

## Key events in developed markets next week

A Brexit deal on the horizon, third-quarter GDP data, and hopefully a decisive result for the US election despite court challenges all to come next week



Source: Shutterstock

### **US: Election result uncertainty driving market volatility**

Equity markets have rallied hard on the growing expectations that Joe Biden has won the presidential election, but that he will be somewhat constrained by a Republican-controlled Senate. Such an outcome will still yield a decent-sized fiscal stimulus package, but Biden's tax-raising and regulation setting agenda may be stifled.

We assume that Joe Biden's lead will soon become unassailable, but there is the potential for lingering court challenges if Donald Trump doesn't accept the result. Moreover, given the two Senate races in Georgia look set to go to January run-off we can't yet rule out the possibility of a 'blue wave', with the Senate ending 50-50 Democrat/Republican should the Democrats manage to pick up both seats. Kamala Harris, as vice president, would then have the deciding vote. As such, the dust is yet to settle fully on the 2020 election and market sentiment could fluctuate significantly in coming days.

Data wise we have consumer price inflation, but given the economy remains substantially smaller than it was pre-Covid (around 3.5% down), we see little medium-term price pressures, especially

with benign wage growth in an environment where there are still 10 million fewer Americans in work than there were in February. We will also get to see the preliminary reading of the University of Michigan sentiment index and it will be interesting to see if political uncertainty and surging Covid cases have dampened confidence.

We suspect it might and with Covid cases having soared above 100k per day the threat of renewed containment measures is high.

## Brexit endgame edges nearer

There is a sense that Brexit talks are edging nearer to an end-game - and certainly, time is running out if an agreement is going to be ratified before the end of the transition period.

According to the [latest reports](#), the UK is keen to take talks to a higher political level, perhaps in a bid to trade-off some of the remaining contentious issues against one another. For the time being, Brussels is resisting this push, instead of looking for further concessions on the likes of level-playing field before unlocking the final political intervention.

With countries on both sides of the channel still likely to be under tight Covid-19 restrictions in January, the economic case for a deal to be done is clear. As ever though, the political challenges are more complex, and in particular, PM Johnson faces a tough task of convincing the more hardline eurosceptic MPs within his party to accept the compromises an agreement will entail.

The bottom line is that a deal is still the most likely outcome, but the end-game will involve some delicate political manoeuvring and there's still scope for things to go wrong.

Separately, we'll also get UK third-quarter GDP, which is likely to show a bumper growth figure on the back of the summer reopening process, as well as the return to schools in September. All of this is of course well out of date, and the return of lockdowns in England is likely to push November GDP lower by 6-7%, dragging the overall fourth-quarter figure into negative territory too.

## Eurozone: Manufacturing recovery continues, but lockdowns pose uncertainty

For the Eurozone, next week will be about the bright spot of the economy at the moment: manufacturing.

Data on trade in goods and industrial production will probably show a recovery for September. With the service sector now contracting again, that would be a bit of relief although the fate of the manufacturing rebound for the new lockdown period is highly uncertain.

Besides that, some ECB speakers will be speaking next week, which should be interesting regarding their preferences for the options on the table for more stimulus.

## Developed Markets Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
<b>Sunday 8 November</b>				
Japan	2350 BoJ Summary of Opinions			
<b>Monday 9 November</b>				
US	1830 Fed's Mester Takes Part in Fintech Conference			
Japan	0500 Sep P Leading economic index	-	-	88.4
	2350 Sep C/A Balance, adjusted (Yen bn)	1770.0	-	1647.5
Eurozone	0800 ECB's Rehn Speaks With Students on ECB's Strategy Review 1200 ECB Executive Board member Mersch Speaks at Webinar			
Germany	0700 Sep Trade Balance (€bn)	16.0	-	11.9
Sweden	0530 SEB Swedish Housing-Price Indicator			
Portugal	1100 Portugal Reports International Trade Figures			
<b>Tuesday 10 November</b>				
US	1100 Oct NFIB Small Business Optimism 1500 Fed's Quarles Appears Before Senate Banking Panel 1700 Dallas Fed's Kaplan speaks at the Council on Foreign Relations	-	-	104.0
Eurozone	1400 ECB's Knot Speaks at UBS European Virtual Conference			
Germany	1000 Nov ZEW Current Situation Index	-62.0	-	-59.5
UK	0700 Sep Weekly Earnings (3M avg) 0700 Sep Weekly Earnings ex Bonus (3M avg) 0700 Sep ILO Unemployment Rate (3M avg.) 0700 Sep Employment Change (3M/3M)	- - 4.7 -130	- - - -	0.0 0.8 4.5 -153.0
Italy	1000 Bank of Italy Publishes Monthly Report 'Money and Banks'			
Norway	0700 Oct CPI (MoM/YoY%) 0700 Oct CPI - ATE (MoM/YoY%) 0900 Norges Bank Financial Stability Report 2020	-/- -/- -	-/- -/- -	0.4/1.6 0.2/3.3
Portugal	- Bank of Portugal Releases Data on Banks			
<b>Wednesday 11 November</b>				
Japan	2350 Oct PPI (MoM/YoY%) 2350 Sep Core machine orders (MoM/YoY%)	0.2/-0.8 -3.0/-14.6	- -/-	-0.2/-0.8 0.2/-15.2
Eurozone	1300 Lagarde Speaks at ECB Forum on Central Banking			
New Zealand	0100 RBNZ Official Cash Rate (%) 0200 RBNZ Governor News Conference After OCR Decision	0.10	0.25	0.25
Sweden	0500 Oct PES Unemployment Rate	-	-	5.3
<b>Thursday 12 November</b>				
US	1330 Oct CPI (MoM%) 1330 Oct CPI ex. food and energy (MoM/YoY%) 1800 Fed's Evans Speaks at Detroit Community Forum	0.2 0.2/1.7	0.2 0.2/1.7	0.2 0.2/1.7
Japan	0430 Sep Tertiary industry index (MoM%)	-	-	0.8
Eurozone	1000 Sep Industrial Production (WDA, (YoY%)%) 0900 ECB Publishes Economic Bulletin 1645 ECB's Lagarde, BOE's Bailey, Fed's Powell Speak at ECB Forum	-5.0	-	-7.2
Germany	0700 Oct F CPI (MoM/YoY%)	0.1/-0.2	-/-	0.1/-0.2
UK	0700 Sep Monthly GDP (MoM%) 0700 3Q P GDP (QoQ%)	2.4 16.1	- -/-	2.1 -19.8
Australia	0000 Nov CPI expectations (YoY%)	-	-	3.4
Norway	0700 3Q GDP (QoQ%) 0700 Sep GDP Mainland (MoM%)	- -	- -	-5.1 0.6
Sweden	0830 Oct CPI (MoM/YoY%) 0830 Oct CPIX (MoM/YoY%) 0900 Riksbank's Breman Gives Speech	-/- -/- -	-/- -/- -	0.1/0.4 0.1/0.3
<b>Friday 13 November</b>				
US	1500 Nov P U. of Mich. Sentiment Index 1330 Fed's Bullard Discusses U.S. Economy and Monetary Policy	80.0	82.0	81.8
Eurozone	1000 Sep Trade Balance (€bn) 1000 3Q P GDP (QoQ/YoY%) 0830 ECB's Rehn Speaks on Strategy Review, Finnish Outlook	23760 12.7/-4.3	- -/-	21910 12.7/-4.3
Spain	0800 Oct F HICP (MoM/YoY%)	-/-	-/-	0.3/-1.0
Netherlands	0530 3Q P GDP (QoQ%)	-	-	-8.5
Finland	- Bank of Finland Publishes Outlook for Finnish Economy			

Source: ING, Bloomberg

## Author

### 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)

### 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 [www.ing.com](http://www.ing.com).