

## Key events in developed markets

Several Fed officials are scheduled to speak over the next week, but we're keen to hear what James Bullard will have to say. Expect more Brexit-deal chatter, though we think it is unlikely the PM will get a revised deal with the EU this week. In our opinion, a deal hinges more heavily on UK parliamentary arithmetic



Source: Shutterstock

### US: A little more colour on the Fed's decision

The latest Federal Reserve interest rate cut failed to generate much excitement in markets, but Fed Chair Jerome Powell did at least stress the central bank's commitment to preserving the US expansion. We continue to think the Fed will cut interest rates further despite their latest forecast snapshot suggesting there is a limited appetite amongst officials to do so right now. There are seven different Fed officials scheduled to speak over the next week so we will get a little more colour on their individual thinking. Most interest will likely be on James Bullard who was the lone voter favouring an immediate 50bp rate cut.

In terms of data, the final reading of 2Q GDP is set to be confirmed at 2% growth, but we will be focusing on the durable goods orders numbers for August and some of the inflation numbers. The Federal Reserve is very nervous about the outlook for investment with the durable goods orders report currently indicating a probable contraction in 4Q19/1Q20. Further weakness here this week would be a cause for concern. At the same time there is evidence of a pick-up in some inflation pressures after core CPI and average earnings accelerated sharply. If we get a sharp rise in the

Fed's favoured measure of inflation, the core PCE deflator, this could cast some doubt in the market's mind that we will get the full 75bp of cuts they are currently priced for. We continue to look for a December rate cut and a 1Q20 rate cut.

## **Brexit deal chatter to dominate UK newsflow next week**

There are two things to watch in the UK next week.

The first is the Supreme Court ruling early in the week, where judges will rule on whether PM Johnson's suspension of parliament was unlawful. While legal experts are divided on what the outcome may be, it's not certain this will make a massive difference to Brexit, at least in the near-term. Remember one of the consequences of the original suspension was that it would become harder to legislate against an October 'no-deal' exit. However, MPs succeeded in approving a law designed to force the prime minister to ask for a further Article 50 extension, just in case they are unable to get a new deal through parliament.

With that in mind, the bigger focus for markets will be on whether the PM can agree a revised deal with the EU. Despite positive comments from European Commission President Juncker, this still seems unlikely.

The British PM will reportedly meet key European leaders at the UN next week. But so far, UK proposals for a revised Irish backstop – the mechanism to avoid a hard border on the island of Ireland – have reportedly been met with scepticism by EU officials. In reality, the chances of a deal hinge more heavily on the UK parliamentary arithmetic, but despite some more positive signals from some Labour MPs over recent weeks, the PM still faces an uphill battle to get a deal approved by lawmakers.

## **Developed Markets Economic Calendar**

Updated to correct error in Germany/Eurozone PMI labelling

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 23 September</b>					
Germany	0830	Sep P Markit Manufacturing PMI	44.1	-	43.5
	0830	Sep P Markit Services PMI	54.0	-	54.8
	0830	Sep P Markit Composite PMI	51.5	-	51.7
Netherlands	0530	2Q F GDP (QoQ%)	0.5	-	0.5
<b>Tuesday 24 September</b>					
US	1500	Consumer Confidence	136.0	133.5	135.1
	1500	Consumer Confidence - Current situation	177.4	-	135.1
	1500	Consumer Confidence - Expectations	107.5	-	135.1
Japan	0600	Jul F Leading economic index	-	-	93.6
Germany	0900	Sep IFO Business Climate	94.4	-	94.3
	0900	Sep IFO Expectations	91.8	-	91.3
	0900	Sep IFO Current Assessment	96.7	-	97.3
UK	0930	Aug Public Finances (PSNCR)	-	-	-13.51
	0930	Aug PSNB ex Banks (£bn)	-	-	-1.319
<b>Wednesday 25 September</b>					
US	1300	Fed's Evans Discusses Economy and Monetary Policy			
	1500	New Home Sales (thousands)	660	650	635
Japan	0500	BOJ Minutes of July Policy Meeting			
New Zealand	0300	RBNZ OCR decision			
Norway	0700	Jul Unemployment Rate AKU	-	-	3.6
Germany	0700	GfK Consumer Confidence	9.6	9.7	9.7
<b>Thursday 26 September</b>					
US	1330	2Q T GDP (QoQ Annualised %)	2.0	2.0	2.0
	-	Fed's Kaplan (1430), Bullard (1500) and Kashkari (1900) Speaks			
Eurozone	0900	Aug M3 Money Supply (YoY%)	-	-	5.2
UK	1445	BOE Governor Carney Speaks on Financial Services in Frankfurt			
Sweden	0800	Sep Economic Tendency Indicator	-	-	94.9
	0830	Aug Household Lending (YoY%)	-	-	4.9
<b>Friday 27 September</b>					
US	1330	Aug P Durable Goods Orders (MoM%)	-1.6	-1.3	2.0
	1330	Aug P Durable Goods Orders (ex. Transport, MoM%)	0.4	0.2	-0.4
	1330	Core PCE Deflator (MoM/YoY%)	0.2/1.8	0.2/1.8	0.2/1.6
	1500	Sep F U. of Mich. Sentiment Index	-	-	92.0
	1800	Fed's Harker Speaks to Shadow Open Market Committee			
Eurozone	1000	Sep Economic Confidence	-	-	103.1
Norway	0700	Aug Credit Indicator (YoY%)	-	-	5.6
	0900	Sep Unemployment Rate	-	-	2.3
Sweden	0830	Aug Retail sales (Ex. Fuel, MoM/YoY%)	-/-	-/-	0.4/4.3

Source: ING, Bloomberg

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