

## Key events in developed markets next week

Upcoming data could seemingly swing economies, such as Germany and Norway, either way, while the US continues to maintain its powerful performance



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### Trade protectionism fears linger but the US are still powering away

The US economy continues to motor on, fuelled by tax cuts and low unemployment, with this positive story set to be confirmed by the upcoming data.

Unemployment could hit a new 50-year low while wages are likely to tick higher as worker shortages continue to bite. In fact, supply bottlenecks are an increasing problem for US companies and are adding to inflation pressures in the economy. In this regard, headline consumer price inflation may hit 2.9% - the highest rate of inflation for more than six years, with the annual rate of core inflation set to rise to 2.3% - well above the Federal Reserve's 2% target. As such the Fed will continue to hike rates in a "gradual" manner, which essentially implies one move per quarter.

Nonetheless, trade protectionism fears linger and could increasingly weigh on sentiment unless a deal can be struck soon. We doubt there will be clarity until after the US mid-term elections in November meaning that uncertainty could lead to a slowdown in hiring and investment in the

second half of the year. The trade balance numbers will, therefore, be closely followed to see if the protectionist rhetoric/policies are having much of an effect. There are also several Federal Reserve speakers scheduled who could help shape market expectations for the path of monetary policy.

### **Upcoming data is to be the teller of truth on the German economy**

Watch out for the second leg of German hard data for May which will provide more evidence on whether second-quarter growth could come in better-than-expected or whether believers of a more general slowdown get more support.

### **Inflationary releases and Riksbank minutes could be market moving**

The key data releases next week are inflation figures for Norway due on Tuesday and for Sweden on Thursday are the key data releases next week.

We expect headline inflation to move up significantly, to 2.4% in both countries, on the back of higher energy prices. In addition to rising oil prices, electricity prices have risen sharply in Norway and Sweden as low rainfall over the past couple of months means less supply from the hydropower sector. The minutes from the July Riksbank meeting, out on Thursday, are also potentially market-moving.

Given the 1.5% appreciation of the Swedish krona after a relatively hawkish message from the Swedish central bank this week, investors will be looking for confirmation of this perceived change of direction in the minutes. On the other hand, a more nuanced tone in the minutes could deliver another surprise (this time to the dovish side).

## **Developed Markets Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 6 July</b>					
US	1330	May Trade Balance (US\$bn)	-46.5	-43.6	-46.199
	1330	Jun Change in Nonfarm Payrolls ('000s)	210	195	223
	1330	Jun Unemployment Rate (%)	3.8	3.8	3.8
	1330	Jun Average Hourly Earnings (MoM/YoY%)	0.3/2.8	0.3/2.8	0.3/2.7
Japan	1330	Jun Participation Rate	62.7	62.7	62.7
	0100	May Labor cash earnings (YoY%)	0.9	0.9	0.6
	0600	May P Leading economic index	-	106.6	106.2
Eurozone	0800	ECB's Nouy, EU's Dombrovskis at Austrian C.Bank Conference			
Germany	0700	May Industrial Production (MoM%)	0.8	0.3	-1
Italy	0930	Bank of Italy report on balance-sheet aggregates			
Canada	1330	Jun Net Change in Employment	-	20	-7.5
	1330	Jun Unemployment Rate (%)	-	5.8	5.8
Portugal	1500	Former U.S. President Obama Speaks at Conf in Oporto			
UK	-	UK Government ministers meet to discuss future EU trading relationship			
<b>Sunday 8 July</b>					
Eurozone	0930	ECB Board Member Coeure Speaks in Aix-en-Provence, France			
Australia	0350	RBA's Bullock Gives Speech in Shanghai			
<b>Monday 9 July</b>					
Japan	0050	May C/A Balance, adjusted (Yen bn)	-	-	1885.5
	0130	Kuroda speaks at Branch Managers' Meeting			
Germany	0700	May Trade Balance (€bn)	21.2	-	20.1
<b>Tuesday 10 July</b>					
US	1100	Jun NFIB Small Business Optimism	108	-	107.8
Germany	1000	Jul ZEW Current Situation Index	78.2	-	80.6
UK	0930	May Trade Balance (£m)	-3500	-	-5280
	0930	May Industrial Production (MoM/YoY%)	0.5/1.9	-/-	-0.8/1.8
	0930	U.K. Statistics Office Publishes First Monthly Estimate of GDP			
	1025	BOE Fintech Hub Head Cordelia Kafetz Speaks in London			
Norway	0700	Jun CPI (MoM/YoY%)	0.5/2.4	-/-	0.1/2.3
	0700	Jun Underlying CPI (MoM/YoY%)	0.3/1.1	-/-	0.2/1.2
Portugal	-	Bank of Portugal Releases Data on Banks			
<b>Wednesday 11 July</b>					
US	2130	Fed's Williams Speaks with Community Leaders in Brooklyn			
Japan	0050	Jun PPI (MoM/YoY%)	0.0/2.6	-/-	0.6/2.7
	0050	May Core machine orders (MoM/YoY%)	-3.5/13.8	-/-	10.1/9.6
	0530	May Tertiary industry index (MoM%)	-0.3	-	1
UK	1635	BOE Governor Mark Carney Speaks in Boston, Massachusetts			
Canada	1500	Bank of Canada Policy Rate	-	1.5	1.25
Australia	0230	May Home loans (MoM%)	-	-	-1.4
<b>Thursday 12 July</b>					
US	1330	Jun CPI (MoM/YoY%)	0.2/2.9	0.2/2.9	0.2/2.8
	1330	Jun CPI ex. food and energy (MoM/YoY%)	0.2/2.3	0.2/2.3	0.2/2.2
	1330	Fed's Kashkari Speaks on Panel Discussing Immigration			
	1715	Fed's Harker Speaks at Rocky Mountain Economic Summit			
Eurozone	1000	May Industrial Production (WDA, YoY%)	-	-	1.7
Germany	0700	Jun F CPI (MoM/YoY%)	0.1/2.1	-/-	0.1/2.1
Australia	0200	Jul CPI expectations (YoY%)	-	-	4.2
Sweden	0830	Jun CPI (MoM/YoY%)	0.3/2.1	-/-	0.2/1.9
	0830	Jun CPIF (MoM/YoY%)	0.3/2.4	-/-	0.3/2.1
	0830	Jun Core CPIF (MoM/YoY%)	0.2/1.4	-/-	0.2/1.5
<b>Friday 13 July</b>					
US	1500	Jul P U. of Mich. Sentiment Index	98	-	98.2
	1730	Fed's Bostic Holds Town Hall Chat in Northern Virginia			
Japan	0530	May Industrial Production - Prel (MoM/YoY%)	-0.2/4.2	-/-	-0.2/4.2
UK	1200	Bank of England Deputy Governor Jon Cunliffe Speaks in Kendall			
Spain	0800	Jun F HICP (MoM/YoY%)	-/-	-/-	0.2/2.3

Source: ING, Bloomberg

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