

## Key events in developed markets

Prepare to have your hands full next week with yet more Brexit stories, plenty of eurozone data, the US jobs report on top of both Canadian and US central bank meetings - we expect the Fed to keep on cutting



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### US: Keep on cutting

After last week's momentous Brexit vote and the ECB's farewell to Mario Draghi attention switches to the US with a slew of key data releases that will likely culminate in the Federal Reserve cutting interest rates for a third consecutive FOMC meeting. The Federal Reserve has been keen to characterise the two rate cuts in July and September as "insurance" against external threats posed to the US economy (trade & weak global growth) rather than the start of a significant easing cycle. However, the deceleration in domestic demand, weaker wage pressures and declining inflation expectations suggests that economic weakness is spreading and that more action may be needed in the coming months.

The data flow is likely to show 3Q GDP coming in sub-2% with payrolls growth continuing to slow given economic uncertainty with the manufacturing sector still in recession. However, on the all-important payrolls number, it's worth noting that this may be artificially depressed by a [General Motors strike](#) that reportedly involved roughly 50,000 workers. Once that's stripped out, the true jobs growth figure would be a little better.

For now, economists are mixed on next Wednesday's FOMC meeting outcome, but with the market currently pricing in 23bp of a 25bp rate cut, we believe the Fed will take action. Assuming the

economy continues to soften in line with our view, then the Fed will likely follow up with additional rate cuts in December and January.

### **UK lawmakers set to decide on December election**

Faced with the reality that October 31 is no longer an achievable Brexit deadline, the UK government will table a motion on Monday asking Parliament to authorise an election on December 12th. But as things stand, MPs are likely to reject it.

This gives the EU a tricky decision when it comes to an Article 50 extension. Brussels will almost certainly grant a further delay, but Parliament's indecision adds complexity over the length.

What the government will do next is also very unpredictable. But with an election still inevitable (it's a question of when), we suspect the government may be minded to press ahead with its withdrawal agreement bill to try and ensure the UK leaves the EU before voters go to the polls – perhaps in an early 2020 election.

### **Eurozone: Data packed week for Lagarde's debut**

Christine Lagarde's first week in the corner office at the ECB will give plenty of insight into the current state of the Eurozone economy straight away. GDP data for Q3 will be released and the question is whether growth continued at its Q2 pace of 0.2% or whether it has slowed even further to 0.1%. Furthermore, October inflation data will show whether inflation has bounced back from a low level of 0.8%. Sentiment for October and unemployment for August will conclude a big data week that will be nervously studied in Frankfurt as recession concerns grow louder.

### **Bank of Canada meeting: Don't expect any big moves**

The Bank of Canada will also be setting interest rates, but the recent election outcome is unlikely to be a trigger for a move. The economic data is softening here too, but not by as much as in the US. Moreover, the Bank of Canada did not hike interest rates as aggressively as the Federal Reserve, and there is general consensus that policy remains somewhat accommodative. Nonetheless, we don't think the BoC will be able to hold out forever and still feel the next move from them will be a 25bp rate cut.

## **Developed Markets Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 28 October</b>					
Eurozone	0900	Sep M3 Money Supply (YoY%)	5.2	-	5.7
<b>Tuesday 29 October</b>					
US	1400	Oct Consumer Confidence	126	127.9	125.1
Japan	2350	Sep Retail trade (MoM/YoY%)	-/-	-/-	4.6/1.8
Australia	0645	RBA Governor Lowe Gives Speech in Canberra			
<b>Wednesday 30 October</b>					
US	1215	Oct ADP Employment Change (000's)	120	116	134.9
	1230	3Q A GDP (QoQ Annualised %)	1.7	1.5	2.0
	1800	FOMC Rate Decision (Upper bound)	1.75	2.00	2.00
Japan	2350	Sep P Industrial production - Prel (MoM/YoY%)	-/-	-/-	-1.2/-4.7
Eurozone	1000	Oct Economic Confidence	101.5	-	101.7
Germany	0855	Oct Unemployment Change (000's)	-	-	-10
	0855	Oct Unemployment Rate (%)	-	-	5
	1300	Oct P CPI (MoM/YoY%)	-/-	-/-	0/1.2
Spain	0800	Oct P HICP (MoM/YoY%)	-/-	-/-	0.4/0.2
Canada	1400	Bank of Canada Policy Rate	1.75	1.75	1.75
Australia	0030	3Q CPI (QoQ/YoY%)	-/-	-/-	0.6/1.6
Norway	0700	Sep Retail Sales (Ex. Motor Vehicles, SA, MoM%)	-	-	0.0
Sweden	0800	Oct Economic Tendency Indicator	-	-	94.6
<b>Thursday 31 October</b>					
Japan	0500	Oct Consumer confidence index	-	-	35.6
	-	Policy Rate	-0.20	-	-0.10
	-	BoJ 10-year yield target (%)	-	-	0.00
	-	BOJ Outlook Report			
Eurozone	1000	Sep Unemployment Rate (%)	7.4	-	7.4
	1000	3Q A GDP (QoQ/YoY%)	0.2/1.1	-/-	0.2/1.2
	1000	Oct P Core CPI (YoY%)	1.0	-	1.0
	1000	Oct Flash CPI (YoY%)	1.0	-	0.9
Italy	1000	Oct P HICP (YoY%)	0.1	-	0.2
	1100	3Q P GDP (QoQ/YoY%)	0.0/0.0	-	0.0/-0.1
Canada	1230	Aug GDP (MoM/YoY%)	-/-	-/-	0.0/1.3
Norway	0700	Sep Credit Indicator (YoY%)	-	-	5.5
<b>Friday 1 November</b>					
US	1230	Oct Change in Nonfarm Payrolls ('000s)	70	93	136
	1230	Oct Unemployment Rate (%)	3.6	3.6	3.5
	1230	Oct Average Hourly Earnings (MoM/YoY%)	0.3/3.0	0.3/3	0.0/2.9
	1230	Oct Participation Rate	63.2	-	63.2
	1400	Oct ISM Manufacturing	48.5	49	47.8
UK	0930	Oct Markit/CIPS Manufacturing PMI	48.5	-	48.3
Australia	0030	3Q PPI (Q) (QoQ/YoY%)	-/-	-/-	0.4/2.0
Norway	0800	Oct DNB/NIMA Manufacturing PMI	-	-	50.4
	0900	Oct Unemployment Rate	-	-	2.2

Source: ING, Bloomberg

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