Key events in developed markets next week

If you're going to take anything away from next week's data it's that - despite markets pricing in a Fed rate cut this year, economic fundamentals in the US are very much telling a different story. We expect trade and consumer data to reinforce our view that, as of yet, there are no signs of a recession

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US: Little sign of recession...

Financial markets remain nervous about a potential US slowdown and continue to price in a significant chance of a Federal Reserve interest rate cut this year. Our view remains that the Fed will keep policy stable because a) the strength of the labour market, with rising worker pay, should underpin consumer sentiment and spending and b) we remain optimistic that the US-China trade standoff will be resolved. This should help lift much of the gloom surrounding the global economy. Trade and consumer spending will be a key theme for the week ahead and we expect positive news for the US on both.

In terms of retail sales, strong auto sales (volumes rose to an annualised 17.5mn in March from 16.56mn in February) should help. Rising gasoline prices will also boost the value of retail sales. Other categories are likely to post more modest gains, but in general we expect to see robust growth after a soft -0.2% month-on-month outcome in February.

Trade may also improve further given that companies appear to have ramped up imports in 4Q18 to avoid paying the proposed tariff hike on Chinese imports that was set to start on 1 January. This tariff hike was cancelled in mid-December, but given the lags between orders and deliveries across the Pacific, we suspect that the bulk of any rebound in imports will not happen until 2Q. Already, the Atlanta Fed's GDPNow model is pointing to 1Q GDP growth of 2.3% based on the data received so far, and the upcoming reports have the potential to push that growth rate well above 2.5%, suggesting there is little sign of a recession yet.

UK focus switches back to data as everyone takes a Brexit break

We are delighted to inform readers that after all the turmoil, the next week promises to be relatively Brexit-free. Parliament is on Easter recess, although cross-party talks between the Prime Minister and Labour will continue in the background. Most expect these talks to end unsuccessfully, despite the positions of the two leaders being relatively similar. Assuming these talks don't bear fruit, the ball will pass back into Parliament's court – either through further 'indicative votes', or maybe even a fourth vote on a version of May's deal. Read our latest take on Brexit here.

In the meantime, next week will be a big one for UK data. Wage growth looks set to remain strong amid ongoing signs of skill shortages in the jobs market – particularly in areas like construction and hospitality. With consumer price inflation set to remain benign, this makes for a better fundamental backdrop for spending. For now though, it seems the heightened uncertainty took its toll on retail sales during March as individuals held back from making large purchases. With growth set to continue lagging, we no longer expect a Bank of England rate hike this year.

Germany: Quiet, but uplifting?

Next week will be a relatively quiet one for the German economy - only the ZEW index will come out. The latter should probably see another small improvement on the back of stronger financial markets and central banks' dovishness.

Canada: Little argument for price levels to head down

The story behind price levels in March shouldn't be too dissimilar to that seen in February, as the negative effect of energy prices slowly dissipates. The annual figure for average gasoline prices in Canada – though still in negative territory, is gradually moving towards zero (-1.6% YoY in March). Given such prices feature through different CPI components, particularly transport and food, we think the headline figure will follow a similar upward trajectory.

Our inflation forecast for March is 1.5% YoY - the same as in February. While we aren't expecting a sizeable move upwards, a move downward in the headline figure is pretty unlikely for now.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
		Monday 15 April			
US	1800	Fed's Evans Discusses Economy and Monetary Policy			
Japan	0100	BOJ Wakatabe Speaks at Conference			
UK	1700	BOE's Haskel Speaks on Panel in Warwick			
Sweden	0500	Mar PES Unemployment Rate	-	-	3.7
		Tuesday 16 April			
US	0100	Fed's Rosengren Speaks at Davidson College in North Carolina			
	1415	Mar Industrial Production (MoM%)	0.3	0.3	0.0
Japan	0530	Feb Tertiary Industry Index (MoM%)	-0.2	-	0.4
Germany	1000	Apr ZEW Current Situation Index	15.0	-	11.1
UK	0930	Feb Weekly Earnings (3M avg)	3.6	-	3.4
	0930	Feb Weekly Earnings ex. Bonus (3M avg)	3.4	-	3.4
	0930	Feb ILO Unemployment Rate (3M avg)	3.9	-	3.9
	0930	Feb Employment Change (3M/3M)	195.0	-	222.0
Australia	0230	RBA Minutes of April Policy Meeting			
New Zealand	2345	1Q CPI (Q) (QoQ/YoY%)	-/-	-/-	0.1/1.9
		Wednesday 17 April			
US	1330	Feb Trade Balance (US$bn)	-50.5	-53.8	-51.1
	1745	Fed's Bullard Speaks at Hyman Minsky Conference			
	1900	U.S. Federal Reserve Releases Beige Book			
	2230	New York Fed's Logan Speaks at Money Marketeers of New York			
Japan	0050	Mar Exports (YoY%)	-7.0	-	-1.2
	0050	Mar Imports (YoY%)	-9.0	-	-6.6
	0050	Mar Trade Balance (¥ bn)	699.0	-	339.0
	0530	Feb F Industrial Production, Prel (MoM/YoY%)	-/-	-/-	1.4/-1.0
Eurozone	1000	Feb Trade Balance (€bn)	-	-	17038.3
	1000	Mar F Core CPI (YoY%)	-	-	0.8
	1000	Mar CPI (MoM/YoY%)	-/-	-/-	1.0/1.4
UK	0930	Mar CPI (MoM/YoY%)	0.3/2.0	-/-	0.5/1.9
	0930	Mar Core CPI (YoY%)	1.9	-	1.8
	1400	BOE's Carney, BOF's Villeroy de Galhau Speak in Paris			
Italy	0900	Mar F HICP (YoY%)	0.9	-	1.1
Canada	1330	Mar CPI (MoM, SA/YoY%)	0.2/1.5	-/-	0.3/1.5
		Thursday 18 April			
US	1330	Mar Advance Retail Sales (MoM%)	1.1	0.9	-0.2
	1330	Mar Retail Sales ex. Auto and Gas (MoM%)	0.6	0.5	-0.6
Eurozone	0900	Apr P Markit Manufacturing PMI	-	48.0	47.5
	0900	Apr P Markit Services PMI	-	53.2	53.5
	0900	Apr P Markit Composite PMI	-	51.8	51.6
UK	0930	Mar Retail Sales ex. Auto Fuel (MoM/YoY%)	-0.4/3.9	-/-	0.2/3.8
	0930	Mar Retail Sales (MoM/YoY%)	-0.4/4.5	-/-	0.4/4.0
Canada	1330	ADP Canada Releases March Payroll Estimates			
Australia	0230	Mar Employment Change ('000)	-	-	4.6
	0230	Mar Unemployment Rate (%)	-	-	4.9
Sweden	0830	Mar Unemployment Rate (%)	-	-	6.6
	0500	Valueguard Swedish Home-Price Data			
		Friday 19 April			
Japan	0030	Mar National CPI (YoY%)	0.5	-	0.2
	0030	Mar CPI ex. Food & Energy (YoY%)	0.3	-	0.4

Source: ING, Bloomberg

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