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Key events in developed markets next week

An exciting week ahead in developed markets. We hope to better understand the Eurozone s recent poor performance, and see a political stalemate in Sweden come to a showdown. And if your feeling particularly blue after the midterms, we expect a healthy run of US domestic data

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Another set of decent US data to keep Fed firmly on track

With the mid-term elections now behind us, focus switches back to what looks set to be another solid week for US data. Core inflation should remain above the Fed's 2% target, and we expect it to stay like that as firms look to pass on the higher wage costs they are increasingly faced with. These positive fundamentals, combined to some extent with the additional tailwind of earlier tax cuts, should make for another decent set of retail sales figures next week. Taken together, this should all keep the Fed firmly on track to hike rates in December and three further times in 2019.

The Eurozone's poor performance: Completing the picture

Next week will give more of an idea on how poor the third quarter for the Eurozone economy has actually been. The 0.2% QoQ GDP growth from the first estimate was a bit of a shocker and raised doubts about possible revisions, but this week's German data is already showing that the Eurozone's largest economy has had a very poor summer - German GDP data next week could show the worst performance since 2015.

The second estimate of Eurozone GDP, including most of the country estimates, will be released on Wednesday. And with September industrial production data out as well, this should provide a rather complete picture of how poor the performance has actually been.

Another week, another game of "is a Brexit deal imminent"

Not for the first time, hopes are building that the UK government is on the verge of agreeing a Brexit deal. Press reports suggest the Prime Minister may gather her Cabinet to sign it a compromise on the contentious Irish backstop early next week, potentially unlocking an ad-hoc EU summit to sign it off later in November.

But even if ministers are prepared to accept the mooted fudge on the Irish border, the fundamental question of whether MPs will vote for it in Parliament appears just as uncertain as ever. And while Brussels appears keen to get a deal all wrapped up, the multitude of practical challenges associated with the UK-wide customs arrangement being proposed as part of the Irish backstop, may yet see talks drag on beyond November.

While nobody really knows when a deal might be agreed & approved, we still think there is risk that it might not be until much closer to the UK's exit date in March, that we find out whether 'no deal' has been truly avoided.

UK data to keep on theoretical tightening path

Without all the noise of Brexit, we suspect the Bank of England would like to carry on with its tightening cycle. That certainly seemed to be the main message from its latest meeting, and next week's data should largely support it. Crucially, wage growth should remain above 3%, indicating that skill shortages are continuing to put pressure on firms to offer faster pay rises to attract talent – although admittedly, the more recent employment numbers indicate that hiring has ground to a halt.

Core CPI may nudge back up to 2%, although importantly we think the days of persistently above-target underlying inflation are largely behind us. That means household incomes are no longer being squeezed to quite the same degree as they were 6-12 months ago. At face value, a rebound in retail sales would indicate that is showing up in the spending numbers – although in reality the monthly numbers have been very noisy recently. Either way, consumers still remain fairly cautious and we think this will make for another testing Christmas period for retailers.

Scandi domestic data in focus: Growth picks up and price pressure is sustained

Key Scandi data next week will be Norwegian GDP on Tuesday, where we expect a further pick up in growth to 0.7% QoQ from the rather weak 0.45% seen in 2Q18. And along with this is Swedish inflation, where we see the headline figure to remain elevated at 2.5% and core more subdued at 1.6%.

In addition, the Swedish political stalemate is finally heading for a showdown, with parliament set to vote on a new government on Wednesday and 2019 budget proposals due on Thursday. Because of the unprecedented situation, the two processes are happening in parallel and in some confusion. By the end of the week it should however be clear whether the conservative leader Ulf Kristersson will succeed in forming a government. At the moment that looks unlikely, as he is struggling to secure the support of the two liberal parties.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
		Sunday 11 November			
Japan	2350	Oct PPI (MoM/YoY%)	0.3/2.9	-/-	0.3/3.0
		Monday 12 November			
US	1930	Fed's Daly Speaks on the Economic Outlook			
Sweden	0730	SEB Swedish Monthly Housing-Price Indicator			
Portugal	1100	Portugal Releases Construction Output, Employment Report			
		Tuesday 13 November			
US	1100	Oct NFIB Small Business Optimism	108	-	107.9
	1500	Fed's Kashkari Speaks at Conference on Immigration			
Japan	2350	3Q P GDP (Annualised, QoQ%)	2.8	-1.1	3.0
	2350	3Q P GDP Deflator, Advance (Q) (YoY%)	-	-0.1	0.1
Germany	0700	Oct F CPI (MoM/YoY%)	0.2/2.5	-/-	0.2/2.5
	1000	Nov ZEW Current Situation Index	65	-	70.1
UK	0930	Sep Weekly Earnings (3M avg)	3.0	-	2.7
	0930	Sep Weekly Earnings Ex. Bonus (3M avg)	3.1	-	3.1
	0930	Sep ILO Unemployment Rate (3M avg.)	4.0	-	4.0
	0930	Sep Employment Change (3M/3M)	35	-	-5.0
Norway	0700	3Q GDP (QoQ%)	0.7	-	0.4
Sweden	0500	Oct PES Unemployment Rate	3.8	-	3.81
Portugal	-	Bank of Portugal Releases Data on Banks			
		Wednesday 14 November			
US	1330	Oct CPI (MoM/YoY%)	0.2/2.4	0.3/2.4	0.1/2.3
	1330	Oct CPI Ex. Food & Energy (MoM/YoY%)	0.3/2.2	0.2/2.2	0.1/2.2
	1400	Fed's Quarles to Appear before House Financial Services Panel			
	2305	Fed's Powell to Discuss Economy at Dallas Fed Event			
Japan	0430	Sep Tertiary Industry Index (MoM%)	0.3	-	0.5
	0430	Sep F Industrial Production, Prel (MoM/YoY%)	-/-	-/-	-1.1/-2.9
Eurozone	1000	Sep Industrial Production (WDA, YoY%)	-0.4	-	0.9
	1000	3Q P GDP (QoQ/YoY%)	0.2/1.7	-/-	0.2/1.7
Germany	0700	3Q P GDP (QoQ/YoY%)	0.0/1.6	-/-	0.5/2
UK	0930	Oct CPI (MoM/YoY%)	0.1/2.4	-/-	0.1/2.4
	0930	Oct Core CPI (YoY%)	2.0	-	1.9
Spain	0800	Oct F HICP (MoM/YoY%)	-/-	-/-	0.7/2.3
Sweden	0830	Oct CPI (MoM/YoY%)	0.0/2.4	-/-	0.5/2.3
	0830	Oct CPIF (MoM/YoY%)	0.0/2.5	-/-	0.5/2.5
	0830	Oct Core CPIF (MoM/YoY%)	0.0/1.6	-/-	0.5/1.6
Netherlands	0830	3Q P GDP (QoQ%)	0.6	-	0.8
		Thursday 15 November			
US	1330	Oct Advance Retail Sales (MoM%)	0.4	0.6	0.1
	1330	Oct Retail Sales Ex. Auto and Gas (MoM%)	0.5	0.3	0.0
	1500	Fed's Quarles to Appear before Senate Banking Panel			
Eurozone	1000	Sep Trade Balance (€bn)	16783	-	16573.2
UK	0930	Oct Retail Sales Ex. Auto Fuel (MoM/YoY%)	0.6/3.6	-/-	-0.8/3.2
	0930	Oct Retail Sales (MoM/YoY%)	0.6/3.2	-/-	-0.8/3.0
Canada	1330	ADP Publishes October Payrolls Report			
Australia	0000	Nov CPI Expectations (YoY%)	4.1	-	4.0
	0030	Oct Employment Change ('000)	15.7	-	5.6
	0030	Oct Unemployment Rate (%)	4.9	-	5.0
	0130	RBA's Debelle Speaks on Panel in Melbourne			
Sweden	0830	Oct Unemployment Rate (%)	6.0	-	6.0
		Friday 16 November			
US	1415	Oct Industrial Production (MoM%)	0.2	0.2	0.25
Eurozone	1000	Oct F Core CPI (YoY%)	1.1	-	1.1
	1000	Oct F CPI (MoM/YoY%)	0.2/2.2	-/-	0.2/2.2
Italy	1000	Oct F HICP (YoY%)	1.7	-	1.7
Switzerland	-	Switzerland Sovereign Debt to be Rated by S&P			
Netherlands	-	Netherlands Sovereign Debt to be Rated by S&P			
Austria	-	Austria Sovereign Debt to be Rated by Moody's			

Source: ING, Bloomberg

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