

## Key events in developed markets

Not a very cheery week for developed markets ahead. US data might be positive but trade and political developments will drive markets. On the flipside eurozone data should help figure out how bad the industrial slump really is. And will the hawkish Norges Bank hint at a September rate hike?



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### **US: The long and distant past**

The upcoming July activity and inflation data is likely to be very constructive, but unfortunately, in the market's mind, this is the long and distant past and doesn't reflect the current situation of escalating US-China trade and geopolitical tensions. The fear is that recent developments will hit sentiment, lead to higher costs and damage supply chains. In turn, this will hurt profitability and make businesses more reluctant to invest and hire new workers, which could result in a broader economic downturn. Therefore while the small business sector, industrial production and retail sales may all post decent gains for July, the story may not be so positive for the rest of the year. As such, the market has moved to price in a greater chance of aggressive Federal Reserve interest rate cuts and it will, therefore, be trade and political developments that will drive market moves rather than the economic data next week.

### **How bad is the eurozone industrial slump?**

Next week will shed light on how broad-based the eurozone industrial slump really is. German data

for June was rather alarming and the question is whether the problem is mainly centred around Germany or whether it is more widespread across the monetary union. Also important is the data on eurozone trade, which is due out on Friday. For now, eurozone exports have held up rather well and the pain was felt more in the production of intermediates. June data on trade will provide more insight into the impact of global trade uncertainty on eurozone exports.

## Hectic UK data calendar

Amid a busy week for UK data, what really stands out is that wage growth may well hit another post-crisis high. While an uplift in public sector wages back in April is partly behind the recent acceleration in regular pay growth, it's also true that skill shortages in the jobs market are pressuring firms into lifting earning levels more rapidly. This has been a lone hawkish factor for the Bank of England and means that despite a more benign consumer price inflation backdrop, talk of a rate cut seems a little premature.

Having said that, there's not too much to be cheery about in the UK growth mix at the moment. Retail sales are likely to have slipped back in July, despite a more favourable backdrop for real wage growth.

## Will Norges Bank hint at a September rate hike?

Despite the deteriorating global growth backdrop, the Norwegian central bank has hiked interest rates twice since the start of the year. And while there's a clear risk that trade tensions intensify further, the strong domestic story suggests Norges Bank could hike rates again in the second half of this year. Breakeven rates in the energy sector are considerably lower than current oil prices, according to the central bank, and this is translating into substantially higher investment.

So it's really a question of "when" rather than "if" when it comes to another Norges Bank rate hike. We have been pencilling in December for the next move, although it looks increasingly likely that it could occur as soon as September. The central bank has a habit of explicitly flagging rate hikes at the meeting prior to the move, so we'll be watching next week's statement for a clearer signal - although given that a lot could still change on trade between now and September, policymakers may choose to keep their options open.

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 12 August</b>					
Australia	0000	RBA's DeBelle Gives Speech in Sydney			
<b>Tuesday 13 August</b>					
US	1100	Jul NFIB Small Business Optimism	105.0	104.9	103.3
	1330	Jul CPI (MoM%)	0.2/1.6	0.3	0.1
	1330	Jul CPI ex. food and energy (MoM/YoY%)	0.2/2.1	0.2/2.1	0.3/2.1
Japan	0050	Jul PPI (MoM/YoY%)	0.3/-0.3	-/-	-0.5/-0.1
	0530	Jun Tertiary industry index (MoM%)	-0.1	-	-0.2
Germany	0700	Jul F CPI (MoM/YoY%)		-/-	0.5/1.7
	1000	Aug ZEW Current Situation Index		-	-1.1
UK	0930	Jun Weekly Earnings (3M avg)	3.6	-	3.4
	0930	Jun Weekly Earnings ex Bonus (3M avg)	3.8	-	3.6
	0930	Jun ILO Unemployment Rate (3M avg.)	3.8	-	3.8
	0930	Jun Employment Change (3M/3M, 000s)	70.0	-	28.0
Spain	0800	Jul F HICP (MoM/YoY%)	-/-	-/-	-1.1/0.7
Australia	2300	RBA's Kent Gives Speech in Sydney			
Sweden	0500	Jul PES Unemployment Rate	-	-	3.6
<b>Wednesday 14 August</b>					
Japan	0050	Jun Core machine orders (MoM/YoY%)	-6.8/-3.8	-/-	-7.8/-3.7
Eurozone	1000	Jun Industrial Production (WDA, YoY%)	-0.6	-	-0.5
	1000	2Q P GDP (QoQ/YoY%)	0.2/1.1	-/-	0.2/1.1
Germany	0700	2Q P GDP (QoQ/YoY%)		-/-	0.4/0.7
UK	0930	Jul CPI (MoM/YoY%)	-0.1/2.0	-/-	0.0/2.0
	0930	Jul Core CPI (YoY%)	1.8	-	1.8
Sweden	0830	Jul CPIF (YoY%)	1.3	-/-	1.7
Netherlands	0830	2Q P GDP (QoQ%)	-	-	0.5
Portugal	0930	Portugal Reports Second-Quarter GDP Estimate			
<b>Thursday 15 August</b>					
US	1330	Jul Advance Retail Sales (MoM%)	0.3	0.3	0.4
	1330	Jul Retail Sales ex. Auto and Gas (MoM%)	0.5	-	0.7
	1415	Jul Industrial Production (MoM%)	0.2	0.3	0.0
Japan	0530	Jun F Industrial production - Prel (MoM/YoY%)	-/-	-/-	-3.6/-4.1
UK	0930	Jul Retail Sales ex Auto Fuel (MoM/YoY%)	-0.4/2.1	-/-	0.9/3.6
	0930	Jul Retail Sales (MoM/YoY%)	-0.4/2.4	-/-	1/3.8
Australia	0200	Aug CPI expectations (YoY%)	3.2	-	3.2
	0230	Jul Employment change ('000)	37.0	-	0.5
	0230	Jul Unemployment rate (%)	5.2	-	5.2
	0230	Jul Participation rate (%)	66.0	-	66.0
Norway	0900	Deposit Rates	1.25	-	1.25
<b>Friday 16 August</b>					
US	1500	Aug P U. of Mich. Sentiment Index	97.0	-	98.4
Eurozone	1000	Jun Trade Balance (€bn)	19032	-	20238.5

Source: ING, Bloomberg

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