

## Key events in developed markets next week

Macro momentum is to keep the Fed on track, the next ECB meeting is to be heated and pressures on NAFTA could mean a deal is signed by early May. All in all a busy week ahead for developed markets



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### Macro momentum keeps Fed on track

In the US the main data release to watch will be the 1Q GDP report. It is likely to be softer than the 2.9% rate recorded in 4Q17, mainly due to a weaker consumer spending contribution. We have seen retail sales being hit by weather and tax refund delays, but the retail sales figures for March and the strong consumer confidence readings suggest there is decent momentum as we start 2Q18. Government spending is also likely to correct lower and investment may also be a little softer. However, we expect the net trade contribution to be more positive in 1Q and inventories should also provide a boost.

We are a little above market, forecasting overall growth of 2.5% versus the consensus forecast of 2.1%. Interestingly various regional Federal Reserve Bank “Nowcast” models suggest anything between 2% and 3.4% growth. Either way, the US continues to grow nicely, create jobs in significant numbers and is seeing inflation moving towards target. As such we continue to forecast three additional Fed rate hikes this year.

## ✔ Expect a heated ECB meeting but without any clear conclusions

The ECB will meet in Frankfurt next week and discussions behind closed doors on how to bring QE to an end should be heated, though without any clear conclusions. The big showdown will be the June meeting. Still, we will watch out for any signs between the lines by Draghi.

Additionally important for the ECB will be whether activity and sentiment continue to slide in the second quarter as survey data for 1Q was quite disappointing. The PMI on Monday will provide an insight into that.

## ✔ Expect UK GDP to cool as freezing temperatures bite

The UK economy hasn't had the best start to the year, and that's likely to result in a slower first quarter GDP growth figure next week. Several waves of snowy weather undoubtedly played a part, resulting in disruption to both industry and retailers. But that doesn't tell the full story. Consumer demand has remained stubbornly low, with some data pointing to the worst quarter in over five years for spending. This looks set to persist for a little while longer, which is one reason why the Bank of England may struggle to hike rates more than once this year.

## ✔ Will a NAFTA deal be reached in the next couple of weeks?

Pressures for a new NAFTA deal are mounting with upcoming elections, the expiration of the US Trade Promotion Authority, the ending of the reprieve given to Canada on US-tariffs and the possibility of a US-China trade war drawing near.

However, although recent noises about NAFTA have been positive, with talks of a deal being signed by early May, there are still controversial issues that need tackling including government procurement, dispute panels, agricultural laws and the 'sunset clause'. We are therefore expecting a busy couple of weeks talks-wise with these being the hot topics to be discussed.

## ✔ The Ifo index to echo recent weak German data

In Germany, the Ifo index should echo recent weak data. However, watch out. Due to technical changes of the index, at face value the drop could look worse than it actually is.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 20 April</b>					
US	1440	Fed's Evans Speaks on the Economy and Monetary Policy			
Japan	0530	Feb Tertiary industry index (MoM%)	-	0	-0.6
	0120	Bank of Japan announce the outright purchase no. of Japanese securities			
Eurozone	1500	Apr A Consumer Confidence	-0.1	-0.1	0.1
UK	1030	BOE's Saunders speaks in Glasgow.			
Canada	1330	Mar CPI (MoM/YoY%)	-/-	0.4/2.4	0.6/2.2
Sweden	1600	Riksbank's Ingves Gives Speech in Washington			
	-	Riksbank's Ingves, Jansson at IMF, World Bank Spring Meetings			
<b>Monday 23 April</b>					
US	1500	Mar Existing Home Sales	5.6	5.56	5.54
Eurozone	0900	Apr P Markit Manufacturing PMI	56.2	-	56.6
	0900	Apr P Markit Services PMI	54.7	-	54.9
	0900	Apr P Markit Composite PMI	54.8	-	55.2
Canada	2030	Bank of Canada's Poloz and Wilkins testify at House Committee			
Australia	2300	RBA's Kent Gives Speech in Sydney			
<b>Tuesday 24 April</b>					
US	1500	Apr Consumer Confidence	125	126.25	127.7
Japan	0600	Feb F Leading economic index	-	-	105.8
	2350	Mar PPI Services (YoY%)	0.5	-	0.6
Eurozone	1030	ECB's Villeroy Speaks in London			
Germany	0900	Apr IFO Business Climate	101.8	-	103.2
	0900	Apr IFO Expectations	99.6	-	100.1
	0900	Apr IFO Current Assessment	104.3	-	106.5
UK	0930	Mar Public Finances (PSNCR)	-	-	18.629
	0930	Mar PSNB ex Banks (£bn)	-	-	1.34
Australia	0230	1Q CPI (QoQ/YoY%)	0.6/2.0	0.5/1.9	0.6/1.9
Sweden	0830	Mar Unemployment Rate (%)	-	-	6.3
	0700	Swedish FSA Head Thedeem gives speech			
Portugal	-	Bank of Portugal Releases Bank Lending Survey			
<b>Wednesday 25 April</b>					
Japan	0530	Feb All industry activity index (MoM%)	0.7	-	-1.8
	0050	Mar PPI Services (YoY%)	0.5	-	0.6
France	1100	French Labor Ministry releases the 1Q 2018 Jobseekers report			
<b>Thursday 26 April</b>					
US	1330	Mar P Durable Goods Orders (MoM%)	0.2	0.9	3
	1330	Mar P Durable Goods Orders (ex. Trans, MoM%)	0.3	0.4	1
Eurozone	1245	ECB Main Refinancing Rate	0	-	0
	1245	ECB Marginal Lending Facility	0.25	-	0.25
	1245	ECB Deposit Facility Rate	-0.4	-	-0.4
Norway	0700	Feb Unemployment rate AKU (%)	-	-	4
Sweden	0830	Riksbank Interest Rate	-0.5	-	-0.5
	0800	Economic Tendency Survey	-	-	108.4
Portugal	-	Portugal Releases Year-to-Date Budget Report			
<b>Friday 27 April</b>					
US	1330	1Q A GDP (QoQ Annualised %)	2.5	2.2	2.9
	1500	Apr F U. of Mich. Sentiment Index	98	98	97.8
Japan	0050	Mar Retail trade (YoY%)	-0.1/0.5	-0.1/1.5	0.5/1.7
	0050	Mar Industrial production - Prel (MoM/YoY%)	15.3/3.3	-/-	0.0/1.6
	-	Apr 27 BoJ 10-year yield target (%)	0	-	0
	-	Policy Rate	-0.1	-	-0.1
Germany	0855	Apr Unemployment Change (000's)	-	-	-19
	0855	Apr Unemployment Rate (%)	5.3	-	5.3
UK	0930	1Q A GDP (QoQ/YoY%)	0.3/1.4	-/-	0.4/1.4
Spain	0800	Apr P HICP (MoM/YoY%)	-/-	-/-	1.2/1.3
Australia	0230	1Q PPI (Q) (QoQ%)	0.5/2.4	-	0.6/1.7
Sweden	0700	Riksbank's Skingsley in Panel Debate on E-krona			
Switzerland	0630	Swiss National Bank Releases 1Q 2018 Currency Allocation			
	0900	SNB's Jordan, Studer Speak at Central Bank's AGM in Bern			
Portugal	0930	Portugal Releases Consumer, Business Confidence Report			

Source: ING, Bloomberg

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