

## Key events in developed markets next week

In the US, the main data highlight next week will be the release of the CPI report, which should show a soft print for this month given falling gasoline prices and more benign housing rent data. Over in the UK, all eyes will be on the November GDP figures, where we're forecasting a modest rebound following the weakness seen in October



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### US: CPI report expected to show a soft print this month

The data highlight in the US will be consumer price inflation. The Federal Reserve certainly appears to be more relaxed about the inflation backdrop, with the minutes of the December FOMC meeting acknowledging that upside risks had “diminished” and this improved situation being cited as the main factor behind officials predicting a lower path for the Fed funds rate in 2024 than previously thought. The core PCE deflator has been showing more benign month-on-month readings than CPI over the past six months, but we think the CPI report will also show a soft print this month, given falling gasoline prices and more benign housing rent data. Core CPI is set to break below 4% year-on-year for the first time since May 2021, and this will give the Federal Reserve added confidence that inflation is on the path to sustainability reaching the 2% target by mid-2024.

## ✓ UK: Monthly GDP set for modest rebound after October's weakness

The level of UK activity contracted in October, according to the most recent monthly GDP figures, and a large part of that was down to an unusually large dip in manufacturing activity. The truth is that these figures are becoming increasingly unhelpful for judging the state of the UK economy, and assuming most of the factors behind October's dip were temporary, we'd expect a bit of a bounce back in the November figures due next week. Whether or not that happens will largely dictate whether the UK economy enters a "technical" recession, following a very slight fall in overall third-quarter GDP following recent revisions to the data. The reality is that a couple of quarters of -0.1% growth, if it happens, is not much to write home about.

While the jobs market is cooling, so far there aren't the widespread signs of job losses that are more typically associated with recessionary periods. For now, we think the UK economy will flatline through the first half of this year as positive real wage growth is offset by the ongoing passthrough of higher interest rates. The Bank of England is still more heavily focused on the inflation numbers – and with both wage growth and services inflation likely to stay sticky in the near term, the market may be getting ahead of itself in pricing a May rate cut. A lot will depend on the next couple of inflation and jobs reports, but for now, we're sticking to our call of an August rate cut with 100bp of easing in the second half of 2024.

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Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 8 January</b>					
US	2000	Nov Consumer Credit	9.5	10	5.13
Germany	0700	Nov Industrial Orders (MoM%)	1.5		-3.7
	0700	Nov Exports	0.3		-0.2
	0700	Nov Imports	0.8		-1.2
	0700	Nov Trade Balance	-		17.8
France	0745	Dec Reserve Assets Total	-		222926
Switzerland	0730	Dec CPI (MoM%/YoY%)	-/-	/	-0.2/1.4
Eurozone	1000	Nov Retail Sales (MoM%/YoY%)	-/-	/	0.1/-1.2
	1000	Nov Unemployment Rate	-		6.5
<b>Tuesday 9 January</b>					
US	1100	Dec NFIB small business optimism	91	90.6	90.6
	1330	Nov International Trade \$bn	-65	-64.5	-64.3
Germany	0700	Nov Industrial Output (MoM%/YoY%)	0.3/-3.2	/	-0.4/-3.38
France	0745	Nov Trade Balance	-		-8.597
Canada	1330	Nov Trade Balance C\$bn	-0.6		2.97
Switzerland	0645	Dec Unemployment Rate Adjusted	-		2.1
<b>Wednesday 10 January</b>					
France	0745	Nov Industrial Output (MoM%)	-		-0.3
Italy	0900	Nov Industrial Output (MoM%/YoY%)	-/-	/	-0.2/-1.1
Norway	0700	Dec CPI (MoM%/YoY%)	-/-	/	0.5/4.8
	0700	Dec Core Inflation (MoM%/YoY%)	-/-	/	-0.2/5.8
Netherlands	0530	Nov Manufacturing Output (MoM%)	-		-0.5
Greece	1000	Nov Industrial Output (YoY%)	-		10.5
<b>Thursday 11 January</b>					
US	1330	Dec Core CPI (MoM%/YoY%)	0.2/3.8	0.2/3.8	0.3/4
	1330	Dec CPI (MoM%/YoY%)	0.1/3.1	0.2/3.3	0.1/3.1
	1330	Initial Jobless Claims (000)	215	-	202
	1330	Continuing Jobless Claims (000)	1885	-	1855
Netherlands	0530	Dec CPI (YoY% NSA)	-		1.6
	0530	Dec CPI (MoM%, NSA)	-		-1
<b>Friday 12 January</b>					
US	1330	Dec PPI (MoM%/YoY%)	0.0/1.2	0.1/1.3	0.0/0.9
	1330	Dec core PPI (MoM%/YoY%)	0.2/1.9	0.2/1.9	0.0/2.0
France	0745	Dec CPI (YoY%) NSA	-		-
	0745	Dec CPI (MoM%) NSA	-		-
UK	0700	Nov GDP Estimate (MoM%/YoY%)	0.3/0.5	/	-0.3/0.3
Italy	0900	Nov Global Trade Balance	-		4.699
Spain	0800	Dec CPI (MoM%/YoY%)	-/-	/	0/3.1
Netherlands	0530	Nov Trade Balance	-		10.797
Greece	1000	Dec CPI (YoY%)	-		3

Source: Refinitiv, ING

## Authors

### James Knightley

Chief International Economist, US

[james.knightley@ing.com](mailto:james.knightley@ing.com)

### James Smith

Developed Markets Economist, UK

[james.smith@ing.com](mailto:james.smith@ing.com)

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