

Emerging Markets:

- India CPI (Tuesday), Brazilian Central Bank (Wednesday)

Wells Fargo Economics Week Ahead

United States					
Indicator Releases		Period	Consensus	Wells Fargo	Prior
16-Sep	Retail Sales (MoM)	Aug	0.8%	0.7%	-0.6%
16-Sep	Retail Sales Ex. Auto (MoM)	Aug	0.5%	0.4%	-0.3%
16-Sep	Import Price Index MoM	Aug	0.0%	-0.1%	-0.4%
16-Sep	Business Inventories (MoM)	Jul	0.3%	0.3%	0.0%
16-Sep	FOMC Rate Decision (Upper Bound)	16-Sep	3.75%	4.00%	3.75%
17-Sep	Housing Starts (SAAR)	Aug	1320K	1275K	1239K
18-Sep	Industrial Production (MoM)	Aug	0.3%	0.2%	0.2%
18-Sep	Capacity Utilization	Aug	76.4%	0.8	76.3%
Fed Speakers *(*Designating 2026 Voting Member)*					
16-Sep	*FOMC Rate Decision (2:00p ET)*				
16-Sep	*FOMC Rate Decision (Lower Bound) (2:00p ET)*				
16-Sep	*Fed Interest on Reserve Balances Rate (2:00p ET)*				
16-Sep	*Fed Reverse Repo Rate (2:00p ET)*				
18-Sep	*Fed's Bowman* Speaks on Bank Stress Tests (9:30a ET)*				
18-Sep	*Fed's Schmid Speaks on Payments and Banking (11:45a ET)*				
International					
G10 Economies		Period	Consensus	Wells Fargo	Prior
14-Sep	Canada CPI (YoY)	Aug	3.0%	3.0%	3.0%
14-Sep	Canada Core Trim (YoY)	Aug	1.9%	~2%	1.9%
14-Sep	Canada Core Median (YoY)	Aug	2.0%	~2%	2.0%
15-Sep	U.K. Average Weekly Earnings (3M/YoY)	Jul	3.9%	—	4.1%
15-Sep	U.K. ILO Unemployment Rate	Jul	4.9%	—	4.9%
16-Sep	U.K. CPI (MoM)	Aug	0.5%	0.6%	0.3%
16-Sep	U.K. CPI (YoY)	Aug	3.1%	3.2%	2.9%
16-Sep	U.K. Core CPI (YoY)	Aug	2.6%	2.7%	2.6%
16-Sep	Japan CPI (YoY)	Aug	2.0%	2.1%	1.9%
16-Sep	Japan 'Core Core' CPI - Ex Fresh Food & Energy (YoY)	Aug	2.0%	2.0%	1.9%
17-Sep	Bank of England Bank Rate	17-Sep	3.75%	3.75%	3.75%
18-Sep	Bank of Japan Policy Rate	18-Sep	1.25%	1.25%	1.00%
Emerging Markets		Period	Consensus	Wells Fargo	Prior
14-Sep	India CPI (YoY)	Aug	4.88%	4.75%	4.45%
16-Sep	Brazilian Central Bank Selic Rate	16-Sep	13.75%	13.75%	14.00%

Forecast as of September 11, 2026

Source: Bloomberg Finance L.P. and Wells Fargo Economics

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Related Information:

- U.S. Economic Forecast
- FOMC 101
- U.S. Tariff Tracker
- U.S. Tariff Policy 101
- 2026 Economic Calendar

All estimates/forecasts are as of 9/11/2026 unless otherwise stated. 9/11/2026 14:51:30 EDT.

U.S. Week Ahead

Retail Sales • Wednesday

Consumer spending remains surprisingly resilient. July's 0.6% drop in headline retail sales was more about lower gasoline prices and a temporary pullback in nonstore retailers reflecting when Amazon's infamous Prime Day fell on the calendar than a broad-based slowdown. Sales excluding gasoline were still up 4.4% year-to-date through July, and while the boost from larger tax refunds has faded, spending appears to be holding up amid a stable jobs market.

We expect retail sales to rebound 0.7% in August, keeping the year-over-year pace roughly steady. Higher gasoline prices will again flatten the headline, while firmer inflation suggests *real* sales rose by a more modest ~0.3%. Still, with the labor market holding steady, consumers remain willing and able to spend, supporting growth.

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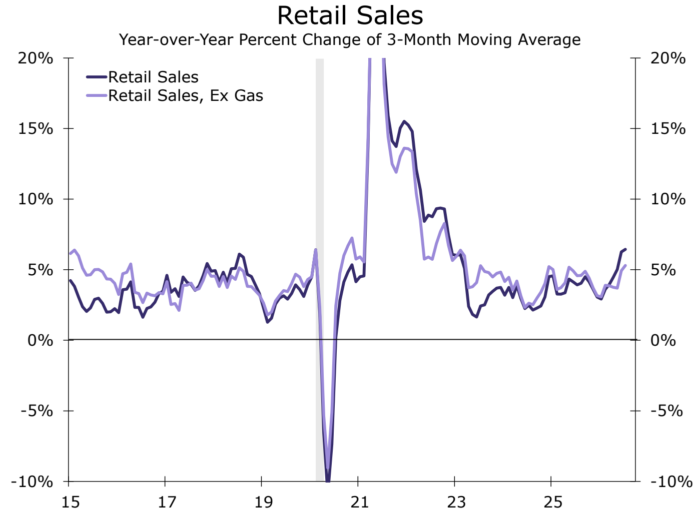

Source: U.S. Department of Commerce and Wells Fargo Economics

FOMC Meeting • Wednesday

We expect the FOMC to hike by 25 bps next week. Fed speak made it clear that the August inflation data would be a big swing factor in the September rate decision. But the data have not been encouraging, at least on the surface. Core CPI rose a stronger-than-expected 0.29% in August, and the three-month annualized rate picked up to 2.0%. While the overshoot was largely driven by wireless services, the solid gain will be hard for the FOMC to wave away given officials' comments heading into the print.

The pass-through to PCE inflation is tricky this month given the BEA's upcoming methodology changes, but the August data point to minimal signs of progress on disinflation the past few months. On a three-month annualized basis, core PCE looks to be running around 2.7–2.8%, while both the old and new methodologies point to the year-over-year rate ticking up and remaining stubbornly above 3% (at 3.4% and 3.3%, respectively).

Wells Fargo's Expectations for the SEP
Median Projection in the FOMC'S Summary of Economic Projections

		2026	2027	2028	Longer run
Change in Real GDP	*September Projection*	2.2	2.3	2.2	2.0
	June Actual	2.2	2.3	2.2	2.0
Unemployment Rate	*September Projection*	4.2	4.2	4.2	4.2
	June Actual	4.3	4.3	4.2	4.2
PCE Inflation	*September Projection*	3.7	2.2	2.0	2.0
	June Actual	3.6	2.3	2.0	2.0
Core PCE Inflation	*September Projection*	3.2	2.5	2.1	—
	June Actual	3.3	2.5	2.1	—
Federal Funds Rate	*September Projection*	4.125	3.875	3.375	3.125
	June Actual	3.750	3.625	3.375	3.062

Forecast as of: September 11, 2026

Source: Federal Reserve Board and Wells Fargo Economics

Together with oil prices that have moved sharply higher in recent weeks, we think the recent run of inflation data meet the low bar to hike that Chair Warsh laid out in his speech at Jackson Hole. Regular readers know that we are deeply skeptical of tighter monetary policy as an antidote to energy-induced inflation, but right now it's the Fed's world and we're just living in it.

We do not expect big changes to the Committee's forecasts for growth, unemployment, or inflation in the SEP. The median projections of 3.3% and 2.5% for core PCE inflation at year-end 2026 and 2027 from the June SEP still look about right, if not a touch high.

With most of the Committee seemingly comfortable with a hike in September, we suspect the median dot for 2026 moves up to 4.125% to signal that September's rate increase will be followed by another before the year is out. The Committee is still likely to project some easing in 2027 and beyond as inflation resumes its descent, although we wonder if the longer-run dot is finally due for another bump higher.

The big question now is how many more hikes. And the answer to that will again be what happens with subsequent inflation prints. The only thing that bails out the FOMC at this point is a better string of inflation numbers. So two is a good starting point for hikes, but this could just as easily be a one and done if inflation cooperates. TO BE CLEAR: one and done is so silly to us (it has no practical impact on anything - inflation or growth), but Warsh's calculus could be exactly that: "I showed them I am willing to do it, and it will have limited to no impact on growth".

In the end, the upcoming meeting has turned into a textbook case of why setting the policy rate should not hinge on a single data point. If ever there was a call we would be ok getting wrong, it's hiking next week. But as of now, our base case is two rate hikes in the coming months, but one and done as a practical matter cannot be ruled out.

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Housing Starts • Thursday

Conditions are tough for residential construction. Builder incentives are having little success motivating buyer traffic this year, especially as mortgage rates recently topped 7.0%. Throw into the mix elevated new home inventory and rising fuel and materials costs, and there is little incentive for new home construction. Multifamily demand is admittedly more favorable. However, construction is unlikely to meaningfully rise with apartment vacancy rates elevated across much of the South.

Despite these headwinds, July's 12.4% collapse in housing starts overstates current weakness. Starts are notoriously volatile month-to-month. Permits are low, but ticked modestly higher in July. We expect starts to rebound 2.9% in August, which would still leave them roughly 7% below their average in the first half of the year.

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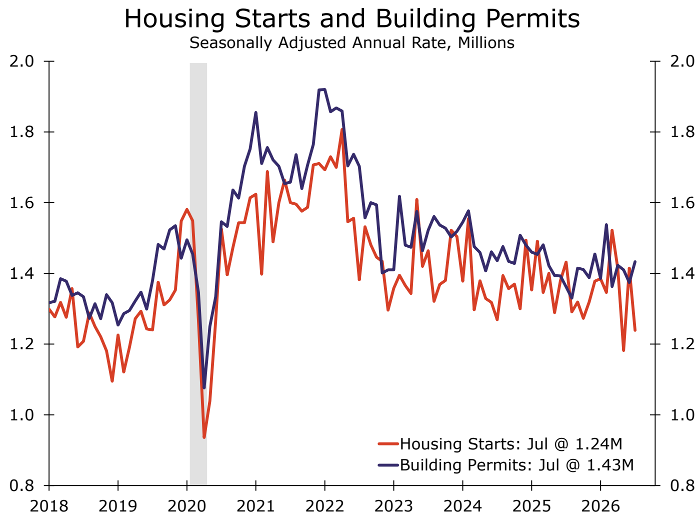

Source: U.S. Department of Commerce and Wells Fargo Economics

Advanced Economies Week Ahead

Canada CPI • Monday

The Bank of Canada (BoC) left rates unchanged for a seventh straight meeting earlier this month, highlighting concerns about higher energy prices and their impact on headline inflation. While headline CPI has moved higher, underlying inflation remains well contained. Core measures are still running near 2%, with little evidence that price pressures are broadening beyond energy-related categories.

We expect headline CPI to hold steady at a year-ago rate of 3.0%, while core measures remain near 2%. As a result, we continue to expect the BoC to remain on hold through year-end unless inflation shows more convincing signs of reaccelerating beyond energy. The recent labor market data suggest conditions are still soft, reinforcing the case for policymakers to look through commodity-driven price swings and focus on underlying inflation trends. At the same time, the recent escalation in the U.S.-Canada trade war presents a risk to domestic growth.

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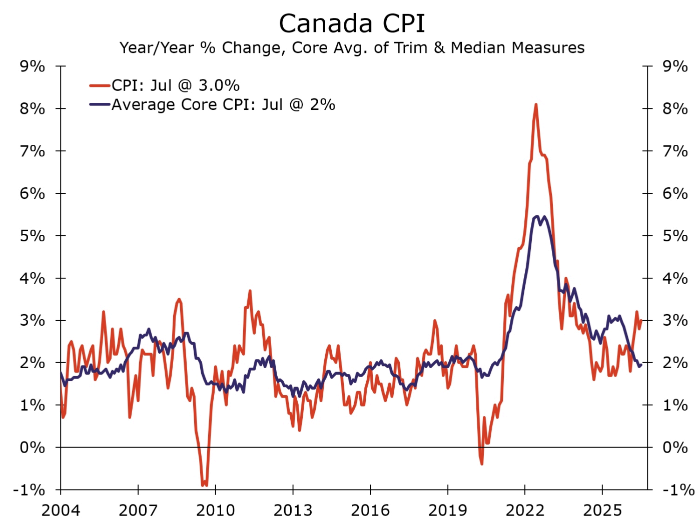

Source: Bloomberg Finance L.P. and Wells Fargo Economics

Bank of England Monetary Policy Meeting • Thursday

We expect the Bank of England (BoE) to leave the Bank Rate unchanged at 3.75% next week. Inflation has been relatively stable, with July headline CPI at 2.9% year-over-year, core at 2.6% and services inflation easing to 3.4%. However, we expect August inflation to move higher, with headline CPI rising to 3.2% and core to 2.7%. While the data will be released just before the meeting and may not materially alter next week's decision, it will reinforce concerns around the inflation outlook. Wages data will also be closely watched, as any renewed acceleration could strengthen the case for further tightening. At the same time, tighter financial conditions are already doing some of the MPC's work. Gilt yields and mortgage rates have moved higher, while some policymakers continue to emphasize that an unchanged Bank Rate remains consistent with a restrictive policy stance.

Stronger-than-expected July GDP data and PMI surveys also point to a solid start to Q3 growth. Against a backdrop of firmer activity and a likely pickup in inflation, we continue to expect a rate hike in Q4 and look for a slightly more hawkish tone next week. If elevated energy prices persist and push the Ofgem price cap higher in the November review, particularly alongside firmer food prices, the risks could shift toward additional tightening beyond our baseline.

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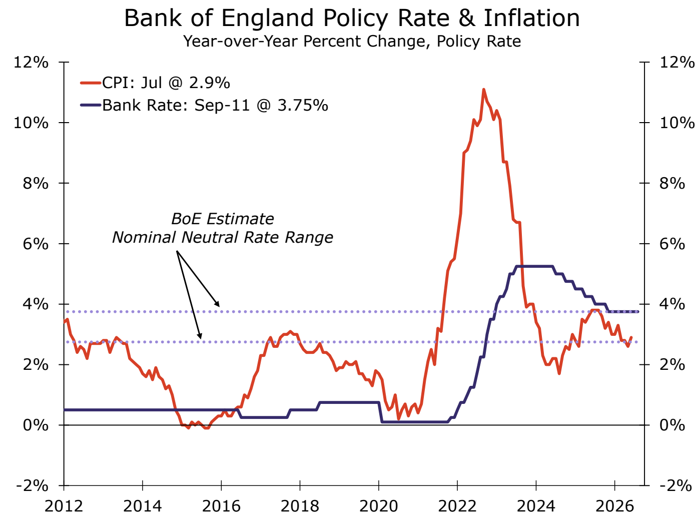

Source: Bank of England, Bloomberg Finance L.P. and Wells Fargo Economics

Bank of Japan Monetary Policy Meeting • Friday

We expect the Bank of Japan (BoJ) to hike its policy rate by 25 bps to 1.25% next week, bringing forward our previous call. Recent comments from BoJ policymakers and government officials, higher energy prices as a result of the Middle East war, and pressure to reinforce the joint US-Japan yen intervention with tighter monetary policy have added urgency to normalization.

Still, we think markets are pricing too rapid of a hiking cycle. Inflation has reaccelerated, and we expect headline and core CPI to reach around 2% in August, providing the fundamental policy support needed to sustain the yen's recovery. However, Q2 GDP showed household demand remained the weak link, with private consumption flat, while growth was driven mainly by external demand and AI-related support for exports and investment. Separately, headline wage growth strengthened in July, but same-sample growth slowed, raising questions about underlying momentum. We can see rates reaching 1.75% by next April, ahead of the planned consumption tax cut that could sharply lower headline inflation and complicate further tightening. Persistent inflation or renewed yen weakness could accelerate the hiking cycle, but weak domestic demand still argues for a gradual path.

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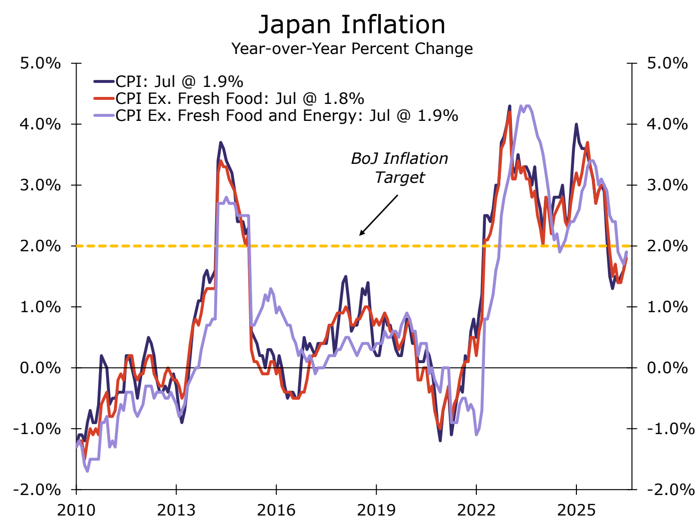

Source: Bloomberg Finance L.P. and Wells Fargo Economics

EM Week Ahead

India CPI • Tuesday

We expect August CPI inflation to rise to 4.75% year-over-year from 4.45% in July, although below the 4.88% consensus forecast. Food and fuel will likely drive the rise, although mixed vegetable price movements and still-limited pass-through from higher global energy prices, as government measures continue to absorb some costs and shield consumers, should provide some offset. We will focus on whether price pressures broaden beyond food and fuel. Below-normal rainfall, persistent El Niño effects, and elevated energy prices pose upside risks, while any disruption through the Strait of Hormuz would add to fuel, freight, and imported input costs.

Resilient demand, higher energy costs, and rupee weakness reinforce the case for tighter policy. We expect the Reserve Bank of India to hike rates by 25 bps to 5.50% in Q4, potentially as early as October.

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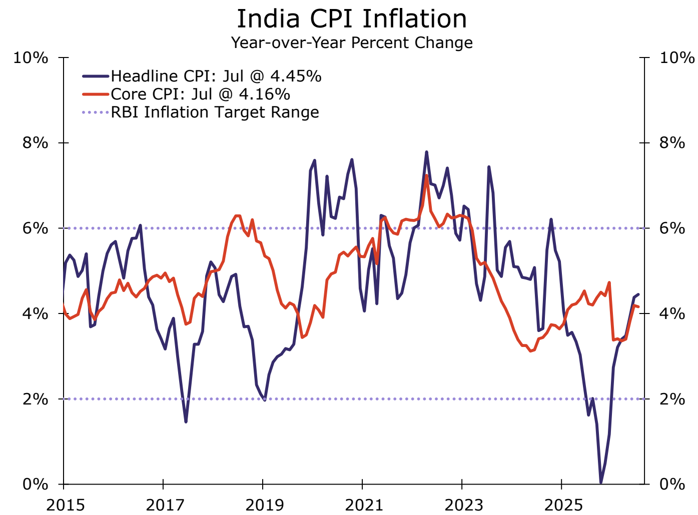

Source: Bloomberg Finance L.P. and Wells Fargo Economics

Brazilian Central Bank Monetary Policy Meeting • Wednesday

We expect the Brazilian Central Bank (BCB) to cut the Selic rate by 25 bps to 13.75% next week. August inflation slowed more than expected to 4.22 year-over-year, although, as expected, the one-off credit on residential electricity bills drove much of the decline. Services inflation also eased to 5.47% year-over-year, but the tight labor market and measures to support consumption could keep underlying pressures sticky. The slowdown in Q2 GDP growth shows that restrictive monetary policy continues to weigh on activity and supports further easing. However, inflation remains above the BCB's 3% midpoint target, while fiscal expansion, higher oil prices, and El Niño pose upside risks. Additional fuel tax cuts aimed at shielding consumers could also heighten fiscal concerns and keep the BCB cautious.

Against this backdrop, we expect the BCB to continue easing at a gradual pace, with another 25 bps cut possible in Q4 and further cuts in 2027.

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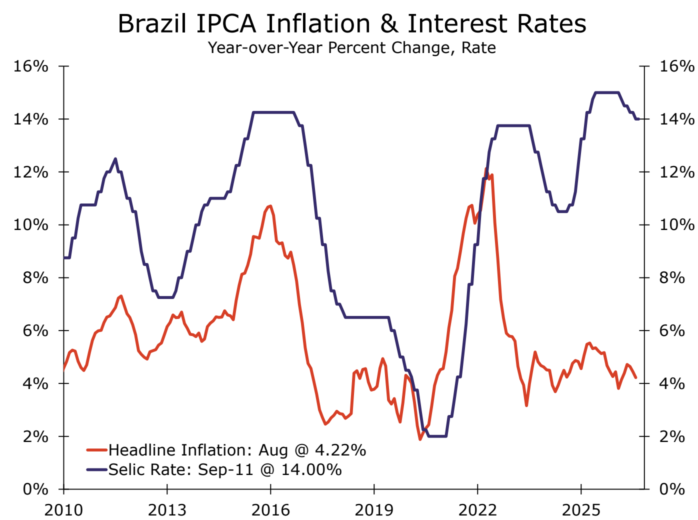

Source: Bloomberg Finance L.P. and Wells Fargo Economics

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