

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.
Monday 5 June				
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
Tuesday 6 June				
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
Wednesday 7 June				
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
Thursday 8 June				
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
Friday 9 June				
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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