Global Economics Wrap-Up: September 11, 2026

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Global Economics

9/11/26 1:42PM

- September DM central bank meetings:
  - The ECB raised the policy rate by 25p to 2.5% in a unanimous decision and gave few details on the path ahead, although some elements of communication had a hawkish undertone. As a result, we now expect another 25bp hike in December.
  - We expect the BoE to remain on hold at 3.75% at next Thursday's meeting.
  - We expect the BOJ to raise the policy rate by 25bp to 1.25% at their meeting next Friday.
  - We are now expecting the RBA to raise the policy rate by 25bp to 2.6% later this month following recent hawkish commentary from RBA officials.
  - Last week, the BoC remained on hold but delivered hawkish guidance that raises the risk of a hike at upcoming meetings.

US Economics

9/11/26 10:41AM ET

- Core CPI increased by 0.29% in August and 2.45% over the last year:
  - Prices of wireless phone services—which have been particularly volatile in recent months—increased by 5.9% month-over-month, boosting the core by about 10bp.
  - Travel services were also firm, with airfares and lodging increasing by 2.7% and 2.4% month-over-month, respectively, and each boosting the core by 4bp.
  - The shelter categories were more benign than we expected, as OER and rent increased both by 0.2% month-over-month.
  - Headline CPI increased by +0.40% month-over-month, reflecting a rebound in energy prices (+2.1% month-over-month) driven by the re-escalation of the conflict in Iran.
- Rising interest rates add to existing fiscal sustainability concerns arising from unusually large primary deficits and the high debt-to-GDP ratio.
  - In our baseline forecast, which assumes that interest rates will come back

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down from the recent increases, we project that federal debt-to-GDP will rise from 100% to 123% by 2035.

- We project that nominal interest expense as a share of GDP will substantially surpass its 1990s peak and real interest expense will approach its 1990s highs in coming years.

- Interest rates have been below nominal GDP growth in recent years, which helps to slow the growth of debt-to-GDP.
  - This would remain true in our baseline but would not if current interest rates held indefinitely.
  - Even under our forecast, a growing debt stock would likely raise interest rates over time.
- Balancing the primary budget outside of recessions would roughly stabilize debt-to-GDP.
  - But getting there requires a large 3pp deficit reduction, which is politically unlikely for now.
  - Inaction is costly: the required deficit reduction grows the longer it is delayed because debt and interest expense rise.
  - A larger productivity boost from AI would reduce but probably not eliminate the deficit reduction needed.

Europe Economics
9/11/26 9:19AM ET

- ECB hikes rates by 25bp; We now see another hike in December:
  - The Governing Council hiked policy rates by 25bp in September.
  - The new staff projections showed stronger growth and a more lasting inflation overshoot.
  - Lagarde gave no indication on the path ahead during the press conference.
  - Given the economy's recent resilience, the renewed spike in energy prices and the hawkish message, we now expect a 25bp in December to 2.75%.
  - We see a low hurdle for hikes to 3% with stronger data and see the risks skewed in this direction.
  - We push back the anticipated timing of cuts to 2027Q4 and 2028Q1 (from 2027Q2 and 2027Q3 previously).
  - We also nudge up our terminal rate forecast to 2.25% (from 2% before) given signs of a higher neutral rate.
- Q3 GDP data so far mixed across Europe:
  - UK monthly GDP rose by 0.4%mom in July, significantly above and consensus.
  - Our nowcast model now points to real GDP growth of +0.5% (+0.3% previously).



- After a surprisingly firm Q2, the Euro area activity dataset has been more mixed at the start of Q3.
- Surveys continued to recover from Q2 lows but hard data shows some signs of softening in July, most notably in Germany.
- Our tracking estimate ticked up slightly by +0.02pp to +0.19%qoq in the Euro area.
- We currently track Q3 GDP growth flat in Germany, at +0.07% in France, at +0.19% in Italy, and at +0.59% in Spain.

- We assess structural and cyclical outlook of Norway:
  - We combine two complementary empirical approaches to understanding where the Norwegian economy is heading.
  - Our estimates suggest that the output gap in Norway depends heavily on the metric of labour market slack used.
  - We estimate that the current neutral real policy rate is around 1.4%, with nominal neutral close to 3.4%.
    - We thus upgrade our terminal rate forecast to 3.5% (up from 3.25%).
  - International shocks explain up to 40% of the variation in Mainland GDP growth and core inflation on average.
  - Conditioning the model on our forecasts points to some near-term inflation pressure but gradual disinflation and close-to-normal activity ahead.
  - Taken together, our analysis points to a limited need for further tightening.
- Risks to energy prices, potentially higher foreign inflation, and Norges Bank's hawkish reaction function, however, suggest a hike to 4.5% remains the baseline.

Asia/EM Economics
9/11/26 6:08AM ET

- China's trade surplus increased to US$119bn in August on restrained imports
  - China's trade growth picked up slightly on a year-over-year basis but came in below consensus expectations – particularly on the import side (exports: +24.9% yoy, imports: +28.2% yoy). Despite higher energy import prices, the trade surplus increased to US$119.1bn (NSA), up from US$112.3bn in July and US$101.0bn in last August.
  - China inflation picked up in August on year-over-year terms, with CPI rising to +0.8% yoy and PPI to +3.8% yoy, driven by higher energy, transportation services, and downstream product prices.
- EM central banks remained on hold over the last week
  - Chile's central bank kept its policy rate unchanged at 4.5%, in line with consensus expectations.
  - Poland's central bank kept its policy rate on hold at 3.75%, in line with consensus expectations.

- The TCMB kept its policy rate at 37%, in line with consensus.

GDP Forecast Tracker: GS vs. Consensus

Real GDP Growth:	Annual Average					Potential
	2025	2026		2027		
	Actual*	GS	Consensus	GS	Consensus	GS
DMs						
US	2.1	2.1	2.1	2.1	2.1	2.3
Euro Area	1.3	0.9	0.8	1.1	1.2	1.0
Germany	0.3	0.9	0.9	1.0	1.1	0.5
France	0.9	0.4	0.5	0.7	0.9	1.0
Italy	0.7	0.9	0.9	0.8	0.7	0.8
Spain	2.8	2.6	2.5	1.9	1.9	1.9
Japan	1.2	0.9	0.7	1.2	0.8	0.6
UK	1.3	1.4	1.1	1.5	1.2	1.4
Canada	1.9	0.9	0.9	1.9	1.7	1.5
Australia	2.0	1.9	1.9	1.8	1.7	2.4
EMs						
China	5.0	4.6	4.6	4.7	4.5	4.5
India	7.3	7.6	6.5	7.3	6.4	6.6
Brazil	2.3	2.0	2.0	1.2	1.7	2.1
South Korea	1.1	3.2	3.4	2.5	2.4	2.4
Mexico	0.5	1.4	1.2	1.8	1.8	2.2
World	2.8	2.6	2.5	2.8	2.7	2.7

*GS estimate where actual full-year data is not yet available.
Note: Global GDP growth rates aggregated using market exchange rates. IMF forecast used for India 2027 consensus value.

Source: Bloomberg, Goldman Sachs Global Investment Research