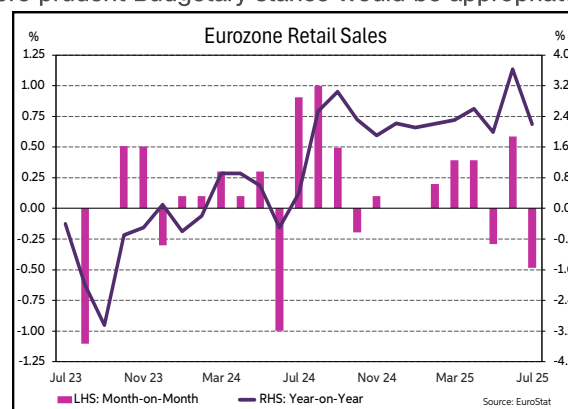


Dancing in the Dark

- **Amid a fresh US Government shutdown, markets are in the dark on what would have been a major macro release day, as US payrolls were due to be published on Friday.** The keenly awaited September number follows a series of weak prints for the US jobs markets over the summer, which spurred the Fed's first interest cut in 2025, just last month.
- **With the release now delayed, attention turns to the slew of other private sector surveys, with most suggesting the labour market remained weak in September.** The ADP employment survey showed an unexpected 32k fall in jobs in September, while the ISM manufacturing survey signalled that firms have continued to shed workforce numbers during the month. Nonetheless, these private sector surveys have not been a perfect predictor of actual labour market trends of late, with investors likely discounting these data points as US equity markets have continued to trade higher. The US Government shutdown has also made little dent on market sentiment, with the expectation that a deal will be reached in the coming days.
- **Elsewhere, Irish policymakers are also having to contend with a highly uncertain macro backdrop when making final decisions on Budget 2026.** In that context, a succession of institutions including the Irish Fiscal Advisory Council (IFAC) and the Central Bank have been warning that the Government is running fiscal policy too hot and the expected €9.4bn Budget-day package should be scaled back. While the “one-off” cost of living measures included in recent budgets are expected to be phased out, the Government also has difficult decisions to take on whether to absorb current year overruns across several departments into the base for 2026. These within-year overruns have been a key driver of the rapid expansion in public expenditure in recent years, alongside the explicit policy decisions taken on budget day. This is reflected in the perennial overruns in health spending.
- **Overall, total voted expenditure is expected to be close to €110bn in 2025, over 60% higher compared to 2019, an expansion which has been enabled by the continuous surge in corporate tax revenues over the same period.** Since 2014, corporate tax receipts have grown fivefold to €28bn in 2024 (not including the €13bn proceeds from the EU-Apple case), with around half of this estimated to be “windfall” by the Dept. of Finance, meaning it cannot be relied upon in the future. Thankfully, IFAC has noted that “there are no obvious signs of a decline in corporation tax receipts in the short run”, although they warn that the medium-term outlook “is much less clear”. Given the public finances would be in a substantial deficit if these windfall revenues were to disappear, a more prudent Budgetary stance would be appropriate to close this underlying deficit as quickly as possible.
- **Turning to the week ahead, the data calendar is quite sparse on both sides of the Atlantic.** In the US, this is partly due to the aforementioned government shutdown. However, if an agreement is reached and federal agencies re-open, a number of releases, including the delayed payrolls report for September could be published this week. For now though, the only release of note will be the preliminary reading of the University of Michigan measure of consumer sentiment. The index has been rather dire since the announcement of US tariffs in April. Although, consumer spending has remained solid. The consensus is for a moderate deterioration to 54.9 in October, down from 55.1.
- **In the Eurozone, retail sales data for August will be released.** Having enjoyed a solid start to the year, retail sales have been more volatile recently, contracting by 0.3% in May, rebounding in June by 0.6%, before declining once more, by 0.5% in July. This trend is set to continue, with a marginal 0.1% increase pencilled in for August. Meanwhile, in terms of some of the large Eurozone national economies, German industrial orders and output, as well as Italian industrial production figures (all August), will warrant some attention. Regarding more timely data, the EU sentix index is forecast to rise to -8.5 in October from -9.2.
- **On the monetary policy front, both the ECB and the Fed will release the account/minutes from their respective September policy meetings.** Market participants will scour the releases closely for any hints on the future path of policy, albeit the minutes are unlikely to contain any significant new information.
- **Meanwhile, the main focus at home will be on Budget 2026.** As highlighted above, the Summer Economic Statement guided for a total Budgetary package of €9.4bn, made up of €1.5bn in tax cuts and €7.9bn in increased public spending, of which €5.9bn is due to be allocated to current expenditure.



	Interest Rate Forecasts			
	Current	End Q4	End Q1	End Q2
	2025	2025	2026	2026
Fed Funds	4.125	3.625	3.375	3.125
ECB Deposit	2.00	2.00	2.00	2.00
BoE Repo	4.00	4.00	3.75	3.50
BoJ OCR	0.50	0.75	0.75	0.75

Current Rates Reuters, Forecasts AIB's ERU

	Exchange Rate Forecasts (Mid-Point of Range)			
	Current	End Q4	End Q1	End Q2
	2025	2025	2026	2026
EUR/USD	1.1747	1.19	1.20	1.20
EUR/GBP	0.8723	0.88	0.88	0.87
EUR/JPY	173.17	174	174	174
GBP/USD	1.3465	1.35	1.36	1.38
USD/JPY	147.41	146	145	145

Current Rates Reuters, Forecasts AIB's ERU

ECONOMIC DIARY

Monday 6th - Friday 10th October

Date	UK & Irish Time (GMT+1)	Release	Previous	Forecast
This Week: ECB Speakers: de Guindos, Lane, Lagarde (Mon); Lagarde (Tue); Lane (Thu); de Guindos (Fri) BoE Speakers: Bailey (Mon); Pill (Wed); Fed Speakers: Bostic, Miran, Kashkari (Tue); Musalem, Barr, Kashkari (Wed); Barr, Kashkari, Daly, Goolsbee, Musalem (Fri) Budget 2026 (Tuesday 7th October)				
Mon 6th	EU-20:	09:30 EU Sentix (October)	-9.2	-8.5
	EU-20:	10:00 Retail Sales (August)	-0.5% (+2.2%)	+0.1% (+0.3%)
Tue 7th	GER:	07:00 Industrial Orders (August)	-2.9%	+1.5%
	FRA:	07:45 Trade Balance (August) - Exports	-€5.6bn +€52.1bn	
	US:	13:30 International Trade (August)	-\$78.3bn	-\$60.4bn
Wed 8th	JPN:	06:00 Economy Watchers Poll (September)	46.7	
	GER:	07:00 Industrial Output (August)	+1.3% (+1.5%)	-1.0% (-0.9%)
	US:	19:00 Fed FOMC Meeting Minutes (16-17th Sept)		
Thu 9th	GER:	07:00 Trade Balance (August) - Exports	+€14.7bn -0.6%	+€15.2bn +0.3%
	EU-20:	10:00 ECB Meeting Account (10-11th September)		
	IRE:	11:00 CPI inflation (September)	+0.4% (+2.0%)	-0.2% (+2.6%)
		- HICP Inflation	Flash: -0.2% (+2.7%)	-0.2% (+2.7%)
	US:	13:30 Initial Jobless Claims (w/e 29th September)	+ ,000	
Fri 10th	ITA:	09:00 Industrial Output (August)	+0.4% (+0.9%)	-0.3% (+0.6%)
	US:	15:00 Preli. Uni. Michigan Consumer Sentiment (Oct)	55.1	54.9

♦ Month-on-month changes (year-on-year shown in brackets)

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