

Key events in developed markets and EMEA next week

There's growing evidence that tight monetary policy and restrictive credit conditions are having the desired effect on depressing inflation. However, neither the Federal Reserve nor Bank of England will want to endorse the recent ramping up of rate cut expectations in financial markets as both prepare to release decisions next week



US: Pushback from the Fed

The Federal Reserve is widely expected to leave the Fed funds target range at 5.25-5.5% at next week's FOMC meeting. Softer activity numbers, cooling labour data and benign inflation prints signal that monetary policy is probably restrictive enough to bring inflation sustainably down to 2% in coming months, a narrative that is being more vocally supported by key Federal Reserve officials. The bigger story is likely to be contained in the individual Fed member forecasts – how far will they look to back the market perceptions that major rate cuts are on their way? We strongly suspect there will be a lot of pushback here. The steep fall in Treasury yields in recent weeks is an easing of financial conditions on the economy and there is going to be some concern that this effectively unwinds some of the Fed rate hikes from earlier in the year.

We expect the Fed to retain a relatively upbeat economic assessment with the same 50bp of rate

cuts in 2024 they signalled in their September forecasts, albeit from a lower level given the final 25bp December hike they forecasted last time is not going to happen.

We think the Fed will eventually shift to a more dovish stance, but this may not come until late in the first quarter of 2024. The US economy continues to perform well for now and the jobs market remains tight, but there is growing evidence that the Federal Reserve's interest rate increases and the associated tightening of credit conditions are starting to have the desired effect. We look for 150bp of rate cuts in 2024, with a further 100bp in early 2025.

[Read our full Fed preview here](#)

UK: Bank of England to offer push back against rising tide of rate cut expectations

Financial markets are rapidly throwing in the towel on the “higher for longer” narrative that central banks have been pushing hard upon for months. Admittedly so far, that market repricing has been less aggressive for the Bank of England. But with three rate cuts now priced for 2024, the Bank of England is starting to sound the alarm. Governor Andrew Bailey said in recent days that he is pushing back “against assumptions that we're talking about cutting interest rates”.

Those comments followed a firming up of the Bank's forward guidance back in November, where it said it expected rates to stay restrictive for “an extended period”. Expect that narrative to be reiterated on Thursday. A 6-3 vote in favour of no change in rates is our base case, and that matches the vote split from November.

Could the Bank go further still and formally say that markets are overpricing 2024 easing in the statement? It hasn't commented in this way since November 2022, in what was then a stressed market environment. We doubt they'll do something similar this month. Policymakers may be uneasy about the recent repricing of UK rate expectations, but central banks globally have learned the hard way over the last couple of years that trying to predict and commit to future policy, with relative certainty, is a fool's game. The Bank will also be gratified that the data is at least starting to go in the right direction. Services inflation came in below the Bank's most recent forecast.

Markets may be right to assume that the BoE will be a little later to fire the starting gun on rate cuts than its European neighbours. But when the rate cuts start, we think the BoE's easing cycle will ultimately prove more aggressive. We expect 100bp of rate cuts from August next year, and another 100bp in 2025.

[Read our full preview](#)

Norway: Norges Bank to keep rates on hold after all

Back in September, Norway's central Bank signalled that a December rate hike was likely. By November, policymakers were watering down those promises and said that further progress on the inflation outlook could lead to a pause. Since then, we've seen both a pronounced fall in oil prices and a big repricing lower in global rate expectations. Both are dovish from the point of view of Norges Bank's model-based approach to setting policy. It's a close call, but we think the balance has shifted in favour of no rate hike at Thursday's meeting. Market pricing is leaning this way too.

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Poland: Inflation in focus

CPI (Nov): 6.5% YoY

We think that the Polish statistical office is unlikely to markedly change its flash estimate of November CPI. As we expected, November brought a substantial increase in fuel prices when compared to October, while food prices also increased in monthly terms. The decline in household energy prices turned out to be smaller than our forecast and core inflation moderated more than we had projected. The details of November's CPI reading should allow us to scrutinise the factors behind this lower core inflation print and potentially make some adjustments in the projected path of core inflation, depending on whether November's surprise was down to one-off drivers or was broad-based.

Current account (Oct): €2200mn

We forecast a large surplus on the current account balance in October on the back of a substantial improvement of the primary balance (a much smaller deficit than in the previous months) amid continued surpluses on both goods and services trade. According to our forecasts, exports fell by 3.2% YoY, while imports declined 11.1% YoY. The 12-month cumulative current account surplus improved to 0.8% of GDP vs. 0.6% of GDP after September.

Key events in developed markets next week

Country	Time	Data/event	ING	y	Prev.
Monday 11 December					
Norway	0700	Nov CPI (YoY%)	-/-	/	4.0
	0700	Nov Core Inflation (MoM%/YoY%)	-/-	/	0.6/6
Tuesday 12 December					
US	1330	Nov Core CPI (MoM%/YoY%)	0.3/4.0	0.3/4.0	0.2/4.0
	1330	Nov CPI (MoM%/YoY%)	0.1/3.1	0.1/3.1	0/3.2
UK	0700	Oct Weekly earnings (ex bonus. 3M/YoY%)	7.4		7.7
	0700	Experimental unemployment data	-		-
Norway	0700	Oct GDP Month Mainland	-		0.3
Netherlands	0530	Nov CPI (MoM%/YoY%. NSA)	-		0.4/-0.4
	0530	Oct Trade Balance	-		13.307
Wednesday 13 December					
US	1330	Nov PPI (MoM%/YoY%)	0.0/1.0	0.1/1.1	-0.5/1.3
	1330	Nov core PPI (MoM%/YoY%)	0.2/2.2	0.2/2.2	0.2/2.2
	1900	Fed Funds Target Rate (mid point %)	5.375	5.375	5.375
	1900	Fed Interest On Excess Reserves	5.40	5.40	5.40
UK	0700	Oct GDP Estimate (MoM%)	-0.1		0.2
Eurozone	1000	Oct Industrial Production (MoM%/YoY%)	-/-		-1.1/-6.9
Thursday 14 December					
US	1330	Nov Retail Sales (MoM%)	-0.3	-0.1	-0.1
	1330	Initial Jobless Claims (000s)	225	-	220
	1330	Continuing Jobless Claims (000s)	1910	-	1861
UK	1200	Dec BOE Bank Rate	5.25		5.25
Spain	0800	Nov CPI (MoM%/YoY%)	-/-	/	-0.4/3.2
Norway	0900	Key Policy Rate	4.25		4.25
Sweden	0700	Nov CPI (MoM%/YoY%)	-/-	/	0.1/4.2
Switzerland	0830	Q4 SNB Policy Rate	-		1.75
Eurozone	1315	Dec ECB Refinancing rate	4.50		4.50
	1315	Dec ECB Deposit rate	4.00		4.00
Friday 15 December					
US	1415	Nov Industrial Production (MoM%)	0.3	0.2	-0.6
	1445	Dec S&P Global Manufacturing Flash PMI	-		49.4
	1445	Dec S&P Global Services Flash PMI	-		
	1445	Dec S&P Global Composite Flash PMI	-		
Germany	0830	Dec S&P Global Manufacturing Flash PMI	42.6		42.6
	0830	Dec S&P Global Service Flash PMI	49.6		49.6
	0830	Dec S&P Global Composite Flash PMI	47.8		47.8
France	0745	Nov CPI (YoY%) NSA	-		3.4
	0745	Nov CPI (MoM%) NSA	-		-0.2
	0815	Dec S&P Global Composite Flash PMI	-		44.6
UK	0930	Dec Flash Composite PMI	50.4		50.7
	0930	Dec Flash Manufacturing PMI	47.5		47.2
	0930	Dec Flash Services PMI	50.5		50.9
Italy	1000	Oct Global Trade Balance	-		2.35
Sweden	0700	Nov Unemployment Rate	-		7.4
Eurozone	0900	Dec S&P Global Manufacturing Flash PMI	-		44.2
	0900	Dec S&P Global Services Flash PMI	-		48.7
	0900	Dec S&P Global Composite Flash PMI	-		47.6
	1000	Oct Total Trade Balance SA	-		9.2
	1100	Nov Reserve Assets Total	-		1154.15

Source: Refinitiv, ING

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 11 December					
Turkey	0700	Oct Current Account Balance	0.8		1.876
	0700	Oct Unemployment Rate	-		8.9
	0700	Oct Industrial Production (MoM/YoY%)	-		-0.13/4.0
Czech Rep	0800	Nov CPI (MoM%/YoY%)	-/-	/	0.1/8.5
Kazakhstan	1200	Nov Industrial Production (YoY%)	-		4.7
Tuesday 12 December					
Russia	1400	Oct Foreign Trade	-		15.294
Serbia	1100	Nov CPI (MoM%/YoY%)	0.2/7.7	/	0.3/8.5
Wednesday 13 December					
Russia	1700	Q3 GDP (YoY% quarterly revised)	5.5	5.5	5.5
Romania	0700	Nov CPI (YoY%)	7.3		8.07
South Africa	0800	Nov CPI (MoM%/YoY%)	-/-	/	0.9/5.9
	0800	Nov Core inflation (MoM%/YoY%)	-/-	/	0.4/4.4
	1100	Oct Retail Sales (YoY%)	-		0.9
Thursday 14 December					
Poland	1300	Oct Current Account	2200	1618	394
Czech Rep	0900	Oct Current Account Balance	-		33.43
Ukraine	1200	Central bank interest rate	-		16
South Africa	0930	Nov PPI (MoM%/YoY%)	-/-	/	1/5.8
Friday 15 December					
Russia	1030	Dec Central bank key rate	16.00	16.00	15.00
Turkey	0800	Nov Budget Balance	-		-95.46
Poland	0900	Nov CPI (MoM%/YoY%)	-/-	/	0.7/6.5
Ukraine	-	Oct Trade Balance YTD	-		-19.4
Kazakhstan	1200	Nov Industrial Production (MoM%)	-		1.8
Croatia	1000	Nov CPI (YoY%) NSA	5.0		5.8
	1000	Nov CPI (MoM%) NSA	0.2		0.5

Source: Refinitiv, ING

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