

Key events in developed markets next week

US mid-term elections take centre stage next week. Opinion polls suggest the Republicans are under pressure, leaving the chance of congressional change more likely than not. We also have some key data we hope will shed some light onto the eurozone's disappointing third quarter



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Congressional change?

It is a key week for the US, with the midterm elections on Tuesday and the Federal Reserve's FOMC meeting two days later. In terms of the election, opinion polls continue to suggest the Republicans are under pressure. The loss of Congressional control would make life increasingly difficult for President Trump and have major implications for policy. President Trump was already somewhat limited by congressional deadlock, but if the Republicans lose the House (but probably retain the Senate) it becomes even more challenging for him, i.e. he will struggle to pass major legislation.

Bi-partisan action may be possible in areas such as infrastructure spending, but for the most part, divisions between and within the two parties will remain material. Faced with this, President Trump will likely focus on areas where executive powers give him more leeway to set the agenda, such as trade policy. With China ramping up its fiscal stimulus, this hints that both sides will be "digging in" with little prospect of any meaningful easing of tensions.

As for the Federal Reserve meeting, while officials no longer describe monetary policy as “accommodative”, it is far from restrictive. A positive domestic story and rising inflation pressures mean the Federal Reserve will continue to signal “gradual” rate hikes ahead, setting us up for a December move.

Next week to shed light on eurozone's poor third quarter

After 3Q GDP data for the eurozone and some member states this week, it seems likely that German GDP growth will have gone through another soft patch. An entire batch of monthly industrial data coupled with September retail sales should hopefully shed some light on the eurozone's surprisingly disappointing third quarter, and if there's potential for growth to be revised upwards.

UK growth set to boom but can it last?

There's little doubt the UK economy had a good run over the summer, helped along by the better weather. However, as we move into the winter, there's a risk that momentum slows once again.

Consumers remain reasonably cautious, partly because higher petrol prices are offsetting the recent strength in wage growth. Meanwhile, the higher perceived risk of a 'no deal' Brexit is likely to see a greater proportion of firms take contingency action, and that's already being tentatively reflected to some extent in the PMIs and hiring indicators. For that reason, it looks very unlikely that the Bank of England will hike rates before May 2019, at the earliest.

Riksbank and Norges Bank speakers set to spell out guidance

Next week sees a number of speeches from Swedish and Norwegian central bankers as both the Riksbank and Norges Bank seek to spell out their guidance for gradual interest rate increases over coming quarters. In Norway, the October inflation reading is a key data point; we continue to see upside risk to the NB's inflation forecast but expect the bank to reiterate its intention to keep rate increases gradual - by which it means a pace of two hikes per year.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 4 November					
Japan	2350	BoJ Minutes of Policy Meeting			
Monday 5 November					
US	1500	Oct ISM Non-manufacturing	59.0	59.5	61.6
Japan	0100	BoJ Kuroda Speaks in Nagoya			
Eurozone	1245	ECB Vice President Guindos Speak in Brussels			
UK	0930	Oct Market/CIPS Services PMI	53.0	-	53.9
	0930	Oct Market/CIPS Composite PMI	52.9	-	54.1
^{new Zealand}	0100	Treasury Publishes Monthly Economic Indicators			
Norway	1430	Norges Bank Deputy Governor Nicolaisen Speaks in London			
Sweden	0730	Oct Swedbank/Silf Services PMI	-	-	56.6
	0500	Maklarstatistik Swedish Housing Price Data			
Tuesday 6 November					
US	-	2019 Mid-term Elections			
Eurozone	0900	Oct F Market Services PMI	53.3	-	53.3
	0900	Oct F Market Composite PMI	52.7	-	52.7
	0730	ECB's Praet (0730) and Coeure (1115) on Panel in Brussels			
	1200	ECB's Lautenschlaeger Speaks in Frankfurt			
Germany	0700	Sep New Orders (MoM/YoY%)	0.5/-2.3	-/-	2/-2.1
Australia	0330	RBA Cash Rate Target	1.5	1.5	1.5
Norway	0830	Norges Bank Deputy Governor Matsen Speaks in Trondheim			
	0915	Norges Bank Governor Olsen Speaks in Oslo			
Sweden	0900	Swedish FSA Mortgage Margin Report			
	0900	Riksbank's Af Jochnick Speaks in Oslo			
	1515	Riksbank Governor Ingves Speaks in Stockholm			
Wednesday 7 November					
Japan	0000	Sep Labour Cash earnings (YoY%)	2.5	-	0.8
	0130	BoJ Funo Speaks in Kochi			
	0500	Sep P Leading Economic Index	-	-	104.5
	2350	Sep Core Machine Orders (MoM/YoY%)	-2.5/16.2	-/-	6.8/12.6
	2350	Sep C/A Balance, Adjusted (Yen bn)	1380	-	1428.8
Eurozone	1000	Sep Retail Sales (MoM/YoY%)	0.4/0.8	-/-	-0.2/1.8
Germany	0700	Sep Industrial Production (MoM%)	2.1/2.4	-	-0.3
^{new Zealand}	2000	RBNZ OCR Decision - mps	1.75	-	1.75
Norway	0700	Sep Industrial Production (MoM/YoY%)	-/-	-/-	1.8/2.3
Sweden	1630	Riksbank's Floden Speaks in Stockholm			
Thursday 8 November					
US	1900	FOMC Rate Decision (Upper bound)	2.25	2.25	2.25
Eurozone	0900	ECB Publishes Economic Bulletin			
	1000	European Commission Updates Economic Forecasts			
	1415	ECB's Coeure Speaks in Berlin			
Germany	0700	Sep Trade Balance (€bn)	18.2	-	17.1
Italy	-	Bank of Italy Report on Balance-Sheet Aggregates			
Sweden	0800	Ingves, Floden in Open Hearing on Monetary Policy			
Friday 9 November					
US	1500	Nov P U. of Mich. Sentiment Index	97.0	97.5	98.6
UK	0930	Sep Trade Balance (£m)	-	-	-1274
	0930	3Q P GDP (QoQ/YoY%)	0.5/1.4	-/-	0.4/1.2
	0930	Sep Monthly GDP (MoM%)	0.1	-	0.0
	0930	Sep Industrial Production (MoM/YoY%)	-/-	-/-	0.2/1.3
Australia	0030	Sep Home loans (MoM%)	-	-	-2.1
	0030	RBA Statement on Monetary Policy			
Norway	0700	Oct CPI (MoM/YoY%)	0.1/3.4	-/-	0.6/3.4
	0700	Oct CPI - ATE (MoM/YoY%)	0.2/1.8	-/-	0.5/1.9

Source: ING, Bloomberg

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