

## 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



Source: Shutterstock

### **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.
<b>Monday 20 September</b>					
Portugal	-	Jul Current Account Balance	-		-1.937
<b>Tuesday 21 September</b>					
US	1330	Q2 Current Account	-193	-190	-195.7
Sweden	0830	Riksbank Rate	-		0.0
	0830	Aug Unemployment Rate	-		8
<b>Wednesday 22 September</b>					
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
<b>Thursday 23 September</b>					
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
<b>Friday 24 September</b>					
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

## Author

**James Knightley**

Chief International Economist, US

[james.knightley@ing.com](mailto:james.knightley@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.