

## Key events in developed markets

All eyes on the ECB next week, where investors will see how dovish the ECB can really be. Throw in some new developments in the race against no-deal Brexit and some fresh US data and we have a very interesting week ahead



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### Focus on ECB this week

All eyes on the ECB this week as months of buildup should now result in dovish action. A rate cut seems to be a done deal, the big question is whether renewed QE will be part of the package. The governing council is likely to remain divided on the topic as quite a few ECB speakers have come out against a reboot of the asset purchase programme in recent weeks. Markets have come down on the side of the doves on this one and disappointment is therefore a possibility come Thursday.

### UK election looks imminent – just a question of ‘when’

The law that seeks to avert a ‘no deal’ exit on 31 October is likely to pass through parliament as we head into next week. The only question then is if, and more importantly, when, we get a general election. The Conservative party is pushing for an election in mid-October, but all the signals suggest the Labour party will push for a later date – potentially after the current 31 October deadline.

Either way, a general election will be extremely tough to call. Conservatives currently lead in the

polls, but the picture is **much more complicated**. For markets, this means the 'no deal' risk hasn't gone away forever. If Mr Johnson's Conservative party retain power, then he may push for the UK to leave without a deal if parliament still can't agree on a withdrawal agreement.

Meanwhile, the highlight in the UK data calendar will be the jobs report. Wage growth is likely to stay close to post-crisis highs, and this is why the Bank of England has hinted that it is still mildly inclined to hike interest rates further if it can. In reality though, Brexit uncertainty points to a prolonged period of pause.

## US data likely to stay on their trend

The recent US economic data flow has suggested that the domestic-focused, consumer-orientated parts of the US economy continue to perform well while the more international and manufacturing-related parts of the economy are struggling. This week's data is likely to keep that trend in place with retail sales the key release to watch. Given employment is strong, wages are rising and gasoline prices have been falling, consumers have cash to spend. Auto sales were strong in August, but the plunge in energy costs will see weaker gasoline station sales. Other components look set to post respectable gains. Consumer confidence may rise modestly after a couple of sizeable falls while inflation is going to be depressed at the headline level by energy costs, but core inflation is set to continue trending higher.

This situation will leave the Federal Reserve in a quandary. Currently they appear reluctant to acquiesce to Presidential demands and market expectations of aggressive cuts to interest rates. Of course, trade discussions remain critical to the outlook. Should we get a positive conclusion in coming months then this can remove a dark cloud hanging over the global economy, but should they fail then the gloom in manufacturing may increasingly spread through the economy. For now, we continue to look for 25bp Federal Reserve rate cuts in both September and December.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 9 September</b>					
Japan	0050	Jul C/A Balance, adjusted (Yen bn)	2005	-	1941.9
	0050	2Q F GDP (Annualised, QoQ%)	1.3	1.3	1.8
	0050	2Q F GDP deflator (YoY%)	-	0.4	0.4
Germany	0700	Jul Trade Balance (€bn)	18	-	16.6
UK	0930	Jul Industrial Production (MoM/YoY%)	-0.3/1.8	-/-	-0.1/-0.6
	0930	Jul UK Services Index (MoM%)	0.1	-	0
	0930	Jul Trade Balance (£m)	-	-	1779
	0900	BOE's Vlieghe Speaks in London			
Norway	0700	Jul GDP Mainland (MoM%)	-	-	0.2
<b>Tuesday 10 September</b>					
US	1100	Aug NFIB Small Business Optimism	104.5	-	104.7
UK	0930	Jul Weekly Earnings (3M avg)	3.7	-	3.7
	0930	Jul Weekly Earnings ex Bonus (3M avg)	3.7	-	3.9
	0930	Jul ILO Unemployment Rate (3M avg)	3.9	-	3.9
	0930	Jul Employment Change (3M/3M)	80	-	115
Norway	0700	Aug CPI (MoM/YoY%)	-/-	-/-	0.7/1.9
	0700	Aug CPI - ATE (MoM/YoY%)	-/-	-/-	0.6/2.2
Sweden	0830	Aug CPI (MoM/YoY%)	-/-	-/-	0.4/1.7
	0830	Aug CPIF (MoM/YoY%)	-/-	-/-	0.4/1.5
<b>Wednesday 11 September</b>					
Japan	0050	3Q BSI - All Industry (QoQ%)	1.0	-	-3.7
	0050	3Q BSI - Large manufacturing (QoQ%)	-0.6	-	-10.4
Sweden	1330	Riksbank's Ingves Gives Speech in London			
<b>Thursday 12 September</b>					
US	1330	Aug CPI (MoM%)	0.0/1.8	0.1	0.3
	1330	Aug CPI ex. food and energy (MoM/YoY%)	0.2/2.4	0.2/2.3	0.3/2.2
Japan	0050	Aug PPI (MoM/YoY%)	0.0/-0.6	-/-	0.0/-0.6
	0050	Jul Core machine orders (MoM/YoY%)	1.5/6.1	-/-	13.9/12.5
	0530	Jul Tertiary industry index (MoM%)	0.1	-	-0.1
Eurozone	1000	Jul Industrial Production (WDA YoY%)	-2.8	-	-2.6
	1245	ECB Main Refinancing Rate	0.00	-	0.00
	1245	ECB Marginal Lending Facility	0.25	-	0.25
	1245	ECB Deposit Facility Rate	-0.6	-	-0.40
	1000	Jul Industrial Production (WDA YoY%)	-2.8	-	-2.6
	1330	ECB's Draghi Speaks in Frankfurt After Policy Decision			
Germany	0700	Aug F CPI (MoM/YoY%)	-0.142857143	-/-	-0.2/1.4
Australia	0200	Sep CPI expectations (YoY%)	-	-	3.5
Sweden	0500	Aug PES Unemployment Rate	-	-	3.8
<b>Friday 13 September</b>					
US	1330	Aug Advance Retail Sales (MoM%)	0.4	0.2	0.7
	1330	Aug Retail Sales ex. Auto and Gas (MoM%)	0.4	-	0.9
	1500	Sep P U. of Mich. Sentiment Index	90.2	-	89.8
	1330	Aug Retail Sales ex. Auto and Gas (MoM%)	-	-	0.9
Japan	0530	Jul F Industrial production - Prel (MoM/YoY%)	-/-	-/-	1.3/0.7
Eurozone	1000	Jul Trade Balance (€bn)	-	-	17913
	1000	Jul Trade Balance (€bn)	-	-	17913
Spain	0800	Aug F HICP (MoM/YoY%)	-/-	-/-	-0.1/0.4
Sweden	0830	2Q F GDP (QoQ%)	-0.1	-	-0.1

Source: ING, Bloomberg

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## Authors

### **Bert Colijn**

Chief Economist, Netherlands

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

### **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)

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