

## Key events in developed markets next week

Next week, US retail sales and industrial production data should show the US economy started 2021 on a strong footing, while Eurozone PMIs are likely to shed some light on the manufacturing recovery and if it is petering out. The UK will get inflation data but we think the reflation story is unlikely to stick



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### **US: Retail sales to rebound off stimulus checks, and industry data to show strength as well**

Next week, the US data highlights will be retail sales and industrial production numbers for January and both should show the US economy started 2021 on a strong footing.

Daily credit and debit card transaction numbers show consumer spending jumped immediately after the \$600 stimulus cheques started hitting bank accounts from early January and this suggests there is clear upside risk to the consensus forecast of a 0.8% month-on-month gain after a 0.7%MoM fall in December. We also know that car sales strengthened in January.

Meanwhile, factory activity remains strong based on information in the ISM survey while higher energy prices are leading to rising rig counts with 384 in operation at the end of January versus

348 at the end of December. Colder weather is also likely to boost utility demand. Rounding out the numbers, we have housing figures which should continue to benefit from record-low mortgage rates.

## ✔ Eurozone: PMI and industrial data to shed light on the recovery

In the eurozone, the week starts with eurozone data on industrial and export performance in December. Expect a tick down from November for industrial production, which was influenced by a huge jump in Irish output.

Perhaps more important are PMI numbers that will come out on Friday, which should provide some insight into whether the manufacturing recovery is petering out as the second wave of the pandemic continues.

## ✔ UK: Reflation is a key story in the US, but is it coming to the UK too?

For the time being, the data suggests that's not the case. Inflation, like everywhere else, likely remained depressed by energy prices in January, while retail sales look set to plunge once more. More timely data has shown a post-Christmas dip in spending.

But like the US, the UK should experience some pent-up demand once the economy reopens in the spring. There are caveats though, one being that it will inevitably boost services more than goods. That could imply that retailers won't benefit fully from any post-Covid spending splurge (although some things, like clothing, may buck the trend).

Inflation will likely rise through the middle of the year – partly because of energy prices, but also as the impact of higher shipping costs are factored in. But the price impact of pent-up demand may not be huge. Aside from a few examples of pandemic price spikes (cars and bikes!), and retailers expanding margins on goods, the impact isn't gigantic. Something similar will probably be true of any rebound in services prices through this year.

So while inflation will rise to roughly 2% later this year, it's not a massive concern for the Bank of England, particularly given that unemployment is set to rise in tandem.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Sunday 14 February</b>					
Japan	2350	Q4 GDP (QoQ% ann.)	4.9		22.9
<b>Monday 15 February</b>					
Norway	0700	Jan Trade Balance	-		12.1
Eurozone	1000	Dec Total Trade Balance SA	22.5		25.1
	1000	Dec Industrial Production (MoM/YoY%)	-0.4/0.4	-0.3/0.5	2.5/-0.6
<b>Tuesday 16 February</b>					
Japan	2350	Jan Exports (YoY%)	6.1		2.0
	2350	Jan Imports (YoY%)	-11.8		-11.6
	2350	Jan Trade Balance Total (adjusted, JPY bn)	-		751
	2350	Dec Core machine orders (MoM/YoY%)	-8.4/-11.4		1.5/-11.3
Germany	1100	ZEW index	59.0		61.8
Italy	0900	Dec Global Trade Balance	-		6.77
Netherlands	0830	Q4 GDP Prelim SA (QoQ/YoY%)	-1.2/-4.1		7.8/-2.5
Eurozone	1000	Q4 GDP Flash Estimate (QoQ/YoY%)	-0.7/-5.1	-0.7/-5.1	-0.7/-5.1
<b>Wednesday 17 February</b>					
US	1330	Jan Retail Sales (MoM/YoY%)	1.3	0.8	-0.7
	1415	Jan Industrial Production (MoM/YoY%)	0.6	0.4	1.6
UK	0930	Jan Core CPI (YoY%)	1.3		1.4
	0930	Jan CPI (YoY%)	0.5		0.6
Canada	1330	Jan CPI Inflation (MoM/YoY%)	-/-		-0.2/0.7
	1330	Jan CPI BoC Core (MoM/YoY%)	-		-0.4/1.5
Portugal	-	Dec Current Account Balance	-		-1.93
<b>Thursday 18 February</b>					
Japan	2330	Jan CPI (%YoY)	-0.5		-1.2
	2330	Jan CPI ex-food, energy (%YoY)	0.1		-0.4
Australia	0030	Jan Employment change ('000)	30.0		50.0
	0030	Jan Unemployment rate (%)	6.6		6.6
	0030	Jan Participation rate (%)	66.2		66.2
	0030	Jan Reserve Assets Total	-		60874
	2200	Feb Manufacturing PMI Flash	-		57.2
	2200	Feb Services PMI Flash	-		55.8
	2200	Feb Composite PMI Flash	-		56.0
Sweden	0830	Jan CPI (MoM/YoY%)	-/-		0.7/0.5
	0830	Jan CPIF (MoM/YoY%)	-/-		0.7/0.5
<b>Friday 19 February</b>					
US	1445	Feb Markit Composite Flash PMI	-		58.7
	1445	Feb Markit Manufacturing PMI Flash	-		59.2
	1445	Feb Markit Services PMI Flash	-		58.3
	1500	Jan existing home sales (mn)	6.6	6.55	6.76
Germany	0830	Feb Markit Manufacturing Flash PMI	56.0		57.1
	0830	Feb Markit Service Flash PMI	45.0		46.7
	0830	Feb Markit Composite Flash PMI	49.0		50.8
France	0745	Jan CPI (MoM/YoY%) NSA	-		0.2/0.6
	0815	Feb Markit Manufacturing Flash PMI	-		51.6
	0815	Feb Markit Services Flash PMI	-		47.3
	0815	Feb Markit Composite Flash PMI	-		47.7
UK	0700	Jan Retail Sales (MoM/YoY%)	-3.8/-1.8		0.3/2.9
	0930	Feb Flash Manufacturing PMI	52.5		54.1
	0930	Feb Flash Services PMI	41.0		39.5
Italy	0900	Jan CPI (EU Norm) Final (MoM/YoY%)	-		-1.1/0.5
Canada	1330	Dec Retail Sales (MoM%)	-		1.3
Australia	0030	Jan Retail Sales Total Pre	-		30324.2
	0030	Jan Retail Sales (MoM%) Pre	-		-4.1
Eurozone	0900	Dec Current Account SA, EUR	-		24.58
	0900	Feb Markit Manufacturing Flash PMI	52.1		54.8
	0900	Feb Markit Services Flash PMI	45.8		45.4
	0900	Feb Markit Composite Flash PMI	47.8		47.8

Source: ING, Refinitiv

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