

## 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?



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### 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.    |
|---------------------------|------|--|-----------|--------|----------|
| <b>Sunday 17 March</b>    |      |  |           |        |          |
| Japan                     | 2350 | Feb Exports (YoY%)   | -         | -      | -8.4     |
|                           | 2350 | Feb Imports (YoY%)   | -         | -      | -0.6     |
|                           | 2350 | Feb Trade Balance (JPY bn)                                     | -757.0    | -      | -1415.2  |
| <b>Monday 18 March</b>    |      |  |           |        |          |
| 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                             |           |        |          |
| <b>Tuesday 19 March</b>   |      |  |           |        |          |
| 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                                    |           |        |          |
| <b>Wednesday 20 March</b> |      |  |           |        |          |
| 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  |
| <b>Thursday 21 March</b>  |      |  |           |        |          |
| 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    |
| <b>Friday 22 March</b>    |      |  |           |        |          |
| 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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## Authors

### James Smith

Developed Markets Economist, UK

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

### Carsten Brzeski

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

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