

Key events in developed markets next week

The advance release of 2Q18 GDP will be the big release from the US next week while German PMIs and Ifo might shed some light on the possible confidence impact from latest trade tensions. The ECB meeting should almost be a non-event except for the central bank's economic outlook



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What trade worries?

The big release from the US next week will be the advance release of 2Q18 GDP. Based on high-frequency data, we think we could see growth rebound to an annualised rate of 4% after a weather-depressed 2% figure for 1Q18. This would be the strongest rate of growth since the third quarter of 2014.

Consumer spending should rebound sharply, while business surveys suggest that investment growth remains strong despite intensifying trade war worries. We also look for inventory building to make a positive contribution to overall GDP growth.

This outcome, coupled with strong jobs growth data and positive sentiment surveys, offers support to our view that the US can grow 3% this year as a whole. With headline inflation close to 3% and the Federal Reserve continuing to talk of “gradual” policy tightening we look for a rate hike in 3Q

and another in 4Q with two more likely in 2019. Nonetheless, this is contingent on trade fears gradually easing after the mid-term elections in November 2018. If they don't, then escalating tensions could have ramifications for capex and hiring in the US, which may lead the Fed to take a more cautious approach to policy tightening.

The ECB could be in a predicament in light of next week's sentiment indicators

Next week's PMIs and the German Ifo should shed some light on the possible confidence impact from latest trade tensions. Up till now, hard economic data has been close to zero, but a negative sentiment loop cannot be excluded.

A renewed weakening of sentiment indicators at a time of stabilising and positively surprising hard data out of the Eurozone would also bring the ECB new headaches. Except for the ECB's take on the economic outlook, next week's ECB meeting should almost be a non-event.

ECB president Mario Draghi will probably try to downplay recent market talks about operation twist or first rate hikes in summer 2019, stressing that a non-active summer of 2019 is possible.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 20 July					
US	1300	Fed's Bullard Speaks on Economy and Monetary Policy			
Japan	0030	Jun National CPI (YoY%)	-	0.8	0.7
	0030	Jun CPI ex-food, energy (YoY%)	-	0.4	0.3
	0530	May All Industry Activity Index (MoM%)	-	0	1
UK	0930	Jun Public Finances (PSNCR)	-	-	4.51
	0930	Jun PSNB ex Banks (£bn)	-	5	4.97
Canada	1330	Jun CPI (MoM/YoY%)	-/-	0/2.3	0.1/2.2
Greece	-	Greece Sovereign Debt to be Rated by S&P			
Austria	-	Austria Sovereign Debt to be Rated by Fitch			
Monday 23 July					
US	1500	Jun Existing Home Sales	5.50	5.46	5.43
Eurozone	1500	Jul A Consumer Confidence	-0.5	-	-0.5
UK	1800	BOE's Broadbent Speaks in London			
Tuesday 24 July					
Japan	0600	May F Leading Economic Index	-	-	106.9
Eurozone	0900	Jul P Markit Manufacturing PMI	54.7	-	54.9
	0900	Jul P Markit Services PMI	55.4	-	55.2
	0900	Jul P Markit Composite PMI	54.9	-	54.9
Portugal	-	Bank of Portugal Releases Bank Lending Survey			
Wednesday 25 July					
Eurozone	0900	Jun M3 Money Supply (YoY%)	-	-	4
Germany	0900	Jul IFO Business Climate	102	-	101.8
	0900	Jul IFO Expectations	98.8	-	98.6
	0900	Jul IFO Current Assessment	105.3	-	105.1
Australia	0230	2Q CPI (QoQ/YoY%)	-/-	-/-	0.4/1.9
Thursday 26 July					
US	1330	Jun P Durable Goods Orders (MoM%)	3.0	2.7	-0.4
	1330	Jun P Durable Goods Orders (ex. transport, MoM%)	0.4	0.3	0
Eurozone	1245	ECB Main Refinancing Rate	-	-	0
	1245	ECB Marginal Lending Facility	-	-	0.25
	1245	ECB Deposit Facility Rate	-	-	-0.4
Sweden	0830	Jun Unemployment Rate (%)	-	-	6.5
Portugal	-	Portugal Releases Year-to-Date Budget Report			
Friday 27 July					
US	1330	2Q A GDP (QoQ Annualised %)	4.0	4.0	2.0
	1330	Revisions: GDP	-	-	-
	1500	Jul F U. of Mich. Sentiment Index	97.5	97.3	97.1
Japan	0030	Tokyo July CPI			
Australia	0230	2Q PPI (Q) (QoQ/YoY%)	-/-	-/-	0.5/1.7
Sweden	-	Sweden Sovereign Debt to be Rated by Fitch			
Netherlands	-	Netherlands Sovereign Debt to Be Rated by Moody's			

Source: ING, Bloomberg

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