

Key events in developed markets

A quiet week ahead in developed markets with the exception of the US ISM non-manufacturing index, which is expected to bounce back after aggressive re-openings. However, the rising number of Covid cases in some US states and developments in Brexit talks should continue to be watched, as uncertainty continues



Source: Shutterstock

US: Aggressive reopening of some states proving problematic as cases rise

The US economy has bounced strongly in the wake of the economic reopening and that story should be reinforced by a move into positive territory for the ISM non-manufacturing index. However, the rising number of Covid-19 cases is threatening the story, particularly in southern and western states that opted for an early, aggressive reopening schedule. This is starting to put a strain on hospitals. In response, some state governors are reinstating containment restrictions while other states that are further behind in the reopening process are becoming more hesitant to push on with their phased programmes. If renewed containment measures make it unviable for businesses to operate then it will only add to the problems in the jobs market, which is why we should continue to closely follow the jobless claims numbers published each Thursday.



UK: Brexit rollercoaster set to rumble on as talks continue

Brexit talks have always been a bit of a rollercoaster, and the latest developments are no different. Two weeks on from the UK and EU's commitment to 'intensify' talks, the latest round of talks have ended a day early. It's unlikely that discussions in London next week will yield any more success, although we (like many commentators) still feel a deal is ultimately possible. It is admittedly unlikely we'll see any major breakthroughs until much closer to the October unofficial deadline, and in the end it'll boil down to whether the UK is willing to accept some alignment to EU state aid rules. The jury is still out on that one, but either way, we'd reiterate that the economic differences between a free-trade agreement and 'no trade deal' are limited – at least compared from the current starting point of full alignment.

Developed Markets Calendar

Country	Time	Data/event	ING Survey		Prev.
Monday 6 July					
US	1500	Jun ISM Non-manufacturing	52.0	48.2	45.4
Japan	0210	BOJ Outright Bond Purchase 5~10 Years			
Eurozone	1000	May Retail Sales (MoM/YoY%)	-/-	-/-	-11.7/-19.6
Germany	0700	May New Orders (MoM/YoY%)	19.0/-15.0	-/-	-25.8/-36.6
Tuesday 7 July					
Japan	0030	May Labor cash earnings (YoY%)	-0.5	-	-0.7
	0030	May Household spending (YoY%)	-9.6	-	-11.1
	0600	May P Leading economic index	-	-	77.7
Germany	0700	May Industrial Production (MoM/YoY%)	6.0/-20.0	-/-	-17.9/-25.3
Australia	0530	RBA Cash Rate Target	0.25	-	0.25
Norway	0700	May Industrial Production (MoM/YoY%)	-/-	-/-	-0.8/5.4
Wednesday 8 July					
Japan	0050	May C/A Balance, adjusted (Yen bn)	-	-	252.4
Norway	0700	May GDP Mainland (MoM%)	-	-	-4.7
Thursday 9 July					
Japan	0050	May Core machine orders (MoM/YoY%)	6.9/-10.4	-/-	-12.0/-17.7
Germany	0700	May Trade Balance (€bn)	14.0	-	3.6
Sweden	0900	SCB Economic Activity Indicator (May)			
Friday 10 July					
Japan	0050	Jun PPI (YoY%)	-2.2	-	-2.7
	0050	Jun PPI (MoM%)	-0.1	-	-0.4
Italy	-	Italy Sovereign Debt to be rated by Fitch			
Canada	1330	Jun Net Change in Employment	-	-	289.6
	1330	Jun Unemployment Rate (%)	-	-	13.7
Norway	0700	Jun CPI (MoM/YoY%)	-/-	-/-	0.2/1.3
	0700	Jun CPI - ATE (MoM/YoY%)	-/-	-/-	0.1/3
Sweden	0830	Riksbank Publishes Minutes From June 30 Meeting			

Source: ING, Bloomberg

Author

James Knightley

Chief International Economist, US

james.knightley@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.