

## Key events in developed markets next week

The Fed meeting is the highlight next week, and while we don't expect much action at this stage, we should see more insights into the inflation situation. Also, look out for Eurozone industrial production, Germany and UK CPI, as well as a Norges Bank meeting



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### **US: Fed to give more inflation insights but no QE tapering yet, and watch for retail/industry data**

The upcoming week will be dominated by the Federal Reserve policy meeting. No changes are expected, but we will be getting updated forecasts. It will be interesting to see if there are any signs of cracks in the Fed's stance that elevated inflation readings are "transitory".

With headline inflation at a 13 year high and core inflation at a near 30 year high, we suspect they will be a little more balanced on their assessment, especially given evidence that labour costs are starting to pick up and inflation expectations series are also clearly on the rise.

Nonetheless, the disappointing jobs numbers are likely to mean the Fed continues to believe it is too early to discuss QE tapering. Some Fed officials are tentatively moving in this direction. Still, it is likely to take another couple of months of strong activity, elevated inflation and rising employment costs for it to actually happen.

We think the Federal Reserve's Jackson Hole conference in late August will fire the starting gun. This will be formally acknowledged at the September FOMC (the next forecast update from the Fed) with a QE tapering announcement at the December FOMC.

In terms of the data, we will be closely following retail sales and industrial production. The former could print a negative number given the slowdown in auto sales after a strong run. Vehicle prices are surging, and output is lacking, given automaker supply chain issues.

Outside of autos, the spending numbers should remain firm given healthy confidence, strong income growth and rising employment. However, people are increasingly moving away from buying physical things and instead are spending a greater proportion on services, such as travel, hotels and entertainment, which are not included within retail sales.

Industrial production should be firmly based on surveys such as the ISM report. New orders are strong, and the backlog of orders are at record highs. The question is, can the supply capacity of the economy meet that demand given current supply chain bottlenecks and labour market issues? Consequently, we expect this to translate into higher prices, which will be highlighted by rising producer price inflation.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 14 June</b>					
Portugal	1100	May CPI (MoM/YoY%)	-/-		0.2/1.2
Eurozone	1000	Apr Industrial Production (MoM/YoY%)	-0.1/36.2		0.1/10.9
<b>Tuesday 15 June</b>					
US	1330	May Retail Sales (MoM%)	-0.5	-0.4	0.0
	1415	May Industrial Production (MoM%)	0.7	0.6	0.7
Germany	0700	May CPI Final (MoM/YoY%)	5.0/2.5		0.5/2.5
France	0745	May CPI (MoM/YoY%) NSA	-		0.3/1.4
UK	0700	Apr ILO Unemployment Rate	4.6		4.8
	0700	Apr Employment Change	140		84.0
Norway	0700	May Trade Balance	-		17.0
Sweden	0600	May Unemployment Rate	-		8.2
Netherlands	0530	Apr Trade Balance	-		6.54
Eurozone	1000	Apr Total Trade Balance SA	-		13.0
	1100	May Reserve Assets Total	-		852.14
<b>Wednesday 16 June</b>					
US	1900	Fed Funds Target Rate	0.125		0.125
	1900	Fed Interest On Excess Reserves	-		0.1
UK	0700	May Core CPI (MoM/YoY%)	0.3/1.6		0.3/1.3
	0700	May CPI (MoM/YoY%)	0.3/1.8		0.6/1.5
Canada	1330	May CPI Inflation (MoM/YoY%)	0.6/3.8		0.5/3.4
<b>Thursday 17 June</b>					
Italy	0900	Apr Global Trade Balance	-		5.19
Norway	0900	Key Policy Rate	0.0		0.0
<b>Friday 18 June</b>					
UK	0700	May Retail Sales (MoM/YoY%)	2.0/30		9.2/42.4
Eurozone	0900	Apr Current Account SA, EUR	-		17.8

Source: ING, Refinitiv

## Author

**James Knightley**

Chief International Economist, US

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

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