

## Key events in developed markets next week

Fears about the economic impact of the coronavirus are likely to remain the main driver for markets this week but keep an eye out for some key hard data from the US and the eurozone



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### **US: Hard data on the backseat of investors' minds**

The US's solid if unspectacular growth story remains consistent, in the mind of the market, with a Federal Reserve on hold for a prolonged period. However, we are somewhat nervous that the growth story is not quite as strong as headline figures would suggest. Moreover the coronavirus is creating significant uncertainty and there are fears that if the virus spreads rapidly, it could impact consumer and corporate behavior more broadly. Equity markets are clearly nervous and the bond market is flirting with inversion once again – where it is cheaper for the government to borrow long term versus short term.

This week's data flow is therefore likely to play second fiddle to these health concerns even though top tier figures are due for release. The ISM manufacturing index may get a lift from better regional data in the wake of the US-China trade agreement, while confidence is likely to be buoyed by the robust equity markets (as of the time of the survey questions being asked). Construction should also get a lift from the increasingly strong housing data while the jobs report is likely to post another increase in the 140-160,000 range. The key number for us though will be wage growth. It

slipped back to 2.9% YoY last month having threatened to break above 4% early last year. Any further weakness would reinforce our caution on spending, especially if the virus concerns intensify in the weeks ahead.

## Eurozone: Retail sales to take a hit due to Black Friday effects

Retail sales will likely come in weaker in December, as the rising popularity of Black Friday brought spending forward to November. Nevertheless, it doesn't look like the sales environment has suffered too much. Overall, consumer spending continues to look decent despite economic uncertainty.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 3 February</b>					
US	1500	Jan ISM Manufacturing	49	48	47.2
Japan	2350	Jan Monetary base (JPY tr)	-	-	518.2
Eurozone	0900	Jan F Markit Manufacturing PMI	-	-	47.8
UK	0930	Jan F Markit/CIPS Manufacturing PMI	49.8	-	49.8
Norway	0800	Jan DNB/NIMA Manufacturing PMI	-	-	55.45
Sweden	0730	Jan Swedbank/Silf Manufacturing PMI	-	-	47.1
<b>Tuesday 4 February</b>					
Italy	1000	Jan P HICP (YoY%)	0.6	-	0.5
Australia	0330	RBA Cash Rate Target	0.50	0.50	0.75
<b>Wednesday 5 February</b>					
US	1315	Jan ADP Employment Change ('000's)	140	155.0	201.7
	1330	Dec Trade Balance (US\$bn)	-47	-46.0	-43.1
	1500	Jan ISM Non-manufacturing	55	55.0	55.0
Eurozone	0900	Jan F Markit Services PMI	-	-	52.2
	0900	Jan F Markit Composite PMI	-	-	50.9
	1000	Dec Retail Sales (MoM/YoY%)	0.6/1.3	-/-	1.0/2.2
UK	0930	Jan F Markit/CIPS Services PMI	52.9	-	52.9
	0930	Jan F Markit/CIPS Composite PMI	52.4	-	52.4
Canada	1730	Bank of Canada's Wilkins Gives Speech in Toronto			
Australia	0130	RBA Governor Lowe Gives Speech in Sydney			
Sweden	0730	Jan Swedbank/Silf Services PMI	-	-	48.7
<b>Thursday 6 February</b>					
US	1415	Fed's Kaplan Speaks on Economic Outlook in Dallas			
Japan	2330	Dec Labor cash earnings (YoY%)	-	-	0.1
Eurozone	0900	ECB Publishes Economic Bulletin			
Germany	0700	Dec New Orders (MoM/YoY%)	0.5/-6.7	-/-	-1.3/-6.5
Australia	0030	Dec Trade balance (A\$m)	-	-	5800
	0030	Dec Retail sales (MoM%)	-	-	0.9
<b>Friday 7 February</b>					
US	1330	Jan Change in Nonfarm Payrolls ('000s)	155	153	145
	1330	Jan Unemployment Rate (%)	3.5	3.5	3.5
	1330	Jan Average Hourly Earnings (MoM/YoY%)	0.3/3.0	0.3/-	0.1/2.9
	1330	Jan Participation Rate	63	-	63.2
Japan	0500	Dec P Leading economic index	-	-	90.8
Germany	0700	Dec Trade Balance (€bn)	20.0	-	18.6
	0700	Dec Industrial Production (MoM/YoY%)	-0.7/-4.1	-/-	1.1/-2.6
Canada	1330	Jan Net Change in Employment	-	-	27.3
	1330	Jan Unemployment Rate (%)	-	-	5.6
Australia	0030	RBA Statement on Monetary Policy			
Norway	0700	Dec GDP Mainland (MoM%)	-	-	0.1
	0700	4Q GDP (QoQ%)	-	-	0
	0700	Dec Industrial Production (MoM/YoY%)	-/-	-/-	3.7/-0.9

Source: ING, Bloomberg

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