

## Key events in developed markets next week

Ongoing supply issues are likely to keep inflation figures high across developed markets this week. In the US, a tapering of QE asset purchases is looking unlikely in September



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### US: QE tapering announcement unlikely

Recent softness in some of the jobs and activity data mean that a quantitative easing tapering announcement at the Federal Reserve's September FOMC meeting looks unlikely. November seems the more probable date with asset purchases slowed from December onwards. The case for a dialling back of stimulus is strong given signs that the soft patch in activity caused by the resurgence of Covid may tentatively be coming to an end. Restaurant booking data and air passenger numbers have bounced sharply while Covid case numbers appear to be peaking in most states. Consequently, the steep fall in August retail sales that we are expecting, we hope, can be largely brushed off. We predict total sales fell 1.5% month-on-month given the volume of auto sales plunged 11.5%. Even with price increases, this still means that the dollar value of auto sales will be a huge drag given that in July, autos accounted for 19% of all retail sales. Based on the high frequency numbers we are seeing, we expect a stabilisation in September before a rebound in retail sales gets underway in 4Q, driven by strong employment and wage gains.

High inflation is also a reason to justify a Fed taper. Headline CPI is likely to remain close to 5.5%

year-on-year this week with core inflation remaining at 4.3%. Given ongoing supply issues, rising labour costs and a clear sense of strong corporate pricing power – note the latest Federal Reserve Beige Book stated “several Districts indicated that businesses anticipate significant hikes in their selling prices in the months ahead” – we see little reason for inflation to fall meaningfully before 2Q 2022. The risk is that rising inflation expectations keeps it higher. Consequently, we continue to look for the Federal Reserve to conduct a swift taper with asset purchases ending in 2Q and interest rates increasing from late 2022 onwards.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Tuesday 14 September</b>					
US	1330	Aug CPI (MoM%/YoY%)	0.4/5.3	0.4/5.3	0.5/5.4
UK	0700	Jul ILO Unemployment Rate	-		4.7
	0700	Jul Employment Change	-		95
Spain	0800	Aug CPI (MoM%/YoY%)	-/-		0.4/3.3
Sweden	0830	Aug CPI (MoM%/YoY%)	-/-		0.3/1.4
		- Aug Reg Unemployment Rate	-		7.9
<b>Wednesday 15 September</b>					
US	1415	Aug Industrial Production (MoM%)	-/-	0.5	0.9
France	0745	Aug CPI (MoM%/YoY%)	-		0.6/1.9
UK	0700	Aug CPI (MoM%/YoY%)	-/-		0.0/2.2
Canada	1330	Aug CPI Inflation (MoM%/YoY%)	-/-		0.6/3.7
Norway	0700	Aug Trade Balance	-		42.2
Greece	1000	Jun Unemployment rate	-		15.9
Euro Zone	1000	Jul Industrial Production (MoM%/YoY%)	0.3/-	0.4/-	-0.3/9.7
	1100	Aug Reserve Assets Total	-		888.5
<b>Thursday 16 September</b>					
US	1330	Aug Retail Sales (MoM%)	-1.5	-0.8	-1.1
US	1330	Initial Jobless Clm	320	-	310
	1330	Cont Jobless Clm	-	2.744	2.748
Italy	0900	Jul Global Trade Balance	-		5.68
Euro Zone	1000	Jul Total Trade Balance	13.0		12.4
<b>Friday 17 September</b>					
US	1500	Sep University of Michigan Sentiment Prelim	75	73.7	70.3
UK	0700	Aug Retail Sales (MoM%/YoY%)	-/-		-2.5/2.4
Euro Zone	0900	Jul Current Account SA, EUR	22.0		21.8
	1000	Aug CPI (YoY%)	3.0	3	3

Source: Refinitiv, ING, \*GMT

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