

## 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



Source: Shutterstock

### 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 CPIX (MoM/YoY%)	-/-	-/-	0.6/2.0

Source: ING, Bloomberg

[Click here to download a printer-friendly version of this table](#)

## Authors

### James Smith

Developed Markets Economist, UK

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

### Bert Colijn

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.