

Key events in developed markets next week

Bank of England expected to hold whilst US data puts the Fed on course for a June rate hike, but what else is going on in developed markets next week?



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Federal Reserve: On course for June

The positive write-up on the US economy within the Federal Reserve's FOMC statement coupled with firm inflation readings that have been posted over the past month (look for another rise in CPI this week) all point to a June interest rate rise.

Another strong April jobs report, seeing unemployment fall to a new 18-year low and wages remaining on a gradual upward trend should reinforce those market expectations, which currently give it a 90% chance of happening. It would also offer support to our own forecasts of two additional hikes after the June move. The commentary from Federal Reserve officials suggests a growing sense that tighter monetary policy is required and we expect this message to continue given several regional Fed President and Governors are slated to speak.



Bank of England set to buy itself time as consumer worries mount

Market expectations for a May rate hike have collapsed since Governor Carney sounded the alarm a couple of weeks ago. It now looks likely that the Bank will hold fire next week as concerns about the consumer reach a new level. By some measures, retailers have faced the worst quarter since the financial crisis, as the real income squeeze toxically combined with higher business rates and minimum wage rises. Worryingly, consumer credit has also since collapsed, as banks seek to reduce loan availability.

Whilst this might prove to be a blip, we suspect the Bank's preference is to buy time to see how things play out. But barring a further deterioration in retail space, we suspect the BoE's preference is still for tighter policy as wage growth continues to show signs of life. We think an August rate hike is still likely – after all, the window to tighten policy could close fairly rapidly over the summer, as Brexit talks head for a noisy conclusion later in the year.

Attention on German industrial data after a disappointing first two months

Hard economic data in the first two months of the year were a disappointment in Germany. Therefore, the entire batch of industrial data for March should get more attention than usually. Even though slightly distorted by the Easter break, industrial production should rebound significantly. If not, “Berlin, we got a problem” could quickly become a real possibility for Germany's economic outlook.

Inflation in focus for Scandinavia

In Scandinavia, the week's key data will be Norwegian and Swedish inflation figures on Wednesday. While Easter effects will muddy the waters somewhat, we're looking for solid headline figures (2.3% and 1.7% respectively) as energy price increases feed through. But core inflation in both Norway and Sweden is likely to remain some way below 2%.

Also worth watching is the Riksbank minutes released on Tuesday morning. The central bank's dovish stance combined with weak data has led to a marked depreciation in SEK since February, so further clues on policy-makers views could be important for the currency market.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 4 May					
US	1330	Apr Change in Nonfarm Payrolls ('000s)	200	191	103
	1330	Apr Unemployment Rate (%)	4	4	4.1
	1330	Apr Average Hourly Earnings (MoM/YoY%)	0.2/2.7	0.2/2.7	0.3/2.7
	1330	Apr Participation Rate	63	62.9	62.9
	-	Treasury Secretary Mnuchin to Hold Trade Talks in China			
	1700	Fed's Dudley Speaks with Bloomberg's Matthew Winkler			
	2000	Fed's Williams Speaks at Hoover Institution Policy Conference			
	2230	Fed's Quarles Speaks on Liquidity Regulation at Hoover Event			
Eurozone	0900	Apr F Markit Services PMI	55	55	55
	0900	Apr F Markit Composite PMI	55.2	55.2	55.2
	1000	Mar Retail Sales (MoM/YoY%)	0.8/1.6	0.5/1.9	0.1/1.8
	-	EU, U.K. Negotiators Begin Next Round of Brexit Talks			
	1400	ECB's Weidmann speaks in Frankfurt			
France	0745	Survey of Industrial Investment			
Australia	0230	RBA Statement on Monetary Policy			
Norway	-	Bank Governor Olsen Attends Norwegian Wealth Fund Hearing			
Saturday 5 May					
US	0100	Fed's George, Bostic and Kaplan Speak at Hoover Institution Co			
Portugal	-	Portuguese Prime Minister Costa Visits Canada			
Monday 7 May					
US	0000	Fed's Quarles (0000) and Evans (2030) Speak at Fed's Financial Conf.			
	1325	Fed's Bostic (1325) and Kaplan speak (2030) at Fin. Markets Conf			
	1900	Fed's Barkin Speaks in Moderated Q&A at GMU			
Japan	0050	BOJ Minutes of Policy Meeting			
Germany	0700	Mar New Orders (YoY%)	5.5	-	3.5
Canada	2000	Bank of Canada's Tim Lane Speaks on a Panel in Portugal			
New Zeal.	2300	N.Z. Government 9-Month Financial Statements			
Sweden	0730	SEB Sweden Monthly Housing Price Indicator			
Tuesday 8 May					
US	1100	Apr NFIB Small Business Optimism	105	-	104.7
Germany	0700	Mar Trade Balance (€bn)	20.1	-	18.5
	0700	Mar Industrial Production (MoM%)	2.5	-	-1.6
Italy	0930	Bank of Italy Report on Balance-Sheet Aggregates			
Australia	0230	Mar Retail sales (MoM%)	0.2	-	0.6
	0000	RBA's Boge Gives Speech in Sydney			
Sweden	0900	Swedish FSA Mortgage Margin Report			
	0830	Riksbank Minutes			
Portugal	-	Bank of Portugal Releases Data on Banks			
Wednesday 9 May					
US	1815	Fed's Bostic Speaks on Economic Outlook and Monetary Policy			
Japan	0100	Mar Labor cash earnings (YoY%)	1	1	1
	0600	Mar P Leading economic index	105.1	105.1	106
Canada	2215	Bank of Canada's Filipe Dinis Speaks on Cyber Security			
New Zeal.	2200	RBNZ OCR decision - mps			
Norway	0700	Apr CPI (MoM/YoY%)	0.3/2.3	-/-	0.3/2.2
Sweden	0830	Apr CPI (MoM/YoY%)	0.4/1.7	-/-	0.3/1.9
Thursday 10 May					
US	1330	Apr CPI (MoM%)	0.3/2.5	0.3/2.5	-0.1/2.4
	1330	Apr CPI ex. food and energy (MoM/YoY%)	0.2/2.2	0.2/2.2	0.2/2.1
Japan	0050	Mar C/A Balance, adjusted (Yen bn)	1640	1627.3	1024.1
	0050	BOJ Summary of Opinions			
UK	0930	Mar Trade Balance (£m)	-2000	-	-965
	0930	Mar Industrial Production (MoM/YoY%)	0.4/3.3	-/-	0.1/2.2
	1200	BoE Policy Rate	0.5	0.5	0.5
	1200	Bank of England Inflation Report			
Italy	1000	Bank of Italy Publishes Monthly Report 'Money and Banks'			
Australia	0200	May CPI expectations (YoY%)	3.7	-	3.6
New Zeal.	0100	Finance Minister Pre-Budget Speech			
Portugal	-	Bank of Portugal Releases May Economic Bulletin			
Friday 11 May					
US	1500	May P U. of Mich. Sentiment Index	98.4	98	98.8
Spain	0800	Apr F HICP (MoM/YoY%)	-/-	-/-	0.8/1.1
Canada	1330	Apr Net Change in Employment	-	-	32.3
	1330	Apr Unemployment Rate (%)	-	-	5.8
	1400	Bank of Canada's Wilkins Speaks at Women's Forum Canada			
Australia	0230	Mar Home loans (MoM%)	-	-	-0.2

Source: ING, Bloomberg

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