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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

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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