

Key events in developed markets

Next week, all eyes will be on Federal Reserve officials as they explain what they need to see in order to hike rates again this year. It's also a big week in the eurozone with the release of both headline and core inflation



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US: August personal income and spending report release

The Fed's higher-for-longer interest rate message, combined with upgraded growth forecasts and lowered unemployment projections, has gained more market traction with the 10Y Treasury yield up at 4.5% – the highest since 2007 – and the dollar continuing to strengthen.

The coming week will see several Fed officials hitting the airwaves to explain their thinking and what they need to see in order to justify hiking rates again this year and what they see as the most likely scenario for next year. At the moment, the market is split on whether there will be a final hike and it will be down to the data and general newsflow to determine what will happen at the November and December FOMC meetings. Jobs, consumer spending and inflation will be the key figures to watch while strike action in the auto sector and the prospect of a government shutdown will also factor into the thinking of officials.

The key release to watch will be Friday's August personal income and spending report. After a strong July, we expect to see weaker spending coming through, especially in real terms, with higher gasoline prices responsible for much of the increase in nominal spending on goods, based on what we saw in the retail sales report. With regard to services, the Federal Reserve Beige Book

indicated that “consumer spending on tourism was stronger than expected, surging during what most contacts considered the last stage of pent-up demand for leisure travel from the pandemic era”. This should help to mitigate some of the weakness in goods, hence our slightly above-consensus forecasts.

We are also aware that the Fed’s favoured measure of inflation, the core PCE deflator, could come in a little higher than the market is forecasting. We look for a 0.3% month-on-month increase in prices, similar to the CPI report, whereas the consensus is for a more benign 0.2%MoM print.

We will also get durable goods orders, new home sales and consumer confidence readings. Again we expect to see slightly higher numbers than the market is pricing, with a lack of available existing homes supporting new home transactions while better numbers from Boeing should help lift orders. The Conference Board measure of consumer confidence is more influenced by labour market responses, which should be good given low unemployment and a strong sense of job security. The University of Michigan measure, which is more reflective of concerns about the cost of living, is consequently likely to be a lot weaker.

Eurozone: Expect a drop in both headline and core inflation

Next week will be all about eurozone inflation. After [this week's PMI](#), which confirmed that the eurozone remains in a weak economic environment, the focus will shift towards inflation progress. Expect a drop both in headline and core on the back of base effects, but the higher oil price will have a limiting effect on energy inflation.

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Country	Time	Data/event	ING	Survey	Prev.
Monday 26 September					
Germany	0900	Sep Ifo Business Climate	87.2		88.5
	0900	Sep Ifo Current Conditions	96.0		97.5
	0900	Sep Ifo Expectations	79.5		80.3
Tuesday 27 September					
US	1400	Jul CaseShiller 20 (MoM%/YoY%)	-		0.4/18.6
	1500	Sep Consumer Confidence	-	104	103.2
	1500	Aug New Home Sales-Units	0.4	0.5	0.5
	1330	Aug Durable Goods	-0.8	-1.1	-0.1
Eurozone	0900	Aug Money-M3 Annual Grwth	-		5.5
	0900	Aug Broad Money	-		15936911
Wednesday 28 September					
Germany	0700	Oct GfK Consumer Sentiment	-38.0		-36.5
Italy	0900	Sep Consumer Confidence	95.1		98.3
Thursday 29 September					
US	1330	Q2 GDP Final	-	-0.6	-0.6
	1330	Initial Jobless Claim	220		213
	1330	Continue Jobless Claim	1440		1379
Germany	1300	Sep CPI Prelim (MoM%/YoY%)	0.6/8.5		0.3/7.9
UK	0700	Q2 GDP (QoQ%/YoY%)	-/-		-0.1/2.9
Spain	0800	Sep CPI (MoM%/YoY%) Flash NSA	-		0.3/10.5
Canada	1330	Jul GDP (MoM%)	-		0.1
Eurozone	1000	Sep Business Climate	-		0.83
	1000	Sep Economic Sentiment	97.2		97.6
	1000	Sep Consumer Confidence Final	-		-
Friday 30 September					
US	1330	Aug Personal Income (MoM%)	-	0.3	0.2
	1330	Aug Personal Consump Real (MoM%)	-		0.2
	1330	Aug Consumption, Adjusted (MoM%)	-	0.2	0.1
	1330	Aug Core PCE Price Index (MoM%)	-		0.1
	1445	Sep Chicago PMI	-		52.2
	1500	Sep U Mich Sentiment Final	-	59.5	59.5
Germany	0700	Aug Retail Sales (MoM%/YoY%)	-/-		1.9/-2.6
	0855	Sep Unemployment Rate SA	5.5		5.5
France	0745	Sep CPI Prelim (YoY%)	-		6.6
	0745	Sep CPI (EU Norm) Prelim (MoM%)	-		0.5
UK	0700	Q2 Current Account GBP	-		-51.7
Italy	0900	Aug Unemployment Rate	7.9		7.9
	1000	Sep CPI Prelim (MoM%/YoY%)	1.2/9.0		0.9/9.1
Spain	0800	Aug Retail Sales (YoY%)	-		-0.5
Portugal	0930	Sep CPI Flash (YoY%)	-		8.9
Eurozone	1000	Sep CPI Flash (YoY%)	9.3	9.1	9.1
	1000	Sep Core CPI Flash (YoY%)	4.6		5.5
	1000	Aug Unemployment Rate	6.6		6.6

Source: Refinitiv, ING

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