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KEY EVENTS

Key events in developed markets next week

US jobs figures are released next Friday. For us to seriously consider changing our July Fed call we would need to see payrolls growth fall with the unemployment rate moving a couple of tenths higher and wage growth showing signs of stagnating

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Expectation of a 75bp rate hike from the Fed is unlikely to change

Between now and the 27 July Federal Open Market Committee (FOMC) meeting there are only two US data releases that could potentially prompt us to switch our forecast from a 75bp rate hike to a more cautious 50bp hike. After all, the Fed has made it clear that it is resolutely focused on getting inflation under control so we will either need to see a very weak jobs report, published on 8 July, or, but quite possibly together with, a surprise drop in inflation, out 13 July, that reflects declines in a broad range of categories. Currently, we are expecting inflation to dip only very modestly from its 8.6% rate in May, but given that is two weeks away, the market will be focused on next Friday's jobs figures.

We know that there were around 11 million job vacancies at the last count, equivalent to nearly two vacancies for every unemployed American. This itself should point to a very strong figure for job creation, but the issue is the lack of suitable workers available to fill these positions, hence why wages have been rising so rapidly as firms compete for labour. However, we sense that the plunge in equity markets and the increasing recession talk as the Fed ramps up interest rates, may lead some employers to slow down the rate of hiring. Consequently, we think payrolls may grow somewhere in the 250-300,000 range, down from 390,000 in May, which should still be enough to keep the unemployment rate at 3.6% and wages continuing to tick higher. For us to seriously consider changing our July Fed call we would need to see payrolls growth fall with the unemployment rate moving a couple of tenths higher and wage growth showing signs of stagnating. Even then we would still probably need to see a surprisingly large decline in inflation the following week.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
		Monday 4 July			
Germany	0700	May Imports/Exports	-1.2/-3.0		3.1/4.4
	0700	May Trade Balance	-		3.5
Canada	1530	BoC Business Outlook	4.0		5.0
Switzerland	0730	Jun CPI (MoM%/YoY%)	-/-		0.7/2.9
		Tuesday 5 July			
US	1500	May Factory Orders (MoM%)	0.4	0.5	0.3
Germany	0855	Jun Markit Services PMI	52.4		52.4
	0855	Jun Markit Composite Final PMI	51.3		51.3
France	0745	May Industrial Output (MoM%)	-		-0.1
UK	0930	Jun Markit/CIPS Services PMI Final	53.4		53.4
	0930	Jun Composite PMI Final	53.1		53.1
Eurozone	0900	Jun Markit Services Final PMI	52.8		52.8
	0900	Jun Markit Composite Final PMI	51.9		51.9
		Wednesday 6 July			
US	1445	Jun Markit Composite Final PMI	-		51.2
	1445	Jun Markit Services PMI Final	-		51.6
	1500	Jun ISM Non-Manufacturing PMI	56.0	55.7	55.9
	1900	Jun FOMC minutes	-		-
Germany	0700	May Industrial Orders (MoM%)	0.3		-2.7
Eurozone	1000	May Retail Sales (MoM%/YoY%)	-/-		-1.3/3.9
		Thursday 7 July			
US	1315	Jun ADP National Employment	200	183	128
	1330	Initial Jobless Claim 000s	240		231
	1330	Continuing Jobless Claim 000s	1330		1328
	1330	May International Trade USD	-85.5	-85.0	-87.1
Germany	0700	May Industrial Output (MoM%/YoY%)	-1.0/-3.1		0.7/-2.1
Norway	0700	May GDP Month Mainland	-		-0.5
Netherlands	0530	Jun CPI (MoM%/YoY% NSA)	-		-0.6/8.8
		Friday 8 July			
US	1330	Jun Non-Farm Payrolls	270	250	390
	1330	Jun Private Payrolls	240	230	333
	1330	Jun Unemployment Rate	3.6	3.6	3.6
	2000	May Consumer Credit	32.0	30.0	38.1
Italy	0900	May Industrial Output (MoM%/YoY%)	-/-		1.6/4.2
Canada	1330	Jun Unemployment Rate	5.0		5.1
Netherlands	0530	May Manufacturing Output (MoM%)	-		5.3

Source: Refinitiv, ING

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