

## Key events in developed markets next week

It's quite an interesting week ahead for developed markets: UK parliament returning from Easter recess could prompt May-Corbyn Brexit talks to get back up and running; an upbeat US 1Q GDP growth report and central bank meetings where 'turning dovish' and 'staying cautious' will likely be key themes



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### US: Back on track?

The data highlight in the US will be US GDP growth for the first quarter.

At the start of the quarter not much was expected of this report; the government shutdown had knocked sentiment, and equity markets had fallen sharply through the end of 2018, which also sapped confidence. However, the newsflow has progressively improved in recent weeks with the Atlanta Federal Reserve's GDPNow model - based on data already released - suggests the economy may have expanded by as much as 2.4% annualised, which is an acceleration from the 2.2% rate seen in 4Q18. Trade should make a positive contribution, while consumer spending and investment should have held up. Inventories are likely to be a modest drag, but we think the market is being a little too pessimistic in predicting an expansion of 1.8%. We're looking for 2.1% growth.

## ✓ May-Corbyn Brexit talks back in focus as parliament returns from recess

By all accounts, the cross-party talks between UK prime minister Theresa May and leader of the opposition Labour party, Jeremy Corbyn, are not really going anywhere. These talks are designed to find an acceptable way forward on Brexit, but while the independent position of the two leaders might not actually be too different from one another, the stance of their respective parties remains poles apart.

At some point, we expect these talks to end without success, which could then trigger either another round of indicative votes on different Brexit options or perhaps even another vote on a version of PM May's deal. Either way, it's not clear that either process would end in a clear majority for a certain Brexit path, and [we think there is a serious risk that no major breakthrough is made](#) within parliament before the new October deadline.

## ✓ German Ifo to improve (slightly)

Against the backdrop of the Brexit 'flex-tension' and positive signals from China and trade, the German Ifo index, due next Wednesday should see a marginal improvement.

## ✓ Riksbank likely to stay cautious

We expect the Swedish central bank to retain its dovish policy stance next week. Following a string of weak inflation figures and a generally downbeat outlook for both the domestic Swedish economy and key trading partners, the Riksbank will most likely revise its forecast for interest rates down slightly, to indicate the next hike will most likely come in 4Q19. We also believe the Riksbank will announce continued re-investment of its QE portfolio, which means it will keep buying a small number of Swedish government bonds each month until December 2020 (when around SEK 70billion of Riksbank-held bonds mature).

## ✓ Bank of Canada likely to (further) enter dovish territory

The outlook for the Canadian economy in recent months' has been fairly poor. The strength of the labour market has been one of the only silver linings for the economy but inevitably has had difficulty to translate into much bullish appetite given recent disappointing data including the energy sector struggles and the persistent weak tone surrounding the housing market.

Regardless of whether the robustness of the labour market holds up, we reckon global trade uncertainty, the sub-par outlook for oil-producing firms and household activity doubts will steal the show and keep the Bank of Canada firmly in wait-and-see mode.

The central bank will also release an updated Monetary Policy Report - the key thing to see here is if the view has changed much since the start of the year. After January's sizeable change to the inflation outlook for 2019 (2.0% YoY to 1.7% YoY), we don't expect any significant downward forecast revisions. Nevertheless, we anticipate BoC's tone will stay (or if anything further deepen) into the dovish territory - especially in light of the Federal Reserve firmly ruling out any rate hikes this year.

It wouldn't be a surprise if the BoC followed suit and explicitly said its pause will too be prolonged further.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 22 April</b>					
US	1500	Mar Existing Home Sales	5.3	5.3	5.5
<b>Tuesday 23 April</b>					
Eurozone	1500	Apr A Consumer Confidence	-	-6.9	-7.2
<b>Wednesday 24 April</b>					
Japan	0530	Feb All Industry Activity Index (MoM%)	0.0	-	-0.2
	0600	Feb F Leading Economic Index	-	-	97.4
Eurozone	0900	ECB Publishes Economic Bulletin			
Germany	0900	Apr IFO Business Climate	99.9	-	99.6
	0900	Apr IFO Expectations	96.5	-	95.6
	0900	Apr IFO Current Assessment	104.0	-	103.8
UK	-	Parliament Returns for Easter Recess			
	0930	Mar Public Finances (PSNCR)	-	-	0.6
	0930	Mar PSNB ex. Banks (£bn)	-	-	0.2
Canada	1500	Bank of Canada Policy Rate	1.75	1.75	1.75
Australia	0230	1Q CPI (QoQ/YoY%)	-/-	-/-	0.5/1.8
Portugal	1000	Portuguese Parliament Debates Stability Program			
<b>Thursday 25 April</b>					
US	1330	Mar P Durable Goods Orders (MoM%)	0.8	0.5	-1.6
	1330	Mar P Durable Goods Orders ex. Transport (MoM%)	0.4	0.4	-0.1
Japan	-	Policy Rate	-0.1	-	-0.1
	-	Apr BoJ 10-year Yield Target (%)	-	-	0.0
	-	BoJ Outlook Report			
Sweden	0800	Apr Economic Tendency Indicator	101.0	-	101.7
	0830	Riksbank Interest Rate	-0.25	-	-0.25
<b>Friday 26 April</b>					
US	1330	1Q A GDP (QoQ Annualised %)	2.1	1.8	2.2
	1500	Apr F U. of Mich. Sentiment Index	97.0	-	96.9
Japan	0050	Mar P Retail Trade (YoY%)	2.0	-	0.4
Australia	0230	1Q PPI (Q) (QoQ/YoY%)	-/-	-/-	0.5/2.0
Norway	0900	Norway Opinion Consumer Confidence			
Sweden	0830	Mar Retail sales ex. Fuel (MoM/YoY%)	-/-	-/-	0.2/3.0
Portugal	-	Portugal Releases Year-to-Date Budget Report			

Source: ING, Bloomberg

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