Key events in developed markets next week

There's talk that next Tuesday could see PM May's third (and likely final) attempt at getting her deal through parliament, but we remain sceptical. The Brexit debate is likely to dominate the EU summit next week too and the main question will be how long will be the delay to the 29 March Brexit deadline?

Source: Shutterstock

More of the same from the Fed, but don't rule out a hike

The Fed has taken a decidedly more cautious stance since the start of the year. Pointing to various "cross-currents" - a reference to trade uncertainty, the recent government shutdown and financial market volatility, among other things - the central bank has signalled it's prepared to be patient when it comes to further tightening. We suspect there will be more of the same next week.

Markets seem to have interpreted this as the Fed won't hike again this cycle. However there are a few reasons why we think a hike in the third quarter of this year remains likely. Firstly, while the economy will undoubtedly slow from its strong 2018 performance, the outlook remains solid. The jobs market continues to fuel higher wage pressures, which when coupled with the fall in gasoline prices, better equity prices and an easing in long-term mortgage rates, makes for a decent consumer backdrop.

A lot depends on trade policy, and despite previous positive signals, talks appear to have stalled more recently. But if a deal can be struck between the US and China, then we suspect the Fed would be inclined to look at a rate hike later in the year.

Brexit: Get ready for 'Meaningful Vote 3 - the ultimatum'

Despite having been decisively rejected again by parliament, UK Prime Minister Theresa May is hoping the combined threat of a long Brexit delay and the likelihood of 'indicative votes' on different Brexit options will be enough to bring her opponents on-side. Reports suggest she may stage a third meaningful vote on Tuesday, although we are sceptical that it will be any more successful than the previous two attempts.

European Council Meeting: Likely a Brexit takeover, but key points will still be discussed

It will be a very light week for German data, but don't forget that we will have the big European summit next week. Obviously, the summit will once again be hijacked by Brexit, and here the focus is on whether the EU is prepared to offer the UK an extension to the Article 50 period - and assuming it is, how long would it actually last.

Brexit aside, European leaders will also officially appoint Philip Lane as the new member of the ECB's executive board, succeeding Peter Praet, and will discuss a new European strategy vis-à-vis China.

Canada: Inflation, back on its feet?

Transitory pressures from service-related components, such as travel tours and transportation, prompted an upside surprise in December. But this wasn't the case in January and, in turn, weak gasoline prices took a toll on price levels. As a result, headline inflation sunk to 1.4%.

In February the story should be somewhat better. The adverse effect of energy prices should begin to dissipate, and – although we still expect a below-target headline figure (1.5%) number, we reckon this is the beginning of an upward trend. Our commodity team reinforces this view that oil prices should edge slightly higher throughout 2019 and 2020 unless we see a negative twist in the trade story.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
		Sunday 17 March			
Japan	2350	Feb Exports (YoY%)	-	-	-8.4
	2350	Feb Imports (YoY%)	-	-	-0.6
	2350	Feb Trade Balance (JPY bn)	-757.0	-	-1415.2
		Monday 18 March			
Japan	0430	Jan F Industrial Production, Prel (MoM/YoY%)	-/-	-/-	-3.7/0.0
	2350	BOJ Releases 4Q Money Flow			
Eurozone	1000	Jan Trade Balance (€bn)	-	-	15630.5
Australia	2200	RBA's Kent Speaks in Sydney			
Sweden	0500	Valueguard Swedish Home-Price Data			
		Tuesday 19 March			
Japan	2350	BOJ Minutes of January Policy Meeting			
Germany	1000	Mar ZEW Current Situation Index	17.0	-	15.0
UK	0930	Jan Weekly Earnings (3M avg)	3.2	-	3.4
	0930	Jan Weekly Earnings ex. Bonus (3M avg)	3.4	-	3.4
	0930	Jan ILO Unemployment Rate (3M avg)	4.0	-	4.0
	0930	Jan Employment Change (3M/3M)	130.0	-	167.0
	-	Third Vote on May's Brexit Deal (Tentative)			
Australia	0030	RBA Minutes of March Policy Meeting			
	0030	4Q18 House Price Index (QoQ/YoY%)	-1.8/-5.0	-	1.5/-1.9
Sweden	1300	Riksbank's Skingsley Speaks			
		Wednesday 20 March			
US	1800	FOMC Rate Decision (Upper bound)	2.5	2.5	2.5
UK	0930	Feb CPI (MoM/YoY%)	0.4/1.9	-/-	-0.8/1.8
	0930	Feb Core CPI (YoY%)	1.8	-	1.9
Australia	0000	RBA's Bullock Speaks in Perth			
New Zealand	2145	4Q GDP (Q) (QoQ, SA/YoY%)	-/2.5	-/-	0.3/2.6
		Thursday 21 March			
Japan	2330	Feb National CPI (YoY%)	0.3	-	0.2
	2330	Feb CPI ex. Food & Energy (YoY%)	0.4	-	0.4
	-	Jan F Leading Economic Index	-	-	95.9
Eurozone	1500	Mar A Consumer Confidence	-	-	-7.4
	0900	ECB Publishes Economic Bulletin			
	-	Spring EU Council Meeting			
	-	EU Council: Article 50 Extension Decision			
UK	0930	Feb Public Finances (PSNCR)	-	-	-25.4
	0930	Feb PSNB ex. Banks (£bn)	-	-	-14.9
	0930	Feb Retail Sales ex. Auto Fuel (MoM/YoY%)	0.3/4.2	-/-	1.2/4.1
	0930	Feb Retail Sales (MoM/YoY%)	0.3/4.0	-/-	1.0/4.2
	1200	BoE Policy Rate	0.75	-	0.75
Australia	0030	Feb Employment change ('000)	30.0	-	39.1
	0030	Feb Unemployment rate (%)	5.1	-	5.0
Norway	0900	Deposit Rates	1.0	-	0.75
	0930	Norges Bank Press Conference Post-Rate Decision			
Switzerland	0830	SNB Sight Deposit Interest Rate	-0.75	-	-0.75
		Friday 22 March			
US	1400	Feb Existing Home Sales	-	5.1	4.9
Eurozone	0900	Mar P Markit Manufacturing PMI	-	-	49.3
	0900	Mar P Markit Services PMI	-	-	52.8
	0900	Mar P Markit Composite PMI	-	-	51.9
Canada	1230	Feb CPI (MoM/YoY%)	0.2/1.5	-/-	0.1/1.4
Portugal	0930	ESM's Regling, Centeno Speak at Conference on Europe in Lisbon			

Source: ING, Bloomberg

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