

Key events in developed markets

A much busier week for developed markets. We look for signs of recovery in the US jobs report, hard German data to evaluate true signs of economic recovery and whether Riksbank will maintain its typically dovish stance



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US jobs report to recover from a July slump

With the summer vacation period at an end, markets will be gearing up for a big week of data and news releases.

In the US, the highlight will be the August jobs report. Both payrolls and wages disappointed in July so we'll be looking to see if we get a decent recovery, given the pace of economic expansion stays strong. We suspect that we will since other labour data releases have suggested the jobs market remains robust - something around the 200,000 mark is our call for the net change in payrolls. Given the tightness in the jobs market, we expect wages to rise 0.3% MoM, which should nudge the annual rate of wage growth up to 2.8%.

We will also get the ISM manufacturing index, which should hold at strong levels, while the non-manufacturing equivalent should rebound after a big fall in July that didn't tally with evidence from other economic surveys. The report that is most likely to disappoint is the trade balance number. We have already had the advanced estimate for goods, and this deteriorated markedly. However, this is in the context of a very decent run this year, which is at least in part due to producers who have been trying to accelerate exports to avoid the imposition of scheduled tariff

increases - soybeans have attracted a lot of headlines in this regard.

✔ **'No deal' risks likely to test UK growth momentum over coming months**

Talk of a 'no deal' Brexit has been ratcheting up as the UK government begins releasing details of its contingency plans. While we still think it's more likely a deal will be agreed, this may not come until much closer to Christmas, which means the critical Parliamentary vote on the agreement is unlikely to happen until January. Until then, uncertainty is only likely to increase, and sentiment could begin to take a hit.

Admittedly it may be too early to see much evidence of this in the PMIs next week - we may even see a slight recovery in the service-sector index. But as we approach the end of the year, momentum could begin to slow. For this reason, we don't expect the Bank of England to hike again before May 2019 at the earliest.

✔ **Hard economic data is to be the true test of Germany's recovery**

After strong confidence indicators this week, hard economic data next week will be the first test case for the robustness of the German recovery. We expect some improvements in July, providing a good start for the economy going into the third quarter.

✔ **Another delay in rate hikes expected from Riksbank**

Two major events in Sweden will set the tone next week.

With the krona selling off heavily, the Riksbank's policy announcement on Thursday looks increasingly pivotal. With core inflation still weak, we expect the dovish majority on the Riksbank monetary Policy committee will remain cautious and will likely signal (yet another) delay to interest rate hikes.

At the same time, the Swedish election campaign enters the final stretch ahead of the Sunday vote. The outlook is as unclear as ever: strong support for the far-right Sweden Democrats mean a hung parliament and potentially lengthy negotiations lie ahead.

✔ **Expectations on Eurozone retail trade at a fork in the road**

A quiet week in the Eurozone, but watch the retail trade data. A first hard data point for July that will give insight into spending over the summer months. While confidence has been wading, wage growth has been encouraging recently.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 2 September					
Japan	2350	Aug Nikkei Manufacturing PMI	52.5	-	52.5
Monday 3 September					
US	1930	Fed's Evans Speaks on Policy Panel in Argentina			
Eurozone	0900	Aug F Market Manufacturing PMI	54.6	-	54.6
UK	0930	Aug Market/CIPS Manufacturing PMI	54	-	54
Australia	0230	Jul Retail Sales (MoM%)	-	-	0.4
Sweden	0730	Aug Swedbank/Silf Manufacturing PMI	-	-	57.4
Norway	0700	Aug DNB/NIMA Manufacturing PMI	-	-	49.3
Tuesday 4 September					
US	1500	Aug ISM Manufacturing	57.8	57.4	58.1
	1530	Fed's Evans Discusses Policy Normalization			
Japan	0050	Aug Monetary Base (JPY tr)	503.7	-	503.0
Australia	0530	RBA Cash Rate Target	1.5	1.5	1.5
	1030	Remarks by RBA Governor Lowe in Perth			
Sweden	0500	Maklarstatistik Swedish Housing Price Data			
	0830	Q2 Current account balance (SEKbn)	-	-	57.4
Wednesday 5 September					
US	1330	Jul Trade Balance (US\$bn)	-48	-46.95	-46.35
	2100	Fed's Kashkari Speaks at Townhall in Bozeman, Montana			
Eurozone	0900	Aug F Market Services PMI	54.4	-	54.4
	0900	Aug F Market Composite PMI	54.4	-	54.4
	1000	Jul Retail Sales (MoM/YoY%)	0.3/1.7	-/-	0.3/1.2
UK	0930	Aug Market/CIPS Services PMI	54.2	-	53.5
	0930	Aug Market/CIPS Composite PMI	54.2	-	53.6
Canada	1500	Bank of Canada Policy Rate	1.5	1.5	1.5
Australia	0230	2Q GDP (QoQ/YoY%)	0.5/2.0	-/-	1/3.1
Sweden	-	Nordea Publishes New Economic Forecasts			
	0730	Aug Swedbank/Silf Services PMI	-	-	59.1
Norway	0700	Q2 Current account balance (NOKbn)	-	-	49.3
Thursday 6 September					
US	1315	Aug ADP Employment Change (000's)	185	190.5	219
	1500	Aug ISM Non-manufacturing	57.2	56.8	55.7
	1500	Jul F Durable Goods Orders (MoM%)	-	-	-1.7
	1500	Jul F Durable Goods Orders (ex. Trans, MoM%)	-	-	0.2
Japan	0230	BOJ Kataoka Speaks in Yokohama			
Germany	0700	Jul New Orders (MoM/YoY%)	3.0/3.0	-/-	-4.0/-0.8
Canada	1930	Bank of Canada Wilkins Speech in Saskatchewan			
Australia	0230	Jul Trade balance (A\$mn)	1865	-	1873
Sweden	0830	Riksbank Interest Rate	-0.5	-0.5	-0.5
Friday 7 September					
US	1330	Aug Change in Nonfarm Payrolls ('000s)	210	192	157
	1330	Aug Unemployment Rate (%)	3.8	3.8	3.9
	1330	Aug Average Hourly Earnings (MoM/YoY%)	0.3/2.8	0.3/-	0.3/2.7
	1330	Aug Participation Rate	62.9	-	62.9
	-	Fed's Rosengren (1330) and Mester (1400) at Boston Fed Conference			
Japan	0100	Jul Labor Cash Earnings (YoY%)	3.0	-	3.3
	0600	Jul P Leading Economic Index	-	-	104.7
Eurozone	1000	2Q F GDP (QoQ/YoY%)	0.4/2.2	-/-	0.4/2.2
Germany	0700	Jul Trade Balance (€bn)	20.2	-	21.8
	0700	Jul Industrial Production (MoM%)	1.5/4.0	-	-0.9
Italy	-	Italy Sovereign Debt to Be Rated by Moody's			
Canada	1330	Aug Net Change in Employment	-	5	54.1
	1330	Aug Unemployment Rate (%)	5.9	5.9	5.8
Australia	0230	Jul Home Loans (MoM%)	-	-	-1.1
Sunday 9 September					
Sweden	-	General Elections			

Source: ING, Bloomberg

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