

## Key events in developed markets next week

The Bank of Canada will announce its latest monetary policy decision on Wednesday. We favour a hawkish hold as GDP and consumer price inflation have been stronger than expected, and the labour market remains robust. The US data flow in the coming week is unlikely to move markets much given the CPI release in the following week



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### US: All eyes on May core inflation

Market expectations for whether the Federal Reserve will hike interest rates again have swung wildly over recent weeks. Currently, the favoured narrative is that the Fed has raised interest rates significantly and tighter lending conditions will act as a brake so it may be best to hold rates unchanged at the June FOMC and re-evaluate the situation in July. If the jobs market is still hot and inflation continues to track well above target, they can then hike again. Nonetheless, there are hawks on the FOMC and if May core inflation, released 13 June, comes in at 0.4% or higher, the decision could become a very close call. With the Fed entering its quiet period ahead of the decision, there will be no officials discussing the outlook for monetary policy over the coming week. The data flow includes the ISM services index, inventory numbers, the trade balance and consumer credit together with an update on the state of household and corporate balance sheets in 1Q, published by the Federal Reserve. While interesting, they are not going to move markets

much given the importance of CPI the following week.

### **Canada: A hawkish hold**

The Bank of Canada is set to announce its latest monetary policy decision. The consensus is for no change, but after stronger than expected consumer price inflation and GDP and with the labour data remaining robust the market is pricing a 25% chance of a hike on 7 June with a 25bp hike fully discounted by the 6 September policy meeting. The BoC last raised rates on 25 January and has held them at 4.5% since then. The last statement warned that they were prepared to raise the policy rate further to ensure inflation returns to 2% and Governor Tiff Macklem stated that the bank remains concerned about upside inflation risks. Nonetheless, they also accept that monetary policy operates with long and varied lags. Consequently, we favour a hawkish hold, signalling that unless there is evidence of softening in price pressures very soon, they could raise rates again in July.

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Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 5 June</b>					
US	1445	May S&P Global Composite Final PMI	-		54.5
	1445	May S&P Global Services PMI Final	-		55.1
	1500	Apr Factory Orders (MoM%)	0.7	0.8	0.9
	1500	May ISM N-Manufacturing PMI	52	52.5	51.9
Germany	0700	Apr Imports/Exports	2.5/3.0		-6.4/-5.2
	0700	Apr Trade Balance	17		16.7
	0855	May S&P Global Services PMI	57.8		57.8
	0855	May S&P Global Composite Final PMI	54.3		54.3
France	0850	May S&P Global Composite PMI	-		51.4
UK	0930	May S&P Global/CIPS Services PMI Final	-		55.1
	0930	May Composite PMI Final	-		53.9
Italy	0845	May Composite PMI	-		55.3
Spain	0815	May Services PMI	-		57.9
Switzerland	0730	May CPI (MoM%/YoY%)	-/-		0/2.6
Eurozone	0900	May S&P Global Services Final PMI	-		55.9
	0900	May S&P Global Composite Final PMI	-		53.3
<b>Tuesday 6 June</b>					
Germany	0700	Apr Industrial Orders (MoM%)	4.6		-10.7
UK	0930	May All-Sector PMI	-		54.6
	0930	May S&P Global/CIPS Cons PMI	-		51.1
Netherlands	0530	May CPI (YoY% NSA)	-		5.2
Euro Zone	1000	Apr Retail Sales (MoM%/YoY%)	-/-		-1.2/-3.8
<b>Wednesday 7 June</b>					
US	2000	Apr Consumer Credit	22	21.2	26.51
	1330	Apr International Trade (USD bn)	-77	-75	-64.2
Germany	0700	Apr Industrial Output (MoM%/YoY%)	2.0/1.8		-3.4/1.56
France	0745	May Reserve Assets Total	-		216264
	0745	Apr Trade Balance	-		-8.023
Canada	1330	Apr Trade Balance (CAD bn)	-		0.97
	1500	BoC Rate Decision	4.5	4.5	4.5
Switzerland	0645	May Unemployment Rate Adjusted	-		1.9
<b>Thursday 8 June</b>					
Eurozone	1000	Q1 Employment Final (QoQ%/YoY%)	-		0.6/1.7
	1000	Q1 GDP Revised (QoQ%/YoY%)	-/-		0.1/1.3
US	1330	Initial Jobless Claim (000s)	240		232
	1330	Continue Jobless Claim (000s)	1810		1795
	1700	1Q Change in household wealth (\$bn)	3300		2927
<b>Friday 9 June</b>					
Italy	0900	Apr Industrial Output (MoM%/YoY%)	-/-		-0.6/-3.2
Canada	1330	May Unemployment Rate	-		5
Norway	0700	May CPI (MoM%/YoY%)	-/-		1.1/6.4
	0700	May Core Inflation (MoM%/YoY%)	-/-		1/6.3
Netherlands	0530	Apr Manufacturing Output (MoM%)	-		-2
Greece	1000	Apr Industrial Output (YoY%)	-		-0.2
	1000	May CPI (YoY%)	-		3

Source: Refinitiv, ING

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