

Key events in developed markets

A busy week ahead in developed markets with a flurry of sentiment indicators, UK labour data and four central bank meetings



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Bank of Canada may not hold fire for much longer

The Bank of Canada meets next week, and while we expect it to remain on hold for the moment, we still suspect the market is underestimating the chances of a rate cut in the next few months. The Bank seems relatively relaxed about the risks facing the economy saying that “nascent evidence” points to a “stabilising” global economy and that Canada’s growth is likely to “edge higher over the next couple of years”. But we still think the BoC might have to step in, albeit reluctantly, to provide a little more support to the economy early this year. The labour market has offered some temporary respite but retail sales were much lower than consensus, falling 1.2% in November. This shows, as Governor Stephen Poloz stated last week, that “the Canadian economy is not immune to global developments” and key risks might materialise in 2020, hence providing some justification for a cut.

Norges Bank meeting: A non-event

The Norwegian central bank is also meeting next week, although this is only an interim meeting where the central bank traditionally doesn’t make any changes to interest rates or its rate path. We expect the bank to reiterate that ‘the policy rate will most likely remain at this level in the coming period’ but communication should be fairly limited and as such, we should see very little market reaction. The risks remain tilted to the upside, and our base case is currently a hike in the

second quarter as the central bank is still pencilling in the probability of a partial rate hike in the first half of this year.

Developed Market Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 20 January					
Japan	0430	Nov F Industrial production - Prel (MoM/YoY%)	-/-	-/-	-0.9/-8.1
Sweden	0500	Valueguard HOX Sweden Home-Price Index			
Tuesday 21 January					
Japan	-	Policy Rate	-0.1	-	-0.1
	-	Jan 21 BoJ 10-year yield target (%)	-	-	0
Germany	1000	Jan ZEW Current Situation Index	-	-	-19.9
UK	0930	Dec Claimant Count Rate (%)	-	-	3.5
	0930	Nov Weekly Earnings (3M avg)	3.1	-	3.2
	0930	Nov Weekly Earnings ex Bonus (3M avg)	3.3	-	3.5
	0930	Nov ILO Unemployment Rate (3M avg.)	3.8	-	3.8
	0930	Nov Employment Change (3M/3M)	120	-	24
Wednesday 22 January					
US	1500	Dec Existing Home Sales	-	5.45	5.35
Japan	2350	Dec Exports (YoY%)	-	-	-7.9
	2350	Dec Imports (YoY%)	-	-	-15.7
UK	0930	Dec Public Finances (PSNCR)	-	-	9.862
	0930	Dec PSNB ex Banks (Ebn)	-	-	5.575
Canada	1330	Dec CPI (MoM/YoY%)	-/-	-/-	-0.1/2.2
	1500	Bank of Canada Policy Rate	1.75	1.75	1.75
Thursday 23 January					
Japan	0430	Nov All industry activity index (MoM%)	-	-	-4.3
	0500	Nov F Leading economic index	-	-	90.9
	2330	Dec National CPI (YoY%)	-	-	0.5
	2330	Dec CPI ex-food, energy (YoY%)	-	-	0.8
	2350	BOJ Minutes of December Meeting			
Eurozone	1245	ECB Main Refinancing Rate	0.00	-	0.00
	1245	ECB Marginal Lending Facility	0.25	-	0.25
	1245	ECB Deposit Facility Rate	-0.50	-	-0.50
	1500	Jan A Consumer Confidence	-	-	-8.1
Australia	0000	Jan CPI expectations (YoY%)	-	-	4
	0030	Dec Employment change ('000)	18	-	39.9
	0030	Dec Unemployment rate (%)	5.2	-	5.2
New Zealand	2145	4Q CPI (Q) (QoQ/YoY%)	-/-	-/-	0.7/1.5
Norway	0700	Nov Unemployment Rate AKU	-	-	3.8
	0900	Deposit Rates	1.5	-	1.5
Sweden	0830	Dec Unemployment Rate SA (%)	-	-	7.3
	0700	Prospera Swedish Inflation Expectations Survey			
Friday 24 January					
Eurozone	0900	Jan P Markit Manufacturing PMI	-	-	46.3
	0900	Jan P Markit Services PMI	-	-	52.8
	0900	Jan P Markit Composite PMI	-	-	50.9
UK	0930	Jan P Markit/CIPS Manufacturing PMI	49	-	47.5
	0930	Jan P Markit/CIPS Services PMI	51	-	50
	0930	Jan P Markit/CIPS Composite PMI	50.5	-	49.3
Sweden	0830	Sweden Real Estate Prices 4Q 2019			

Source: ING, Bloomberg

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