

Key events in developed markets

With a Fed and ECB meeting on top of the results of the UK general election - we have a very exciting week ahead in developed markets



Source: Shutterstock

Still all to play for in the UK election

Markets are gearing up for the Conservatives to succeed in their quest for a majority at Thursday's election. But as we found out in 2016 and 2017, things are rarely so simple in UK politics. While polls do indeed suggest the Conservatives should prevail and gain a majority, the gap between the two major parties doesn't need to narrow much to deliver another hung Parliament. Given the Conservative's lack of potential partner parties in Westminster, this scenario could feasibly see Labour form a minority government. Either way, the outlook for Brexit is unlikely to be straightforward as we move into 2020. [Read our full election analysis here](#)

US: Fed to remain on hold for now

The Federal Reserve decision will be the focus next week, but after having cut interest rates a cumulative 75bp over July, September and October officials have indicated a preference to pause. Financial markets are looking in good shape with equities close to all-time highs and the yield curve having re-steepened while recent macro data, although not particularly strong, suggests little prospect of a recession at this stage. As such it is likely to be a "no change" outcome with the press conference emphasising the data dependency for future decision making.

We continue to see the risks skewed towards more rate cuts given the ongoing uncertainty regarding trade and protectionism while the weak global backdrop and strong dollar are also

headwinds to growth. We expect two rate cuts, likely straddling 1Q and 2Q20.

Data wise, inflation is likely to remain broadly in line with target at 2% while retail sales will be keenly awaited to see if there is any rebound after a weak couple of months.

Eurozone: Lagarde running her maiden press conference

The Eurozone focus will mainly be on the ECB as Lagarde will run her first monetary policy meeting and press conference as ECB president on Thursday. Her speeches have mainly focused on fiscal spending and greening so far, making this maiden press conference interesting to hear her view on monetary policy.

Besides that, keep an eye out on the EU summit on Thursday and Friday. Some reform progress has been in the making, although a deal on changes to the ESM are far from a done deal given Italian opposition over recent weeks.

In terms of data, industrial production will be interesting. Will the cautious signs of bottoming out seen in surveys translate into hard data?

Sweden inflation most likely still subdued – but not enough to prevent Riksbank's December hike

The focus in Sweden this week will be on inflation numbers where we expect CPIF to come in around consensus of 1.5% year-on-year but below the Riksbank's forecasts of 1.7% YoY – although the risks are tilted to the upside. It will also be interesting to see in the next quarterly Prospera inflation expectation survey - which includes long-term views on inflation by both employers and employees organisation. A recent downturn in expectations suggests the next round of wage negotiations could be less positive than hoped.

Nonetheless, the Riksbank is keen to exit negative rates and next week's data is unlikely to stop a December interest rate hike.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 8 December					
Japan	2350	3Q F GDP (Annualised, QoQ%)	-	0.7	0.2
	2350	3Q F GDP deflator - advance (Q) (YoY%)	-	0.6	0.6
	2350	Oct C/A Balance, adjusted (Yen bn)	-	-	1485.2
Monday 9 December					
Germany	0700	Oct Trade Balance (€bn)	19.8	-	21.2
Norway	0700	Oct GDP Mainland (MoM%)	-	-	-0.1
Sweden	0500	Swedish Housing Price Data From Maklarstatistik			
Tuesday 10 December					
US	1100	Nov NFIB Small Business Optimism	102.8	103.1	102.4
Japan	2350	Nov PPI (MoM/YoY%)	-/-	-/-	1.1/-0.4
	2350	4Q BSI - All Industry (QoQ%)	-	-	1.1
	2350	4Q BSI - Large manufacturing (QoQ%)	-	-	-0.2
Germany	1000	Dec ZEW Current Situation Index	-14	-	-24.7
UK	0930	Oct UK Services Index (MoM%)	0.1	-	0.00
	0930	Oct Industrial Production (MoM/YoY%)	0.2	-/-	-0.3
	0930	Oct Monthly GDP (MoM%)	0.1	0.1	-0.1
	0930	Oct Trade Balance (£m)	-	-	-3360
Norway	0700	Nov CPI (MoM/YoY%)	-/-	-/-	/1.8
	0700	Nov CPI - ATE (MoM/YoY%)	-/-	-/-	0/2.2
Sweden	-	Prospera's Swedish Inflation Expectations Survey			
Wednesday 11 December					
US	1330	Nov CPI (MoM/YoY%)	0.2/2.0	0.2/2.0	0.4/1.8
	1330	Nov CPI ex. food and energy (MoM/YoY%)	0.2/2.3	0.2/2.3	0.2/2.3
	1900	FOMC Rate Decision (Upper bound)	1.75	1.75	1.75
	1930	Powell Holds Post FOMC Meeting Press Conference			
Japan	2350	Oct Core machine orders (MoM/YoY%)	-/-	-/-	-2.9/5.1
Sweden	0830	Nov CPI (MoM/YoY%)	0.0/1.7	-/-	0/1.6
	0830	Nov CPIIF (MoM/YoY%)	0.0/1.5	-/-	0/1.5
Thursday 12 December					
Japan	2350	4Q Tankan Manufacturing Index	-	-	5
	2350	4Q Tankan Non-manufacturing Index	-	-	21
US	1330	PPI ex food and energy (MoM/YoY%)	0.2/1.7	-/-	0.3/1.6
		PPI (MoM/YoY%)	0.1/1.2	-/-	0.4/1.1
Eurozone	1000	Oct Industrial Production (WDA, (YoY%)%)	-1.3	-	-1.7
	1245	ECB Main Refinancing Rate	0	0	0
	1245	ECB Marginal Lending Facility	0.25	0.25	0.25
	1245	ECB Deposit Facility Rate	-0.5	-0.5	-0.5
UK	-	General election			
Germany	0700	Nov F CPI (MoM%/YoY%)	-0.8/1.1	-/-	-0.8/1.1
Australia	0000	Dec CPI expectations (YoY%)	-	-	4
Sweden	0500	Nov PES Unemployment Rate	-	-	3.8
	0830	Nov Unemployment Rate (%)	-	-	6
Switzerland	0830	SNB Sight Deposit Interest Rate	-	-	-0.75
Friday 13 December					
US	1330	Nov Advance Retail Sales (MoM%)	0.5	0.4	0.3
	1330	Nov Retail Sales Control Group	0.3	-	0.3
	1600	Fed's Williams Discusses Topics in Monetary Policy			
Japan	0430	Oct F Industrial production - Prel (MoM%/YoY%)	-/-	-/-	-4.2/-7.4
Spain	0800	Nov F HICP (MoM%/YoY%)	-/-	-/-	0/0.5

Source: ING, Bloomberg

Authors

James Knightley

Chief International Economist, US

james.knightley@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Bert Colijn

Senior Economist, Eurozone

bert.colijn@ing.com

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

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 <http://www.ing.com>.