

## Key events in developed markets next week

In the US, Federal Reserve Chairman Jerome Powell's testimony to Congress will be a key focus to see how monetary policy is set to develop. Across the pond, the UK's roadmap out of lockdown will be unveiled on Monday



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### US: All eyes on Chairman Powell's testimony

The undoubted highlight next week will be Powell's testimony to Congress. This is a big one as it is tied to the publication of the Federal Reserve's semi-annual monetary policy report so there should in theory be substantive guidance on how the Fed is seeing the path of monetary policy developing. The recent blowout retail sales and industrial production reports, progress on President Biden's \$1.9tn stimulus plan, clear positive momentum in the vaccine programme and a growing sense that inflation is about to pick up meaningfully mean it will be a tricky path for Powell to tread. It will be difficult to argue that the economy remains weak and risks are skewed to the downside, but he won't want to sound too upbeat either as that could trigger further sharp moves higher in Treasury yields, which could impede the recovery and result in broader market volatility. Consequently, we look for a cautiously positive tone, which also emphasises risks in terms of potential vaccine rollout issues and the potential threat from virus mutations. He will likely look to dampen talk of a QE tapering anytime soon and we suspect that if the testimony passes without significant market reaction he and his Fed colleagues will view that as a

“successful” outcome.

In terms of data there are GDP revisions, consumer confidence and the Fed's favoured measure of inflation, the core personal consumer expenditure deflator. Given the huge retail sales figure, the consumer spending numbers will be fantastic, although not as strong given services are included – retail sales account for a little over 40% of personal consumption. Confidence may dip a little given January was likely buoyed by the \$600 stimulus payment. GDP could be revised a touch higher, but it will be marginal at best.

## UK: Reopening in focus; unemployment set to rise

UK Prime Minister Boris Johnson will unveil the roadmap for reopening the economy on Monday, and caution is likely to be the name of the game. The good news is the vaccination programme continues apace, and all priority groups are likely to have had their first dose by Easter. But unless capacity increases considerably (which is possible), it will be another few months before all adults have been partially vaccinated given the switch towards giving second doses from April. In the meantime, the government will be wary about keeping community transmission down, out of concern for the new, more vaccine-resistant strains. Aside from schools, most of the reopening is likely to be concentrated in April and May, and even then there are likely to be some ongoing distancing measures to keep transmission down (the hope is the vaccine will increasingly do some of the work here).

Separately we'll also get the UK jobs report, which is likely to show that the unemployment rate has stabilised since the furlough scheme was fully extended back in November. However, a further rise in the jobless rate is inevitable when support is unwound (a further extension to the summer seems likely), although the hope is that returning demand for services later in the year will help drive up employment again in the hardest-hit consumer service sectors. Nevertheless we expect the unemployment rate to stay above pre-virus levels for the foreseeable future, and this will be a factor limiting the return of the overall economy to its early-2020 size before mid/late 2022.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 22 February</b>					
Germany	0900	Feb Ifo Business Climate New	89.7		90.1
	0900	Feb Ifo Curr Conditions New	88.2		89.2
	0900	Feb Ifo Expectations New	91.5		91.1
Norway	0700	Dec Labour Force Survey	-		5.0
<b>Tuesday 23 February</b>					
US	1400	Dec CaseShiller 20 (MoM/YoY%)	-/-		1.4/9.1
	1500	Feb Consumer Confidence	88.5	89.6	89.3
UK	0700	Dec ILO Unemployment Rate	5.1		5.0
	0700	Dec Employment Change	-45.0		-88.0
Italy	0900	Dec Industrial Orders (MoM/YoY%)	-		-1.3/5.3
	0900	Dec Industrial Sales (MoM/YoY%)	-		-2.0/-4.6
Sweden	0830	Jan Unemployment Rate	-		8.2
<b>Wednesday 24 February</b>					
US	1500	Jan New Home Sales-Units (mln)	0.82	0.86	0.84
Germany	0700	Q4 GDP Detailed (QoQ%/YoY%)	1.0/-2.9		0.1/-2.9
<b>Thursday 25 February</b>					
US	1330	Jan Durable Goods	-	1.4	0.5
	1330	Q4 GDP 2nd Estimate	4.2	4.3	4.0
	1330	Q4 GDP Deflator Prelim	0.2/1.4		1.9
Japan	2330	Feb CPI, Overall Tokyo	-		-0.5
	2350	Jan Industrial O/P Prelim (MoM/YoY%)	-/-		-1.0/-0.3
Germany	0700	Mar GfK Consumer Sentiment	-16.0		-15.6
France	0745	Feb Consumer Confidence	-		92.0
Italy	0900	Feb Consumer Confidence	-		100.7
New Zealand	2145	Jan Imports	-		5.3
	2145	Jan Trade Balance	-		17.0
	2145	Jan Exports	-		5.4
Eurozone	1000	Jan Money-M3 Annual Grwth	11.9	11.9	12.3
	1000	Jan Broad Money	-	1.46284E+13	14521679
	1000	Feb Economic Sentiment	-	91.8	91.5
	1000	Feb Consumer Confidence Final	-	-15	
<b>Friday 26 February</b>					
US	1330	Jan Personal Income (MoM%)	9.0	8.0	0.6
	1330	Jan Personal Consump Real (MoM%)	3.1		-0.6
	1330	Jan Consumption, Adjusted (MoM%)	-	0.5	-0.2
	1500	Feb U Mich Sentiment Final	-		76.2
Japan	-	Jan Housing Starts (YoY%)	-		-9.0
France	0745	Jan Consumer Spending (MoM%)	-		23.0
	0745	Q4 GDP (QoQ/YoY%)	-/-		-1.3/-5.0
	0745	Feb CPI (EU Norm) Prelim (MoM/YoY%)	-		
Spain	0800	Feb CPI (MoM/YoY%) Flash NSA	-		0.0/0.5
Canada	1330	Jan Producer Prices (MoM/YoY%)	-/-		1.5/1.8
Australia	0030	Jan Broad Money	-		2441.47
	0030	Jan Private Sector Credit	-		0.3
	0030	Jan Housing Credit	-		0.4
Sweden	0830	Q4 GDP Final (QoQ/YoY%)	0.5/-2.6		0.5/-2.6
	0830	Jan Retail Sales (MoM/YoY%)	-/-		-4.9/-0.6
	0830	Jan Trade Balance	-		2.7
Portugal	0930	Feb CPI Flash (MoM/YoY%)	-/-		-0.3/0.3
	0930	Q4 GDP (QoQ/YoY%)	-/-		

Source: ING, Refinitiv

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