The Bottom Line



The Bottom Line wraps up the week, highlighting key events and data releases for the upcoming one.

US inflation and earnings to set the tone

9 October 2026

In the US, higher energy prices are likely to push up headline inflation again. The 3Q earnings season is getting underway, with strong profit growth expected. EU leaders will discuss trade imbalances with China and the bloc's long-term budget. Meanwhile, the IMF meeting will turn the spotlight on the global growth outlook and policy risks.

TOP STORIES OF THE UPCOMING WEEK

1 **Energy prices to lift US CPI**

The September US CPI report will be closely monitored by financial markets to better gauge the underlying trend in consumer prices after stronger-than-expected core data for August poured cold water on disinflation hopes. We expect energy to have fuelled a 0.6% mom increase in headline CPI, half of which was probably driven by the price of petrol at the pump, which rose by a further 7% mom. The core CPI gauge that excludes food and energy is likely to have been relatively well-behaved, rising by 0.2% mom. The yearly rate for headline inflation likely rose to 3.7% from 3.4%, while that for core inflation remained at 2.4%. Overall, we expect the details of core inflation to confirm that the price impulse of higher tariffs is weakening, while surging prices for tech equipment should remain contained to a relatively small number of CPI items. Housing inflation is likely to remain on a downward trajectory, following with a lag the deceleration in market rents, while the stickiness in core services (ex. housing) will probably remain the main source of concern for the Fed.

2 **3Q26 earnings season: priced for delivery**

The 3Q26 earnings season will start next week. Expectations are high, but the backdrop remains supportive so far. Consensus expects S&P 500 earnings to increase by around 30% yoy, with technology earnings growth approaching 65%. The key challenge is not growth itself, but expectations. After the recent rise in Treasury yields, markets have become far less tolerant of disappointment. Investors are effectively pricing in strong earnings delivery. Valuations, however, look healthier. The S&P 500's forward P/E has fallen from 23 to around 19, returning to its long-term average and reducing pressure from higher bond yields. Our conclusion is straightforward: the earnings season matters more than interest rates right now. As long as companies deliver broadly in line with expectations, solid profit growth and more-balanced valuations should support further equity gains towards year-end.

3 **European Council summit: trade tensions with China and budget battles**

EU leaders will meet in Brussels on 15-16 October, with competitiveness and trade relations with China high on the agenda. Following this week's trade talks in Beijing, European policymakers will assess the progress on China-EU trade imbalances, market access of European companies and critical raw materials. Limited concessions from China would further strengthen calls for tougher EU trade-defence measures. This week, Berlin and Paris proposed a mechanism that would empower the European Commission to exclude companies that do not play by the rules from the EU single market under an accelerated procedure. Another major issue being discussed at the summit is the EU's 2028-34 budget, with governments deeply divided over its size and spending priorities.

4 **Global policymakers gather for IMF and World Bank meetings**

Bangkok will become the centre of global economic policy from 12-18 October, with the Annual Meetings of the IMF and the World Bank bringing together policymakers from around the world. While there is no single overarching theme, the agenda highlights are AI and jobs and the challenges from trade fragmentation, geopolitical tensions and financial vulnerabilities. The IMF will release its World Economic Outlook and the Global Financial Stability Report on 13 October, providing fresh assessments on growth, inflation and financial markets. G20 finance ministers and central bank governors will meet on 15 October. As usual, the IMF and World Bank meetings are an important venue for informal and bilateral talks between senior policymakers and private-sector leaders, including executives from major banks.



QUOTE OF THE WEEK*

"France and Germany are very keen to put an end to the naivete on trade."

Unnamed adviser to French President Emmanuel Macron

*Not an endorsement.

WHAT WE ARE READING AND LISTENING TO

Taking the Pulse: Can the EU Stare Down China on Trade? ›

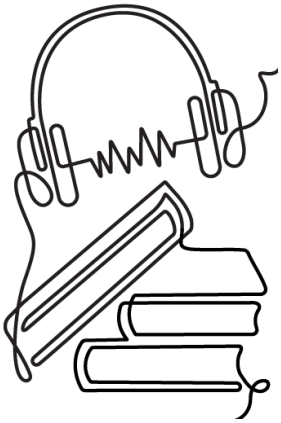
In this *Carnegie Europe* commentary, the authors argue that the EU has substantial leverage through the single market but has lacked credibility and unity in using it.

Paul Krugman Podcast: The Midterms! ›

Paul Krugman, Elliot Moris and David Nir discuss why growth indicators often have surprisingly little predictive power in midterm elections, while prices and perceived affordability can still matter strongly.

Navigating geoeconomic risk in the US stock market ›

In this *VOXEU* column, the authors argue that geoeconomic risk is also embedded in "domestic" US portfolios. According to their calculations, about 20% of US equity mutual-fund assets are invested in US companies with Chinese customers; the exposure is more than double in tech-focused funds.



DATA AND EVENTS CALENDAR

Date	Country	Data	Period	UniCredit	Consensus	Previous
12-18 Oct	-	IMF and World Bank annual meetings	-	-	-	-
14 Oct	US	Consumer price index, CPI (% yoy)	Sep	3.7	3.6	3.4
14 Oct	US	Core CPI (% yoy)	Sep	2.4	2.5	2.4
14 Oct	US	Consumer price index, CPI (% mom)	Sep	0.6	0.6	0.4
14 Oct	US	Core CPI (% mom)	Sep	0.2	0.2	0.3
15-16 Oct	-	European Council summit	-	-	-	-

Source: Bloomberg, The Investment Institute by UniCredit
Note: A detailed calendar is available here: Calendar.



FORECAST TABLES

- Economics
- FI
- FX
- Risky Assets

IN CASE YOU MISSED IT THIS WEEK

Date	Title	Author
9 Oct	Market Spotlight › What in FX if market turmoil becomes a self-fulfilling prophecy?	Roberto Mialich
9 Oct	Coffee Break › How exposed is CEE to Germany?	Mauro Giorgio Marrano
8 Oct	Long View › Euro adoption in CEE – aspirants and holdouts	Eszter Gargyan
8 Oct	Coffee Break › EU-China trade talks: time to show results	Dr. Andreas Rees
7 Oct	Short View › The USD: between soaring UST yields and buying opportunities	Roberto Mialich
7 Oct	Coffee Break › Beyond energy: why the Red Sea matters for euro area trade	Dr. Loredana Maria Federico
6 Oct	Long View › From oil shocks to mineral bottlenecks	Dr. Andreas Rees, Dr. Thomas Strobel
6 Oct	Coffee Break › Data centres could face fallout from US midterm campaign messaging	Jonathan Schroer
5 Oct	Quarterly Updates › Overlapping shocks	Edoardo Campanella
5 Oct	Primary Market Focus › Weekly Supply Preview – Germany issues new 2Y Schatz and new 7Y Bund	Francesco Maria Di Bella

Date	Title	Author
5 Oct	Coffee Break › EUR-USD and the Fed's potentially dangerous game	Roberto Mialich
3 Oct	Letter from the Editor › Chaotic Multipolarity	Edoardo Campanella

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