

## Key events in developed markets next week

Next week is likely to confirm market expectations for US rates are slightly overblown, ongoing Brexit uncertainty will carry on hurting the UK economy and sluggish eurozone industrial production doesn't look like it is coming out of this phase anytime soon



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### Focus on trade war as Fed rate cut expectations build

The clock is slowly counting down to the G20 meeting in Japan, where President Trump has said he will make his decision on whether to press ahead with additional tariffs on Chinese goods. Fears of further action have pushed markets to price in over four rate cuts by the end of 2020. While we think these expectations may be slightly overblown, we see risks facing the US economy are clearly building.

For the time being though, the economic fundamentals look fairly solid. Consumer spending is likely to rebound strongly after a more subdued April, given the tight jobs market and mounting wage pressures. Inflation looks set to dip back slightly below target following the modest decline in gasoline pump prices over the past month.



## UK leadership contest officially gets underway

The first stage of the Conservative leadership contest will get underway in earnest next week, with the wide field of candidates set to argue their case at a series of hustings events. Reports suggest that the candidates will begin to be whittled down from late next week in a series of votes, with a view to getting down to the final two in a couple of weeks' time.

All the while, the economy is continuing to take the hit from the ongoing uncertainty. April GDP is likely to be more or less flat, dragged lower by a fall in production (which is slowing as firms grapple with what to do about elevated inventory levels). Similarly, jobs growth is likely to remain fairly sluggish, although recent PMI surveys have hinted that the temporary dip in uncertainty may be helping to unfreeze some hiring decisions. The key thing for the Bank of England though is wage growth. While likely to be a touch lower in next week's report, it is still close to post-crisis highs. We don't expect a BoE rate hike this year, but this latter point on cost pressures has led to some hawkish comments from policymakers. This suggests a November move can't be 100% ruled out just yet.

### Eurozone industry - things don't seem to be changing

Eurozone industrial production has been sluggish for quite some time now and it doesn't look like this will change anytime soon. The downward trend is unlikely to have been broken in April as activity surveys have remained subdued and German production data also came in very negatively.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 10 June</b>					
Japan	0050	Apr P C/A Balance, adjusted (Yen bn)	-	-	1271.0
	0050	1Q F GDP (QoQ%, Annualised)	-	2.2	2.1
	0050	1Q F GDP Deflator A(Q) (YoY%)	-	0.2	0.2
UK	0930	Apr Industrial Production (MoM/YoY%)	-0.6/1.0	-/-	0.7/1.3
	0930	Apr Trade Balance (£m)	-	-	-5408.0
	0930	Apr Monthly GDP (MoM%)	0.0	-	-0.1
	-	UK Conservative Party Begins Contest to Choose New Leader			
New Zealand	0300	Treasury Publishes Monthly Economic Indicators			
Sweden	-	Maklarstatistik (0500) & SEB (0730) Housing Price Data/Indicator			
<b>Tuesday 11 June</b>					
US	1100	May NFIB Small Business Optimism	101.8	-	103.5
UK	0930	Apr Weekly Earnings (3M avg)	2.8	-	3.2
	0930	Apr Weekly Earnings ex. Bonus (3M avg)	3.1	-	3.3
	0930	Apr ILO Unemployment Rate (3M avg)	3.8	-	3.8
	0930	Apr Employment Change (3M/3M)	40.0	-	99.0
Norway	0700	May CPI (MoM/YoY%)	-/-	-/-	0.4/2.9
	0700	May CPI - ATE (MoM/YoY%)	-/-	-/-	0.5/2.6
Portugal	-	Bank of Portugal Releases Data on Banks			
Finland	0900	Bank of Finland Governor Presents Finnish Economic Forecast			
<b>Wednesday 12 June</b>					
US	1330	May CPI (MoM/YoY%)	0.2/1.9	0.1/1.9	0.3/2.0
	1330	May CPI ex. Food and Energy (MoM/YoY%)	0.1/2.0	0.2/2.1	0.1/2.1
Japan	0050	May PPI (MoM/YoY%)	-/-	-/-	0.3/1.2
	0050	Apr Core Machine Orders (MoM/YoY%)	-/-	-/-	3.8/-0.7
Eurozone	-	ECB Draghi (0915) & Guindos (1000) Speak in Frankfurt			
Spain	0800	May F HICP (MoM/YoY%)	-/-	-/-	0.2/0.9
Australia	-	RBA's Kent (0025) & Ellis (1000) Speak in Melbourne			
Sweden	0700	Riksbank's Floden Speaks			
<b>Thursday 13 June</b>					
Japan	0050	2Q BSI - Large Manufacturing (QoQ%)	-	-	-7.3
	0050	2Q BSI - All Industry (QoQ%)	-	-	-1.7
	0530	Apr Tertiary Industry Index (MoM%)	-	-	-0.4
Eurozone	1000	Apr Industrial Production, WDA (YoY%)	0.1	-	-0.6
Germany	0700	May F CPI (MoM/YoY%)	0.2/1.4	-/-	0.2/1.4
Australia	0200	Jun CPI Expectations (YoY%)	-	-	3.3
	0230	May Employment Change ('000)	-	-	28.4
	0230	May Unemployment Rate (%)	-	-	5.2
Sweden	0500	May PES Unemployment Rate	-	-	3.5
Switzerland	0645	SECO June 2019 Economic Forecasts			
	0830	SNB Sight Deposit Interest Rate	-	-	-0.75
Finland	1200	Finnish Parliament to Vote on Confidence in New Government			
<b>Friday 14 June</b>					
US	1330	May Advance Retail Sales (MoM%)	0.8	0.6	-0.2
	1330	May Retail Sales ex. Auto and Gas (MoM%)	0.8	-	-0.2
	1415	May Industrial Production (MoM%)	0.2	0.2	-0.5
	1500	Jun P U. of Mich. Sentiment Index	98.5	-	100.0
Japan	0530	Apr F Industrial Production P (MoM%/YoY%)	-/-	-/-	0.6/-1.1
Italy	1000	May F HICP (YoY%)	-	-	0.9
Sweden	0830	May CPI (MoM/YoY%)	-/-	-/-	0.7/2.1
	0830	May CPIF (MoM/YoY%)	-/-	-/-	0.6/2.0

Source: ING, Bloomberg

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