The Bottom Line

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

A blue wave?

30 October 2026

Next week, market attention will focus on the US midterm elections, with delayed results potentially prolonging political uncertainty. On the data front, US payrolls are expected to confirm a resilient, gradually cooling labour market, while eurozone inflation is likely to accelerate further. Central banks will also be in the spotlight, with the BoE, RBA and Riksbank expected to raise rates. Markets will also closely watch the OPEC+ meeting given the implications for oil prices and risk sentiment.

TOP STORIES OF THE UPCOMING WEEK

1 **US midterm elections unlikely to provide definitive initial results**

The US midterm elections will be held on 3 November. With polls closing at different times in different time zones, only a partial picture will be available in the morning of 4 November. Key races may take longer to resolve, particularly in California, where several competitive races in the House of Representatives could determine control of the chamber, and in Alaska, where a crucial Senate race is taking place. The Trump administration is already making moves to challenge potentially unfavourable outcomes, which could cause further delays. Leading political analysts and prediction markets are showing a high likelihood (around 90%) of a Democratic majority in the House, while a Democratic majority in the Senate (around 60%) is considered a toss-up. We think markets would welcome the check on executive power that a divided Congress would bring. However, the likelihood of market volatility is high until the final results are clear – and the Trump administration's reaction to them.

2 **US labour market remains in low hire, low fire mode**

US NFPs have been very volatile in recent months, making it difficult to separate the signal from the noise. Following an increase of just 29k in September, we expect job creation to have re-accelerated in October, to around 80k. A wide range of labour-market indicators continue to support a low-hire, low-fire narrative. AI adoption has likely contributed to a steady decline in payrolls in the information sector since 2023, and in

the financial sector this year; we expect these trends to have continued. The unemployment rate has probably remained at 4.2%, with risks mainly driven by changes in the participation rate. The cooling down in average hourly earnings to an annual pace of 3% probably understates the underlying pace of wage formation due to changes in the composition of employment. However, with productivity rising briskly, the risk of second-round inflation effects through wages appears low.

3 **Eurozone inflation likely to have increased further**

We expect a further acceleration in eurozone headline inflation for October, to 3.9% from 3.8% yoy, while core inflation probably stabilised at 2.5% yoy. Energy-driven pressure likely continued to intensify, fuelled by large price hikes for electricity and natural gas. Despite rising Brent prices, the price of petrol and diesel at the pump probably declined on a monthly basis, largely reflecting a sizeable tax cut in Germany where levies on petrol and diesel have been reduced by 17 cents per litre until year-end. Overall, we expect energy prices to have added 0.2pp to eurozone headline inflation. Food-price inflation likely remained subdued, at around 1%, as strong price increases for unprocessed items offset ongoing weakness in processed items. Looking ahead, we forecast a further acceleration in headline inflation in November to above 4%, with core inflation also likely to pick up somewhat.

4 **BoE to resume hiking rates**

The BoE will most probably raise the Bank Rate by 25bp to 4.00%. Since its meeting in September, upside risks to the inflation outlook have intensified, with higher oil and particularly gas prices likely to push headline inflation further above target, increasing the likelihood of second-round effects. In its updated macroeconomic projections, the MPC will likely acknowledge a soft labour market but resilient activity, which would justify a tighter monetary stance. It will be important to understand whether the BoE frames the November hike as a risk-management response to the energy shock or signals broader concern about inflation persistence. We expect limited forward guidance, but we would be surprised if only one hike were to prove enough to bring inflation risks into better balance. We forecast another rate hike in February 2027.

5 **RBA and Riksbank to hike rates; Norges Bank on hold**

The RBA is likely to hike by 25bp on Wednesday, lifting the cash rate to 4.85%, supporting the AUD. The decision is not fully priced in, as the RBA said that it is not done yet and would weigh rising inflation against concerns over Australian growth. Both the Riksbank and Norges Bank are scheduled to hold policy meetings. We expect the Riksbank to raise its policy rate to 2.00%, reflecting a stronger growth outlook and persistent inflation concerns. By contrast, Norges Bank is likely to leave rates unchanged at 4.50% following its 25bp hike in September. Looking ahead, inflation is expected to remain above target in Sweden and Norway despite moderating underlying pressures. Against this backdrop, both central banks are expected to retain a hawkish bias, leaving the door open to further tightening in December. As a result, the SEK should benefit from the expected rate hike, while an unchanged Norges Bank is likely to be neutral for the NOK.

6 **The CNB may deliver a 25bp hike, while the NBP may stick to unchanged rates**

Recent inflation risks and CNB communication suggest that a rate hike in November is a real possibility, supported by persistently high core inflation, more expansionary fiscal policy and upside risks to energy prices. While slightly weaker economic growth and higher long-term interest rates somewhat temper the case for further tightening, we still see a 25bp rate hike as the more likely outcome. However, despite aggressive market expectations for further tightening, we believe this could be the final hike of the cycle. In Poland, the fuel price cap limits the energy-price-related pick-up in headline inflation until December. Therefore, we expect the NBP to stick to unchanged rates flagging hawkish risks in its forward guidance with risks pointing towards a pre-emptive hike if energy prices accelerate further and the pressure on the PLN intensifies.

7 **Crude oil: OPEC+ likely to stay cautious**

OPEC+ is expected to leave production targets unchanged on 1 November, as higher quotas would do little to alleviate constraints on Middle Eastern supply. Gulf exports have recovered, but unevenly and through costly, complex shipping arrangements. Oil prices continue to carry a substantial premium for geopolitical risk, logistical strains and uncertainty over future supply. More reliable flows would allow that premium to recede gradually; further disruption, by contrast, would tighten delivered supply rapidly. The balance of price risks remains tilted upwards.

QUOTE OF THE WEEK*

"I will [accept the election result], if they're honest elections."

Donald Trump, US President

*Not an endorsement.

WHAT WE ARE READING

Trump Doesn't Give a Damn About Your Problems ›

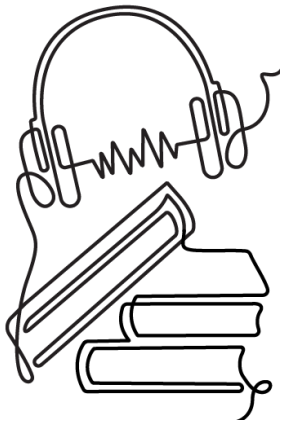
Writing on his Substack, **Paul Krugman** argues that, contrary to his campaign promise to halve energy prices, Trump's Iran policy has driven up fuel costs, fuelling inflation and transferring hundreds of billions of dollars from US consumers to oil companies, thereby undermining his populist credentials.

Human rights, the climate emergency, and the financial system ›

This ECB paper argues that recent climate rulings, notably the KlimaSeniorinnen case, are turning climate change into a human rights issue, increasing legal and regulatory pressure on the EU, the ECB and the financial sector to integrate climate risks into decision-making.

Global Spillovers from U.S. Bond Supply Shocks ›

This IMF paper finds that US Treasury supply shocks have strong global spillovers. A 10bp rise in US long-term yields increases foreign yields by about 7bp and reduces both US and foreign industrial production by roughly 0.4%, with larger effects in countries more exposed to foreign investors.



DATA AND EVENTS CALENDAR

Date	Country	Data	Period	UniCredit	Consensus	Previous
01 Nov	-	OPEC+ meeting	-	-	-	-
03 Nov	US	Midterm elections	-	-	-	-
03 Nov	AU	RBA announces key rate (%)	-	4.85	-	4.60
04 Nov	PL	NBP announces key rate (%)	-	3.75	-	3.75
04 Nov	SW	Riksbank announces key rate (%)	-	2.00	-	1.75
04 Nov	EZ	Consumer price index, CPI (% yoy)	Oct	3.9	-	3.8
04 Nov	EZ	Core CPI (% yoy)	Oct	2.5	-	2.5
05 Nov	NO	Norges Bank announces key rate (%)	-	4.50	-	4.50
05 Nov	UK	BoE announces key rate (%)	-	4.00	-	3.75
05 Nov	CZ	CNB announces key rate (%)	-	4.00	-	3.75
06 Nov	US	Average hourly earnings (% yoy)	Oct	2.9	-	3.0
06 Nov	US	Unemployment rate (%)	Oct	4.2	-	4.2
06 Nov	US	Nonfarm payrolls (change thousands mom)	Oct	80	-	29

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
30 Oct	Coffee Break › Potential for a "blue wave" has consequences for US policy extending into 2028	Jonathan Schroer
29 Oct	Central Banks Watch › December hike in sight as Lagarde heads for the exit	Marco Valli
29 Oct	Coffee Break › Europe's Canadian option	Dr. Andreas Rees
29 Oct	Central Banks Watch › Bullish on the economy, still work to do	Marco Valli
28 Oct	Coffee Break › Israeli elections without a strategic reset	Dr. Stefan Kolek
27 Oct	Primary Market Focus › Another BTP auction with historically high yields	Dr. Luca Cazzulani
27 Oct	Central Banks Watch › Walking a fine line between inflation and sovereign risk	Dr. Luca Cazzulani, Roberto Mialich, Marco Valli
27 Oct	Coffee Break › Technology's lead is being tested, not broken	Tobias Keller
26 Oct	Market Spotlight › EUR, JPY, and sterling: a moment of truth	Roberto Mialich
26 Oct	Central Banks Watch › October pause, December hike	Francesco Maria Di Bella, Roberto Mialich, Marco Valli
26 Oct	Primary Market Focus › Weekly Supply Preview – 2Y and 10Y areas in the spotlight	Francesco Maria Di Bella
26 Oct	Coffee Break › Student List majority marks biggest shift in Serbian politics since 2012	Mauro Giorgio Marrano
24 Oct	Letter from the Editor › The French problem	Edoardo Campanella

Authors
Eszter Gárgyán, FX Strategist - CEE (UniCredit, Munich) eszter.gargyan@unicredit.de
Mauro Giorgio Marrano, Senior CEE Economist (UniCredit, Vienna) mauro.giorgiomarrano@unicredit.eu
Tobias Keller, Investment Strategist (UniCredit, Munich), tobias.keller@unicredit.de
Roberto Mialich, FX Strategist Global (UniCredit, Milan), roberto.mialich@unicredit.eu
Jonathan Schroer, CFA, Credit Strategist - ESG (UniCredit, Munich) jonathan.schroer@unicredit.de
Chiara Silvestre, Economist (UniCredit, Milan), chiara.silvestre@unicredit.eu
Marco Valli, Head of Macroeconomic Analysis and Chief Economist (UniCredit, Milan), marco.valli@unicredit.eu

Editors
Chiara Silvestre, Economist (UniCredit, Milan), chiara.silvestre@unicredit.eu
Dr. Thomas Strobel, Investment Strategist (UniCredit, Munich) thomas.strobel@unicredit.de

UniCredit S.p.A.
The Investment Institute by UniCredit, Piazza Gae Aulenti, 4, I-20154 Milan
www.the-investment-institute.unicredit.eu

Legal Notices

Glossary

Terms used in the report are available on our website: Our glossary.

Marketing Communication

This publication/video constitutes a marketing communication of UniCredit S.p.A., UniCredit Bank Austria AG, Schoellerbank AG and UniCredit Bank GmbH (hereinafter jointly referred to as the "UniCredit Group") is addressed to the general public and is provided free of charge for information only. It does not constitute investment recommendation or consultancy activity by the UniCredit Group or, even less, an offer to the public of any kind nor an invitation to buy or sell securities. The information contained herein does not constitute an investment research or financial analysis since, in addition to the lack of content, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and it is not subject to any prohibition on dealing ahead of the dissemination of investment research.

UniCredit Group, including all its group companies may have a specific interest in relation to the issuers, financial instruments or transactions detailed herein. Relevant disclosures of interests and positions held by UniCredit Group are available at: Conflicts of interest. Any estimates and/or assessments contained in this publication represent the independent opinion of the UniCredit Group and, like all the information contained therein, are given in good faith on the basis of the data available at the date of publication, taken from reliable sources, but having a purely indicative value and subject to change at any time after publication, on the completeness, correctness and truthfulness of which the UniCredit Group makes no guarantees and assumes no responsibility. Interested parties must therefore carry out their own investment assessments in a completely autonomous and independent manner, relying exclusively on their own considerations of the market conditions and the information available overall, also in line with their risk profile and economic situation. Investment involves risk. Before any transaction in financial instruments please refer to the relevant offering documents. It should also be noted that:

1. Information relating to the past performance of a financial instrument, index or investment service is not indicative of future results.
2. If the investment is denominated in a currency other than the investor's currency, the value of the investment can fluctuate strongly according to changes in exchange rates and have an undesirable effect on the profitability of the investment.
3. Investments that offer high returns can undergo significant price fluctuations following any downgrading of creditworthiness. In the event of bankruptcy of the issuer, the investor may lose the entire capital.
4. High volatility investments can be subject to sudden and significant decreases in value, being able to generate significant losses at the time of sale up to the entire capital invested.
5. In the presence of extraordinary events, it may be difficult for the investor to sell or liquidate certain investments or obtain reliable information on their value.
6. If the information refers to a specific tax treatment, it should be noted that the tax treatment depends on the individual situation of the customer and may be subject to change in the future.
7. If the information refers to future results, it should be noted that they do not constitute a reliable indicator of these results.
8. Diversification does not guarantee a profit or protect against a loss.

The UniCredit Group cannot in any way be held responsible for facts and/or damages that may arise to anyone from the use of this document, including, but not limited to, damages due to losses, lost earnings or unrealised savings. The contents of the publication – including data, news, information, images, graphics, drawings, brands, and domain names – are owned by the UniCredit Group unless otherwise indicated, covered by copyright and by the industrial property law. No license or right of use is granted and therefore it is not allowed to reproduce its contents, in whole or in part, on any medium, copy them, publish them and use them for commercial purposes without prior written authorisation from UniCredit Group unless if purposes of personal use only. E 25/1