

Article | 17 February 2023

KEY EVENTS UNITED STATES

Key events in developed markets next week

With milder weather, we expect further improvements in activity data in the US. Consumer spending will have jumped 2% in real terms, however we remain sceptical as to whether this indicates true strength. The Fed's favoured measure of inflation looks set to rise 0.4% month-on-month, more than twice what's required to produce 2% year-on-year inflation



Source: Shutterstock

US: Nothing stopping the Fed from hiking rates in March

The warm weather in January, which contrasted starkly with the cold, wintery conditions of December, will continue to boost US activity data over the coming week. Home sales are likely going to get a lift with more people out and about early in the year home hunting, while we have got a very strong idea that consumer spending will have jumped by 2% in real terms given the 3% month-on-month increase in retail sales over the same period. However, we remain a little sceptical as to whether this indicates true strength given the big shifts in weather may have simply meant that spending that would have been done in February and March may have been brought forward, leaving open the possibility of a correction over the next couple of months. This won't stop the Federal Reserve from hiking interest rates in March and in all probability May too. Indeed, the Fed's favoured measure of inflation, the core personal consumer expenditure deflator, looks set to rise by 0.4%MoM, more than twice the 0.17%MoM required over time to produce year-on-year inflation of 2%.

Indeed, there will be several more Fed speakers over the coming week with the minutes of the February Federal Open Market Committee meeting also likely to reveal that they were not terribly far away from hiking rates by 50bp. Having done 25bp in February, we think this will be the standard incremental move from now on.

Eurozone: Recoveries in sentiment data

Lots of sentiment data out of the eurozone next week, which will shed light on how the economy is performing in February. Both consumer confidence and PMIs have been showing slight recovery in recent months and are expected to continue recovery at low levels. This should be in line with economic activity broadly stalling as it did in the fourth quarter.

Key events in developed markets next week

THINK economic and financial analysis

| Country | Time Data/event | ING | Survey | Prev. |
|------------------------------|---|----------|--------|----------|
| Monday 20 February | | | | |
| Sweden | 0700 Jan CPIF (MoM%/YoY%) | -/- | | 1.9/10.2 |
| Eurozone | 1500 Feb Consumer Confidence Flash | -19.5 | | -20.9 |
| Tuesday 21 February | | | | |
| US | 1445 Feb S&P Global Manufacturing PMI Flash | - | | 46.9 |
| | 1445 Feb S&P Global Services PMI Flash | - | | 46.8 |
| | 1445 Feb S&P Global Composite Flash PMI | - | | 46.8 |
| | 1500 Jan existing home sales (mn) | 4.2 | 4.12 | 4.02 |
| Germany | 0830 Feb S&P Global Manufacturing Flash PMI | 47.5 | | 47.3 |
| | 0830 Feb S&P Global Service Flash PMI | 49.7 | | 50.7 |
| | 0830 Feb S&P Global Composite Flash PMI | 49.7 | | 49.9 |
| France | 0815 Feb S&P Global Composite Flash PMI | - | | 49.1 |
| UK | 0930 Feb Flash Composite PMI | - | | 48.5 |
| | 0930 Feb Flash Manufacturing PMI | - | | 47 |
| | 0930 Feb Flash Services PMI | - | | 48.7 |
| Canada | 1330 Jan CPI Inflation (MoM%/YoY%) | -/- | | -0.6/6.3 |
| | 1330 Jan CPI BoC Core (MoM%/YoY%) | - | | -0.3/5.4 |
| | 1330 Dec Retail Sales (MoM%) | - | | -0.1 |
| Eurozone | 0900 Feb S&P Global Manufacturing Flash PMI | 49.6 | | 48.8 |
| | 0900 Feb S&P Global Services Flash PMI | 51.4 | | 50.8 |
| | 0900 Feb S&P Global Composite Flash PMI | 50.9 | | 50.3 |
| Wednesday 22 February | | | | |
| US | 1400 FOMC minutes | - | | - |
| Germany | 0700 Jan CPI Final (MoM%/YoY%) | 1/8,7 | -/8.7 | 1/8.7 |
| | 0900 Feb Ifo Business Climate | 90.1 | | 90.2 |
| | 0900 Feb Ifo Current Conditions | 93.5 | | 94.1 |
| | 0900 Feb Ifo Expectations | 86.9 | | 86.4 |
| Thursday 23 February | | | | |
| US | 1330 Initial Jobless Claims (000s) | 200 | | 194 |
| | 1330 Continue Jobless Claims (000s) | 1710 | | 1696 |
| | 1330 Q4 GDP 2nd Estimate | 2.9 | 2.9 | 2.9 |
| | 1330 Q4 GDP Deflator Prelim | 3.5 | 3.5 | 3.5 |
| | 1330 Q4 Core PCE Prices Prelim | 3.9 | 3.9 | 3.9 |
| Eurozone | 1000 Jan CPI Final (YoY%) | 8.6 | | 8.5 |
| | 1000 Jan Core CPI Final (YoY%) | 5.3 | | 5.2 |
| Friday 24 February | | | | |
| US | 1330 Jan Personal Income (MoM%) | 0.9 | 0.9 | 0.2 |
| | 1330 Jan Personal Consump Real (MoM%) | 1.9 | | -0.3 |
| | 1330 Jan Consumption, Adjusted (MoM%) | 2.5 | 1.0 | -0.2 |
| | 1330 Jan Core PCE Price Index (MoM%) | 0.4 | | 0.3 |
| | 1500 Feb U Mich Sentiment Final | 66.5 | 66.4 | 66.4 |
| | 1500 Jan New Home Sales-Units (000s) | 340 | 621 | 616 |
| Germany | 0700 Q4 GDP Detailed (QoQ%/YoY%) | -0.2/0.5 | | -0.2/0.5 |
| | 0700 Mar GfK Consumer Sentiment | -34.1 | | -33.9 |
| Austria | 0800 Q4 GDP Growth (QoQ%) Final | - | | -0.7 |

Source: Refinitiv, ING

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