

## Key events in developed markets

While worries about a potential US recession have eased, we think it might be too early to declare victory just yet - this week should show subdued small business optimism and manufacturing. On the UK side, investors will be eyeing the job market data following a more dovish-than-expected Bank of England meeting this week



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### **US: It's not all good yet**

Three interest rate cuts and an easing of US-China trade tensions have calmed fears about a potential US recession, but we think the financial market reaction may be excessive. The yield curve has re-steepened and equities are at all-time highs yet the manufacturing sector is contracting and there are signs of slowdown elsewhere. With politics likely to remain a source of uncertainty, we believe the Federal Reserve has more work to do to ensure a slowdown doesn't become more severe.

Nonetheless, the narrative from Fed officials this week is likely to remain that they have a preference to pause at the December FOMC meeting in order to take stock of the impact of their actions so far. Data wise, we will be looking at how the small business sector is feeling – the NFIB index is currently at its lowest level since Donald Trump became President – and whether there is any let-up in the pain for the manufacturing sector. We doubt it. With the ISM production component at its weakest level for 10 years, the risks are skewed towards a weaker number. Retail sales will also be published and are likely to show another soft reading given weak auto sales

numbers. Finally, inflation data should be little changed. As such, we have a US economy that is decelerating with a benign inflation backdrop. The Fed has the scope to loosen policy further and we think they will in early 2020.

## ✓ UK jobs market key as Bank of England split emerges on rate cut

The Bank of England caught markets slightly off-guard this month when two policymakers voted for an immediate 25 basis point rate cut. While we still think policy easing is unlikely to materialise in the short-term, it's pretty clear that a lot hinges on the jobs market – especially given that the growth figures are so volatile at the moment. So while we're likely to see a solid 0.4% rebound in growth next week, another sharp fall in the level of employment will emphasise that the jobs market is no longer tightening. Hiring indicators point to deteriorating demand for staff amid Brexit and global uncertainty.

## ✓ Sweden: Nothing to stop the Riksbank

Despite a deteriorating growth backdrop, the Riksbank looks determined to exit negative rates in December. Next week's two key data releases - unemployment and inflation - are unlikely to change that. Policymakers have dismissed recent jobs data given recent quality issues (it's not clear whether this will get cleared up next week). The Swedish stats agency found that the unemployment rate has been slightly overestimated over the past six months, and underestimated before that, resulting in a flatter path. Inflation-wise, don't expect any large surprise, with CPIF broadly around the Riksbank's forecast.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Saturday 9 November</b>					
US	0100	Fed's Williams in Q&A on Global Financial Vulnerabilities			
<b>Sunday 10 November</b>					
Japan	2350	Sep Core machine orders (MoM/YoY%)	8.0/21.0	-/-	-2.4/-14.5
	2350	Sep C/A Balance, adjusted (Yen bn)	1750	-	1720
	2350	BOJ Summary of Opinions			
<b>Monday 11 November</b>					
UK	0930	3Q P GDP (QoQ%)	0.4	-	-0.20
	0930	Sep UK Services Index (MoM%)	-	-	0.00
	0930	Sep Industrial Production (MoM/YoY%)	-/-	-/-	-0.6/-1.8
	0930	Sep Trade Balance (£m)	-	-	-1546
Norway	0700	Oct CPI (MoM/YoY%)	-/-	-/-	0.5/1.5
	0700	Oct CPI - ATE (MoM/YoY%)	-/-	-/-	0.6/2.2
<b>Tuesday 12 November</b>					
US	1100	Oct NFIB Small Business Optimism	101	102	102
	2300	Fed's Kashkari Speaks in Madison, Wisconsin			
Japan	2350	Oct PPI (MoM%/YoY%)	1.5/0.0	-/-	0/-1.1
Germany	1000	Nov ZEW Current Situation Index	-20.0	-	-25.3
UK	0930	Sep Weekly Earnings (3M avg)	3.8	-	3.8
	0930	Sep Weekly Earnings ex Bonus (3M avg)	3.8	-	3.8
	0930	Sep ILO Unemployment Rate (3M avg.)	3.9	-	3.9
	0930	Sep Employment Change (3M/3M)	-70	-	-56.0
Norway	0700	3Q GDP (QoQ%)	-	-	0.3
	0700	Sep GDP Mainland (MoM%)	-	-	-0.2
Sweden	0500	Oct PES Unemployment Rate	-	-	3.8
	0700	Prospera Swedish Inflation Expectations Survey			
<b>Wednesday 13 November</b>					
US	1330	Oct CPI (MoM%)	0.3/1.7	0.3	0
	1330	Oct CPI ex. food and energy (MoM%/YoY%)	0.2/2.4	0.2/2.4	0.1/2.4
	1600	Powell Addresses Joint Economic Committee Of Congress			
	1830	Fed's Kashkari Speaks in La Crosse, Wisconsin			
Japan	2350	3Q P GDP (Annualised, QoQ%)	2.0	0.9	1.3
	2350	3Q P GDP deflator - advance (Q) (YoY%)	-	0.5	0.4
Eurozone	1000	Sep Industrial Production (WDA, (YoY%)%)	-2.3	-	-2.8
Germany	0700	Oct F CPI (MoM/YoY%)	0.1/1.1	-/-	0.1/1.1
UK	0930	Oct CPI (MoM/YoY%)	-0.1/1.5	-/-	0.1/1.7
	0930	Oct Core CPI (YoY%)	1.7	-	1.7
Sweden	0830	Oct CPIF (MoM/YoY%)	0.2/1.6	-/-	0.5/1.3
New Zealand	0100	RBNZ Official Cash rate	1.00	0.75	1.00
<b>Thursday 14 November</b>					
US	-	Fed's Evans (1410), Daly (1645), Williams (1700) and Bullard (1720) Speak			
Japan	0430	Sep Tertiary industry index (MoM%)	0.1	-	0.4
Eurozone	1000	3Q P GDP (QoQ%/YoY%)	0.2/1.1	-/-	0.2/1.1
Germany	0700	3Q P GDP (QoQ%/YoY%)	-0.1/0.2	-/-	-0.1/0.4
UK	0930	Oct Retail Sales ex Auto Fuel (MoM/YoY%)	-0.2/3.0	-/-	0.2/3.0
	0930	Oct Retail Sales (MoM/YoY%)	-0.2/3.3	-/-	0.0/3.1
Spain	0800	Oct F HICP (MoM/YoY%)	-/-	-/-	0.6/0.2
Australia	0000	Nov CPI expectations (YoY%)	3.4	-	3.6
	0030	Oct Employment change ('000)	30.0	-	14.7
	0030	Oct Unemployment rate (%)	5.2	-	5.2
	0030	Oct Participation rate (%)	66.2	-	66.1
Sweden	0830	Oct Unemployment Rate (%)	-	-	7.1
Netherlands	0830	3Q P GDP (QoQ%)	0.3	-	0.4
<b>Friday 15 November</b>					
US	1330	Oct Advance Retail Sales (MoM%)	0.1	0.1	-0.3
	1330	Oct Retail Sales ex. Auto and Gas (MoM%)	0.3	-	0.0
	1415	Oct Industrial Production (MoM%)	-0.4	-0.3	-0.39
Japan	0430	Sep F Industrial production - Prel (MoM/YoY%)	-/-	-/-	1.4/1.1
Eurozone	1000	Sep Trade Balance (€bn)	-	-	20296
	1000	Oct F CPI (MoM%/YoY%)	0.2/0.7	-/-	0.2/0.7
	0800	ECB's Mersch Speaks at Event in Paris			
Italy	1000	Oct F HICP (YoY%)	-	-	0.2

Source: ING, Bloomberg

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