

## Key events in developed markets next week

The developed markets this coming week are expected to be relatively steady given that the outcome of the trading war is still ambiguous



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### Fed's guidance to provide calm?

If it wasn't for the concerns on global trade we would likely see market expectations for US interest rates be significantly higher than they currently are. After all, the US economy looks set to have grown by an annualised 4% in 2Q18 while inflation looks set to breach the 3% level next month. At the same time the US is experiencing its strongest jobs market for around 50 years.

Nonetheless, the uncertainty that protectionist measures creates poses clear risks for investment and hiring in coming quarters, hence the markets' caution. As such, the tone of the Federal Reserve's semi-annual monetary policy report to Congress will be of huge importance to gauge the likely path of policy in the second half of the year. We expect it to suggest that the market is probably right to expect two further 25bp rate rises this year. In terms of US data the focus will be retail sales and given the strength in the jobs market and the robust readings for consumer confidence we expect the spending numbers to be strong.



## Calming atmosphere in the Eurozone could be clouded by the looming trade war

It will be very calm in the Eurozone and Germany ahead of the upcoming ECB meeting. In light of the recent escalation of the trade war, Eurozone trade numbers should get somewhat more attention than normally.

### Cooling UK inflation unlikely to throw BoE off course in August

It's a big week for UK data, and it kicks off with the jobs report where the key story is likely to be a slowdown in wage growth. Admittedly this is partly down to base effects, but the underlying momentum also seems to have slipped over recent months. This tallies with the slightly more muted earnings outlook in the latest BoE Agents report. There's also a risk that core CPI slips back to target (although we narrowly think it will stick at 2.1% for now), which also implies inflationary pressures are not getting out of hand at this stage.

None of this is likely to stop a rate hike in August – barring another flare-up in the politics around the time of the meeting. The economic data has been solid enough to support the Bank's forecasted 2Q rebound. That's likely to be emphasised by robust retail sales figures next week.

But lower inflation is another reason why the Bank is likely to move fairly slowly on rate rises. We expect the Bank to hike rates again in August, but with Brexit likely getting increasingly noisy, we currently don't expect the Bank to hike rates again before May 2019.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 13 July</b>					
US	1500	Jul P U. of Mich. Sentiment Index	98	98	98.2
	1600	Fed Releases Monetary Policy Report to Congress			
	1730	Fed's Bostic Holds Town Hall Chat in Northern Virginia			
Japan	0530	May F Industrial production - Prel (MoM/YoY%)	-0.2/4.2	-/-	-0.2/4.2
Germany	-	Germany Sovereign Debt to Be Rated by Moody's			
UK	1200	Bank of England Deputy Governor Jon Cunliffe Speaks in Kendal			
Italy	1400	Bank of Italy Releases the Quarterly Economic Bulletin			
Spain	0800	Jun F HICP (MoM/YoY%)	-/-	0.2/2.3	0.2/2.3
	-	Spain Sovereign Debt to be rated by Fitch			
Portugal	0930	Portugal's Costa Speaks at State of the Nation Debate			
<b>Sunday 15 July</b>					
Denmark	-	Denmark Sovereign Debt to be rated by Fitch			
<b>Monday 16 July</b>					
US	1330	Jun Advance Retail Sales (MoM%)	0.7	0.6	0.8
	1330	Jun Retail Sales ex. Auto and Gas (MoM%)	0.4	0.4	0.8
Eurozone	1000	May Trade Balance (€bn)	18500	-	18104.5
new Zealand	2345	2Q CPI (Q) (QoQ/YoY%)	-/-	-/-	0.5/1.1
Sweden	0800	Valueguard Swedish Housing Price Data			
<b>Tuesday 17 July</b>					
US	1415	Jun Industrial Production (MoM%)	0.7	0.6	-0.09
	1500	Powell to Deliver Semi-Annual Testimony Before Senate Panel			
UK	0930	Jun Claimant Count Rate (%)	-	-	2.5
	0930	May Weekly Earnings (3M avg)	2.5	-	2.5
	0930	May Weekly Earnings ex Bonus (3M avg)	2.7	-	2.8
	0930	May ILO Unemployment Rate (3M avg.)	4.2	-	4.2
	0930	May Employment Change (3M/3M)	170	-	146
Italy	1000	Jun F HICP (YoY%)	-	-	1.5
Australia	0230	RBA July Meeting Minutes			
<b>Wednesday 18 July</b>					
US	1900	U.S. Federal Reserve Releases Beige Book			
Eurozone	1000	Jun F Core CPI (YoY%)	-	-	1
	1000	Jun F CPI (MoM/YoY%)	-/-	-/-	0.1/2
UK	0930	Jun CPI (MoM/YoY%)	0.1/2.6	-/-	0.4/2.4
	0930	Jun Core CPI (YoY%)	2.1	-	2.1
<b>Thursday 19 July</b>					
Japan	0050	Jun Exports (YoY%)	7.2	-	8.1
	0050	Jun Imports (YoY%)	7.3	-	14
	0050	Jun trade balance (JPY bn)	464	-	-580.5
UK	0930	Jun Retail Sales ex Auto Fuel (MoM/YoY%)	0.3/3.9	-/-	1.3/4.4
	0930	Jun Retail Sales (MoM/YoY%)	0.6/4.0	-/-	1.3/3.9
Canada	1330	ADP Publishes June Payrolls Report			
Australia	0230	Jun Employment change ('000)	16	-	12
	0230	Jun Unemployment rate (%)	5.5	-	5.4
Australia	0230	Jun Participation rate (%)	65.6	-	65.5
<b>Friday 20 July</b>					
US	1300	Fed's Bullard Speaks on Economy and Monetary Policy			
Japan	0030	Jun National CPI (YoY%)	-	-	0.7
	0030	Jun CPI ex-food, energy (YoY%)	-	-	0.3
	0530	May All industry activity index (MoM%)	-	-	1
	0030	Japan Jun CPI	-	-	-
France	-	France Sovereign Debt to be rated by Fitch			
UK	0930	Jun Public Finances (PSNCR)	-	-	4.507
	0930	Jun PSNB ex Banks (€bn)	-	-	4.966
Canada	1330	Jun CPI (MoM/YoY%)	-/-	-/-	0.1/2.2
Greece	-	Greece Sovereign Debt to be rated by S&P			
Austria	-	Austria Sovereign Debt to be rated by Fitch			

Source: ING, Bloomberg

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