

## 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



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### 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.
<b>Sunday 8 December</b>					
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
<b>Monday 9 December</b>					
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			
<b>Tuesday 10 December</b>					
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			
<b>Wednesday 11 December</b>					
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 CPIF (MoM/YoY%)	0.0/1.5	-/-	0/1.5
<b>Thursday 12 December</b>					
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
<b>Friday 13 December</b>					
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

## Author

### James Knightley

Chief International Economist, US

[james.knightley@ing.com](mailto:james.knightley@ing.com)

### James Smith

Developed Markets Economist, UK

[james.smith@ing.com](mailto:james.smith@ing.com)

### Bert Colijn

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

### Carsten Brzeski

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

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