

Weekly — May 1, 2026

Economics Week Ahead

The U.S. labor market remains soft with the “low fire, low hire” environment continuing. We expect payroll growth to step down to around 70K in April, with a rebound in labor force participation pushing the unemployment rate back up to 4.4%. Globally, central banks are diverging. The Fed is firmly on hold in the wake of the continued conflict in Iran. But we now expect the Reserve Bank of Australia to deliver a third consecutive rate hike, prolonging their hiking cycle, and Canada’s labor market to stabilize, supporting a July rate hike as inflation pressures return to focus. In emerging markets, we expect Banxico to cut the policy rate by 25 bps next week to 6.50%, likely in a split decision, even as inflation risks remain tilted to the upside.

United States:

- [Employment](#) (Friday)

G10 Economies:

- [Reserve Bank of Australia Policy Rate](#) (Wednesday), [Canada Labor Force Survey](#) (Friday)

Emerging Markets:

- [Banxico Policy Rate](#) (Thursday)

Economist(s)

Tom PorcelliChief Economist | Wells Fargo Economics
Tom.Porcelli@wellsfargo.com | 212-214-6422**Tim Quinlan**Senior Economist | Wells Fargo Economics
Tim.Quinlan@wellsfargo.com | 704-410-3283**Sarah House**Senior Economist | Wells Fargo Economics
Sarah.House@wellsfargo.com | 704-410-3282**Aroop Chatterjee**International Economist | Wells Fargo Economics
Aroop.Chatterjee@wellsfargo.com | 212-214-8819**Charlie Dougherty**Senior Economist | Wells Fargo Economics
Charles.Dougherty@wellsfargo.com | 212-214-8984**Michael Pugliese**Senior Economist | Wells Fargo Economics
Michael.D.Pugliese@wellsfargo.com | 212-214-5058**Jackie Benson**Economist | Wells Fargo Economics
Jackie.Benson@wellsfargo.com | 704-410-4468**Shannon Grein**Economist | Wells Fargo Economics
shannon.grein@wellsfargo.com | 704-410-0369**Nicole Cervi**Economist | Wells Fargo Economics
Nicole.Cervi@wellsfargo.com | 704-410-3059

Related Information:

- [U.S. Economic Forecast](#)
- [FOMC 101](#)
- [U.S. Tariff Tracker](#)
- [U.S. Tariff Policy 101](#)
- [2026 Economic Calendar](#)

Wells Fargo Economics Week Ahead

United States					
Indicator Releases	Period	Consensus	Wells Fargo	Prior	
4-May	Factory Orders (MoM)	Mar	0.4%	0.5%	0.0%
5-May	Trade Balance	Mar	-\$60.2B	-\$61.5B	-\$57.3B
5-May	ISM Services	Apr	53.8	55.0	54.0
5-May	New Home Sales (SAAR) (Feb.)	Feb	—	599K	587K
5-May	New Home Sales (SAAR) (Mar.)	Mar	668K	618K	—
7-May	Construction Spending (MoM) (Feb.)	Feb	—	0.1%	-0.3%
7-May	Construction Spending (MoM) (Mar.)	Mar	—	0.6%	—
8-May	Nonfarm Payrolls	Apr	60K	70K	178K
8-May	Private Payrolls	Apr	75K	75K	186K
8-May	Unemployment Rate	Apr	4.3%	4.4%	4.3%
8-May	Average Hourly Earnings (MoM)	Apr	0.3%	0.3%	0.2%

Fed Speakers (*Designating 2026 Voting Member)				
4-May	Fed's Williams* Delivers Keynote Remarks (12:50p ET)			
5-May	Fed's Bowman* Speaks at Washington Financial Symposium (10:00a ET)			
5-May	Fed's Barr* Speaks on Banking Regulation (12:30p ET)			
6-May	Fed's Musalem Speaks at Mississippi Bankers Association (9:30a ET)			
6-May	Fed's Goolsbee Speaks on Panel Event (1:00p ET)			
7-May	Fed's Hammack* Speaks in Fireside Chat (2:05p ET)			
7-May	Fed's Williams* in Moderated Discussion (3:30p ET)			
8-May	Fed Governor Cook* Speaks on Asset Tokenization (5:45a ET)			
8-May	Fed's Waller*, Bowman*, Daly and Goolsbee on Panel (7:30p ET)			

International					
G10 Economies	Period	Consensus	Wells Fargo	Prior	
5-May	Reserve Bank of Australia Policy Rate	5-May	4.35%	4.35%	4.10%
8-May	Canada Net Change in Employment	Apr	5.0K	25K	14.1K
8-May	Canada Unemployment Rate	Apr	6.7%	6.6%	6.7%

Emerging Markets					
Period	Consensus	Wells Fargo	Prior		
7-May	Banxico Overnight Rate	7-May	6.50%	6.50%	6.75%

Forecast as of May 01, 2026

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

All estimates/forecasts are as of 5/1/2026 unless otherwise stated. 5/1/2026 12:13:51 EDT.

U.S. Week Ahead

Employment • Friday

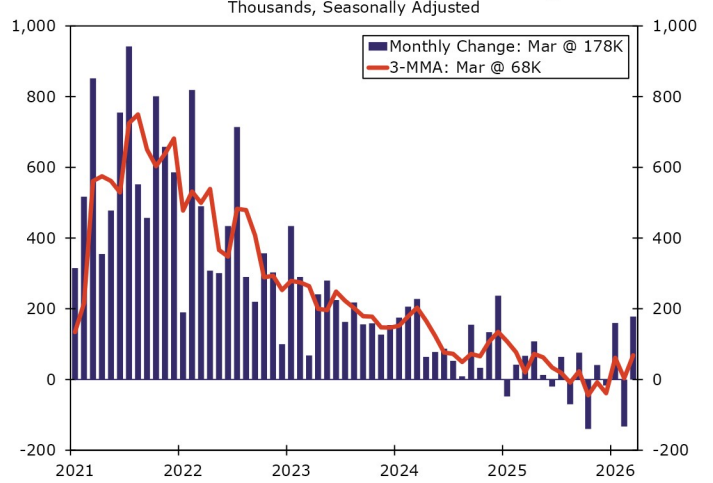
The labor market is still stuck in the low fire, low hire dynamic that has prevailed for the past two years. While layoffs at well-known tech companies made headlines in recent weeks, initial jobless claims, WARN notices and Challenger job cut announcements point to economy-wide layoffs remaining tame for now. Yet, firms still show little appetite to hire additional workers. Small business hiring plans are sitting at a two-year low, regional Fed employment PMIs sank further into negative territory in April and Indeed job postings—which had been on an upswing since the start of the year—wobbled in March.

With demand for workers little changed, the supply of workers has become a bigger factor in the pace of job growth. Last month's 178K rise in payrolls, even accounting for the ~30K boost from completed strikes, is untenable given the immigration and demographic constraints on labor force growth. We expect some payback in April and estimate total payrolls advanced 70K, with private payrolls up 75K.

The April unemployment rate is also like to point to a slightly softer jobs market. Last month's drop to nearly 4.2% (4.26% unrounded) was driven by a swath of unemployed workers leaving the labor force. We look for a rebound in the labor force and ranks of the unemployed in April to push the unemployment rate back to 4.4%. That would leave the unemployment a tick higher than what most FOMC members estimate is full employment—uncomfortable amid an uncertain demand backdrop, but not indicative of the labor market's delicate balance tipping in April.

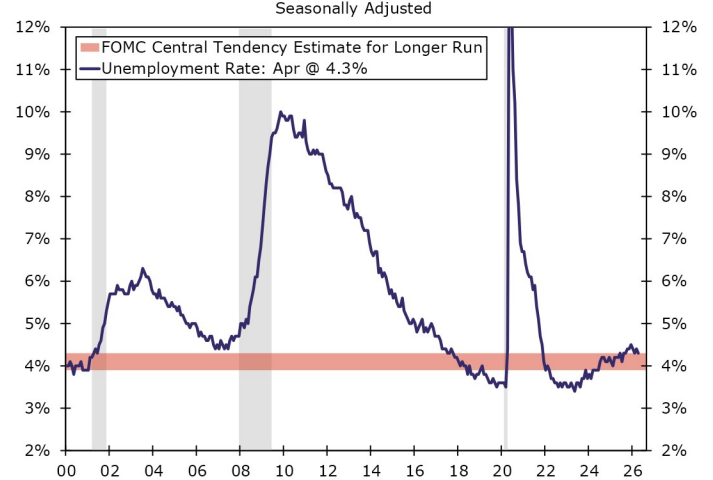
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U.S. Nonfarm Employment Change



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

U.S. Unemployment Rate



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

G10 Week Ahead

Reserve Bank of Australia Cash Rate • Wednesday

We expect a third consecutive 25 bps rate hike from the Reserve Bank of Australia (RBA) next week, lifting the Cash Rate to 4.35%. Further, we see the RBA prolonging its hiking cycle through mid-year, a shift from our prior view of rates on hold through end-2026. At its March meeting, the RBA stressed that with inflation still too high, the question of raising rates was about “timing rather than direction.” Recent communication reinforces that message, with greater emphasis on anchoring long-term inflation expectations. Deputy Governor Hunter described this as being a central bank’s ‘North Star’, while Governor Bullock, at the March meeting, stated that anchoring long-term inflation expectations depends on convincing households and firms the RBA “would take action to bring inflation back to target.” While March headline CPI rose 4.8% year-over-year due largely to fuel prices, the print undershot expectations and trimmed mean inflation held at 3.3%, pointing to moderating core inflation before the Middle East conflict. That dynamic, however, is likely to shift over the next months, with April PMIs showing the fastest rise in input costs in over four years.

With the labor market tight, inflation above target and the economy starting from a relatively strong position, policymakers appear focused on near-term action. As this meeting includes an updated Statement on Monetary Policy, it should clarify how much higher inflation is expected to run by the RBA and what that implies for the path ahead. While the outlook beyond May is less certain after three hikes, risks have shifted to the upside. We now see scope for another increase (most likely in June but could be delayed to August), taking the Cash Rate to 4.60%, with the possibility of higher rates if the conflict continues and inflation pressures intensify.

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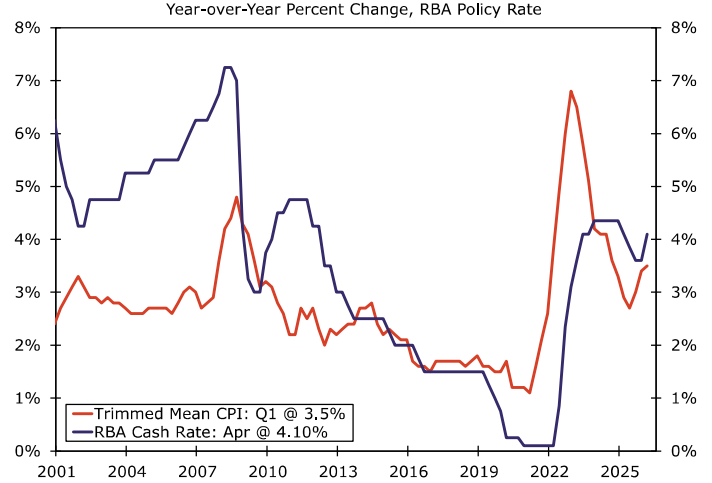
Canada Labor Force Survey • Friday

We expect further improvement in Canadian labor market data next week, with employment rising by around 25K in April and the unemployment rate ticking down to 6.6%. The April report should confirm the stabilization in labor market conditions seen in March. We expect job gains to be concentrated in full-time employment and led by goods-producing sectors, particularly energy and mining. Demographics and net migrant outflows continue to point to weak labor force growth and subdued participation rates. This is pushing down the breakeven pace of job growth needed to keep the unemployment rate stable, potentially into slightly negative territory. As a result, we expect the unemployment rate to drift gradually lower over the course of 2026.

On net, stabilization in labor market conditions shifts the balance of risks for the Bank of Canada back toward inflation. This week’s meeting emphasized USMCA-related uncertainty as a near-term dovish risk. However, we continue to expect a Bank of Canada rate hike at the July meeting, assuming the July 1 deadline passes with a muddle-through outcome, policymakers gain further evidence of inflation pass-through and the Bank delivers a refreshed July Monetary Policy Report.

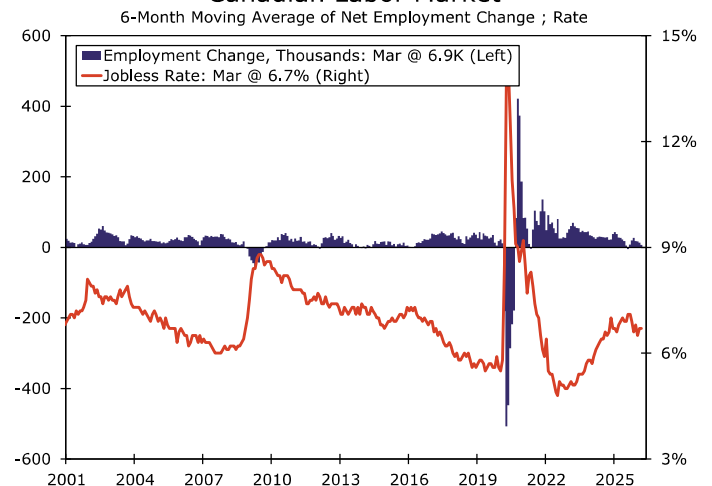
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Australia CPI Inflation & Policy Rate



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

Canadian Labor Market



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

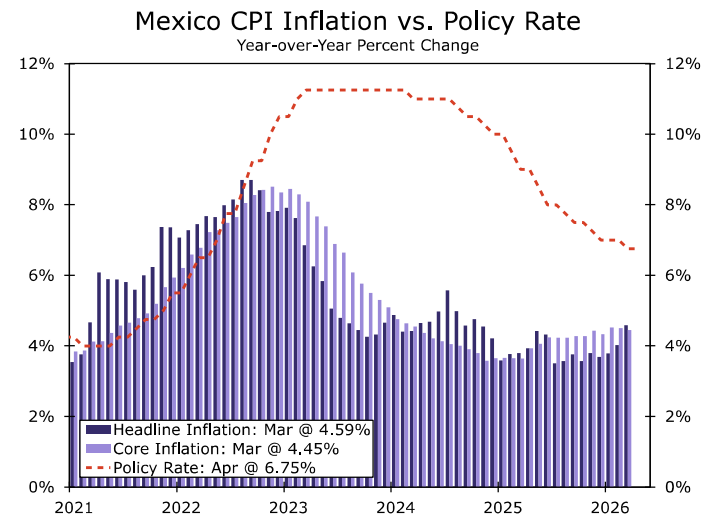
EM Week Ahead

Banxico Policy Rate • Thursday

We expect Banxico to cut the policy rate by 25 bps next week to 6.50%, with the window for further easing now rapidly closing. We anticipate a 3–2 decision, with the dovish majority leaning heavily on softer activity data. Economic momentum weakened sharply in Q1, with GDP contracting 0.8% quarter-over-quarter and growth barely positive on a year-over-year basis. Retail sales, labor market indicators and downward revisions to services output all point to a loss of momentum early in the year. Q2 should improve mechanically, but this is more likely to reflect stabilization than a meaningful rebound. Inflation dynamics remain problematic. Both headline and core inflation are around 4.5% year-over-year, with core inflation having remained above 4% for nearly a year, well above the upper bound of Banxico's 2–4% target range. Non-core inflation is likely to re-accelerate in coming months as higher food and energy prices feed through, reflecting Middle East developments and adverse agricultural conditions. Inflation risks are therefore clearly skewed to the upside, leaving Banxico's dovish bias increasingly out of step with inflation realities.

A final rate cut in Q2 appears likely, particularly given recent comments from Governor Rodríguez and Deputy Governor Mejía. As in the March meeting, we expect Deputy Governors Borja and Heath to dissent in favor of holding rates steady. Looking beyond, the macro mix for H2 2026 is unfavorable, characterized by low trend growth, elevated inflation, limited fiscal support, and fragile monetary credibility. A key risk event later this year will be the replacement for Heath, whose term ends in December. A technocratic appointment would be viewed positively by markets and help contain risk premia in both rates and FX. Absent that, we see weak growth and Banxico's dovish bias weighing on the peso, while credibility concerns are more likely to lift term premia in local rates.

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

Economics Group

Tom Porcelli	Chief Economist	212-214-6422	Tom.Porcelli@wellsfargo.com
Tim Quinlan	Senior Economist	704-410-3283	Tim.Quinlan@wellsfargo.com
Sarah House	Senior Economist	704-410-3282	Sarah.House@wellsfargo.com
Aroop Chatterjee	Senior Economist	212-214-8819	Aroop.Chatterjee@wellsfargo.com
Charlie Dougherty	Senior Economist	212-214-8984	Charles.Dougherty@wellsfargo.com
Michael Pugliese	Senior Economist	212-214-5058	Michael.D.Pugliese@wellsfargo.com
Jackie Benson	Economist	704-410-4468	Jackie.Benson@wellsfargo.com
Shannon Grein	Economist	704-410-0369	Shannon.Grein@wellsfargo.com
Nicole Cervi	Economist	704-410-3059	Nicole.Cervi@wellsfargo.com
Delaney Conner	Economic Analyst	704-374-2150	Delaney.Conner@wellsfargo.com
Ali Hajibeigi	Economic Analyst	212-214-8253	Ali.Hajibeigi@wellsfargo.com
Azhin Abdulkarim	Economic Analyst	212-214-5154	Azhin.Abdulkarim@wellsfargo.com
Anagha Sridharan	Economic Analyst	704-410-6212	Anagha.Sridharan@wellsfargo.com
Andrew Thompson	Economic Analyst	704-410-2911	Andrew.L.Thompson@wellsfargo.com

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