

## Key events in developed markets next week

Next week looks set to be a central-bank dominated week in developed markets with an abundance of Fed speakers, ECB minutes and possible Riksbank clues



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### Greater clarity on Fed thinking

The coming week will provide greater clarity on the thinking within the Federal Reserve on the potential path for monetary policy. We will get the minutes to the 2 May FOMC meeting while also hearing from eight different Federal Reserve officials, including Fed Chair Jay Powell. Given the apparent strength in recent data and the fact that inflation measures are at or above target suggest officials will reiterate the “gradual” path of policy tightening. At the moment officials are seemingly split between whether the Federal Reserve will hike interest rates two or three more times this year. We suspect this will largely come down to what happens to wages as to what they end up doing.

In this regard we suspect that the average hourly earnings numbers within the payrolls report are understating wage pressures given evidence within the Employment Cost Index series and the NFIB wage series, which reports that the proportion of firms raising pay has only been higher once in the series 34-year history. As such, we continue to favour three further rate hikes this year – one per quarter.

## ✓ UK activity data in focus as the BoE decides whether the economy is emerging from soft patch

We think markets may have become too cautious on the UK rate hike outlook and that the possibility of an August rate rise may be underestimated. But a summer hike is still far from a done deal and it depends on how the activity data evolves between now and then.

On that front, a cold Easter weekend and ongoing consumer caution saw another bad month for footfall and credit card spending, and that might see another subdued retail sales release next week. Meanwhile core inflation looks set to fall again as the effect of the pound's post-Brexit plunge continues to fade – we expect to see it back at target by the summer.

But the potential wildcard next week is the first revision of first quarter GDP. The Bank of England believes that the weak 0.1% initial figure may be wildly underestimated, and it will be interesting to see if there are any upward revisions.

## ✓ Focus on Scandinavian unemployment figures and Riksbank clues

Next week is fairly light on economic data in Scandinavia, with unemployment figures in Norway and Sweden the highlight. In Sweden, the Riksbank's biannual Financial Stability Report and the speeches at the Riksbank's 350-year anniversary conference may also provide further information on the central bank's thinking on the housing market and SEK volatility.

## ✓ Hoping for signs of sentiment stabilisation in Germany

All eyes should be on the Ifo index, hoping for signs of a sentiment stabilisation. Also, the ECB will release the minutes of the April meeting. While ECB President Mario Draghi told reporters that the ECB did not discuss the outlook for monetary policy in April, we expect the minutes to tell a slightly different story.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 18 May</b>					
US	0800	Fed's Mester Speaks at ECB on Macroprudential, Monetary Policy			
	1415	Fed's Kaplan Speaks in Moderated Q&A			
	1415	Fed's Brainard Speaks About Community Reinvestment Act			
Japan	0030	Apr National CPI (YoY%)	-	0.7	1.1
Eurozone	1000	Mar Trade Balance (€bn)	-	21	20988.2
Canada	1330	Apr CPI (MoM/YoY%)	-/-	0.3/2.3	0.3/2.3
New Zeal.	0210	Finance Minister Post-Budget Speech			
Portugal	0830	Bank of Portugal's Costa, Lloyds CEO Speak at Event in Lisbon			
	1100	Portugal Reports Industrial Production Price Index			
<b>Monday 21 May</b>					
US	1715	Fed's Bostic Speaks to Atlanta Economics Club			
	1905	Fed's Harker Speaks in New York			
	2230	Fed's Kashkari Speaks at Moderated Q&A in Escanaba, MI			
Japan	0050	Apr Exports (YoY%)	12.5	-	2.1
	0050	Apr Imports (YoY%)	11.1	-	-0.6
<b>Tuesday 22 May</b>					
UK	0930	Apr Public Finances (PSNCR)	-	-	0.473
	0930	Apr PSNB ex Banks (€bn)	-	-	1.348
Sweden	0830	Apr Unemployment Rate (%)	-	-	6.5
Portugal	1230	Portugal Foreign Minister Silva participates in Lunch-Debate			
<b>Wednesday 23 May</b>					
Japan	0530	Mar All industry activity index (MoM%)	0.1	-	0.4
US	-	FOMC minutes			
Eurozone	0900	May P Markit Manufacturing PMI	56	-	56.2
	0900	May P Markit Services PMI	54.9	-	54.7
	0900	May P Markit Composite PMI	55.2	-	55.1
	1500	May A Consumer Confidence	0.3	-	0.4
UK	0930	Apr CPI (MoM/YoY%)	0.5/2.5	-/-	0.1/2.5
	0930	Apr Core CPI (YoY%)	2.2	-	2.3
Australia	0900	RBA's Lowe Gives Speech in Sydney			
Sweden	-	EU Commission Sweden Recommendations Released			
	0830	Riksbank Financial Stability Report			
<b>Thursday 24 May</b>					
US	1500	Apr Existing Home Sales	5.5	5.6	5.6
	0915	Fed's Dudley Speaks on Reference Rate Reform at BoE Event			
	1900	Fed's Harker Speaks About Technology's Impact on Labor Market			
Japan	0600	Mar F Leading economic index	-	-	105
	0230	BOJ Sakurai speaks in Maebashi			
UK	0930	Apr Retail Sales ex Auto Fuel (MoM/YoY%)	0.2/-0.2	-/-	-0.5/1.1
	0930	Apr Retail Sales (MoM/YoY%)	0.0/-0.7	-/-	-1.2/1.1
Australia	-	RBA's Bullock Gives Speech in Amsterdam			
<b>Friday 25 May</b>					
US	1330	Apr P Durable Goods Orders (MoM%)	-1.8	-1.5	2.6
	1330	Apr P Durable Goods Orders (ex. Trans, MoM%)	0.3	0.4	0.1
	1500	May F U. of Mich. Sentiment Index	99	98.8	98.8
	1400	Fed's Powell Joins Riksbank's 350th Anniversary Conference			
	1645	Fed's Kaplan, Evans and Bostic Speak at Dallas Fed			
Japan	0030	Tokyo May CPI			
Germany	0900	May IFO Business Climate	101.9	-	102.1
	0900	May IFO Expectations	98.9	-	98.7
	0900	May IFO Current Assessment	105.3	-	105.7
UK	0930	1Q P GDP (QoQ/YoY%)	0.1/1.2	-/-	0.1/1.2
Norway	0700	Mar Unemployment rate AKU (%)	-	-	3.9
Portugal	-	Portugal Releases Year-to-Date Budget Report			

Source: ING, Bloomberg

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