

Key events in developed markets next week

Key policy rate decisions in the US, Sweden, Norway, and Switzerland dominate this week's calendar. Most developed markets are expected to hold off on any tightening until long-term inflation figures are significantly higher



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US: Federal funds target rate to remain the same

This coming week's highlight will be the Federal Reserve monetary policy decision. A no change decision is widely expected with asset purchases maintained at \$120bn per month despite decent activity data and elevated inflation readings that are currently running at double the Fed's 2% target. Instead, the Fed is likely to retain a cautious stance with the resurgence of Covid a clear concern while Fed Chair Jerome Powell has made it clear he wants to see more progress on the employment aspect of their mandate.

At the Jackson Hole Symposium he argued that "we have much ground to cover to reach maximum employment" and with August payrolls clearly disappointing (235k versus the 733k consensus) he is going to be minded to delay the taper decision until there is better news. We think this announcement will come in November, but for now the most we can expect is cautious optimism with a bit more explicit support for tapering this year. Nonetheless, it should be emphasised that this decision is completely separate from any decision to hike rates – there is no

automatic path to higher interest rates.

New forecasts will show a slight growth downward revision with an upward inflation revision. The big story could be the Fed individual dot forecasts for interest rate increases. Currently 7 out of 18 officials are going for 2022 as the starting point for increases and we could conceivably see one or two more bring their forecast forward to 2022. We suspect the median stays at 2023 for now, but it will be a close call.

The data calendar is centred on housing figures, which are set to stabilise after a slight pick-up in mortgage approvals for home purchases in recent weeks.

In Canada, the Federal election results will be of huge significance. Prime Minister Justin Trudeau called a snap election in order to try and take advantage of strong poll numbers and gain an outright majority in parliament. However, things do not appear to be going to plan with Trudeau's Liberal Party now neck-and-neck in opinion polls with the opposition Conservatives. This means that the New Democratic party could hold the balance of power, which would imply a higher chance of increased taxes and spending.

Developed Markets Economic Calendar

Country	Time	Data/event	ING Survey		Prev.
Monday 20 September					
Portugal	-	Jul Current Account Balance	-		-1.937
Tuesday 21 September					
US	1330	Q2 Current Account	-193	-190	-195.7
Sweden	0830	Riksbank Rate	-		0.0
	0830	Aug Unemployment Rate	-		8
Wednesday 22 September					
US	1900	Fed Funds Target Rate	0.0-0.25	0-0.25	0-0.25
	1900	Fed Interest On Excess Reserves	0.15	0.15	0.15
Euro Zone	1500	Sep Consumer Confidence Flash	-		-5.3
Thursday 23 September					
US	1330	Initial Jobless Claims	335		332
	1330	Cont Jobless Claims	2600		2665
	1445	Sep Markit Manufacturing PMI Flash	60.4	60	61.1
	1445	Sep Markit Services PMI Flash	55.8		55.1
	1445	Sep Markit Composite Flash PMI	55.5		55.4
Germany	0830	Sep Markit Manufacturing Flash PMI	61.0		62.6
	0830	Sep Markit Service Flash PMI	61.0		60.8
	0830	Sep Markit Composite Flash PMI	59.5		60.0
France	0815	Sep Markit Manufacturing Flash PMI	-		57.5
	0815	Sep Markit Services Flash PMI	-		56.3
	0815	Sep Markit Composite Flash PMI	-		55.9
UK	0930	Sep Flash Composite PMI	-		54.8
	0930	Sep Flash Manufacturing PMI	-		60.3
	0930	Sep Flash Services PMI	-		55.0
	1200	Sep BOE Bank Rate	-	0.1	0.1
	1200	Sep Asset Purchase Prog	-	895	895
Spain	0800	Q2 GDP (QoQ%/YoY%)	-/-		2.8/19.8
Canada	1330	Jul Retail Sales (MoM%)	0.5		4.2
Norway	0700	Jul Labour Force Survey	-		4.8
	0900	Key Policy Rate	-		0.0
Switzerland	0830	Q3 SNB Policy Rate	-		-0.75
Euro Zone	0900	Sep Markit Manufacturing Flash PMI	-		61.4
	0900	Sep Markit Services Flash PMI	-		59.0
	0900	Sep Markit Composite Flash PMI	-		59.0
Friday 24 September					
US	1500	Aug New Home Sales-Units	0.70	0.72	0.71
Germany	0900	Sep Ifo Business Climate	99.1		99.4
	0900	Sep Ifo Current Conditions	102.0		101.4
	0900	Sep Ifo Expectations	97.0		97.5
Italy	0900	Sep Consumer Confidence	118.3		116.2

Source: Refinitiv, ING, *GMT

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