

## 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



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### 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.

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| Country                      | Time | Data/event                             | ING      | Survey | Prev.    |
|------------------------------|------|--|----------|--------|----------|
| <b>Monday 20 February</b>    |      |  |          |        |          |
| Sweden                       | 0700 | Jan CPIF (MoM%/YoY%)                   | -/-      |        | 1.9/10.2 |
| Eurozone                     | 1500 | Feb Consumer Confidence Flash          | -19.5    |        | -20.9    |
| <b>Tuesday 21 February</b>   |      |  |          |        |          |
| 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     |
| <b>Wednesday 22 February</b> |      |  |          |        |          |
| 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     |
| <b>Thursday 23 February</b>  |      |  |          |        |          |
| 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      |
| <b>Friday 24 February</b>    |      |  |          |        |          |
| 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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