

Key events in developed markets next week

The Fed's Jackson Hole conference is the key event next week. In the UK, expect PMI data to show strong progress despite Covid-19 spread



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US: Further discussion on an early QE tapering at Jackson Hole

The key event will be the Federal Reserve's annual Jackson Hole Economic Symposium.

The headline discussion will be "Macroeconomic Policy in an Uneven Economy", but the main focus for markets will be the discussions surrounding what appears to be an impending tapering of the Fed's QE asset purchase program. The minutes to the July FOMC meeting weren't [especially clear](#), with lots of discussions over whether the threat of higher inflation should prompt an earlier tapering or whether the Delta variant of Covid-19 could "damp the recovery" and justify a delay to tapering. "Various participants" suggested a QE reduction would be warranted "in coming months", but "several" others suggested it may be more appropriate "early next year". As for the composition, "most... saw benefits" from reducing agency MBS and Treasuries proportionally to end simultaneously, but "several" saw the benefits of focusing on MBS first.

Recent comments (post-July's strong jobs number) from officials have been more openly backing the idea of an early and swift tapering program. Several Fed members have openly suggested that it could start in October and end in 2Q with the \$80bn monthly Treasury purchases and \$40bn

agency MBS being cut proportionally, so purchases end at the same point in time. Nonetheless, this is all going to be Covid-19 contingent with the Reserve Bank of New Zealand's decisions to defer hiking rates until there is more clarity - a likely blueprint for the Fed. The resurgence of Covid-19 is tentatively showing signs of slowing with case numbers in some of the hotspots, such as Missouri, Arkansas and Texas topping out, but Florida remains a major concern. We remain hopeful that any slowdown in activity this has generated will be temporary, and encouraging comments from the Jackson Hole conference will reinforce expectations that policy normalisation is on its way at some point later this year.

The data highlights will be durable goods orders and housing data, and the personal income and spending reports with 2Q GDP revisions likely to show little change. Durable goods orders will be depressed by a plunge in Boeing aircraft orders after a blowout in June (June saw 219 new aircraft orders, but this fell to 31 in July). Outside of this, the ISM report still points to decent gains.

Housing numbers are likely to remain under pressure as a 17%YoY price increase hurts affordability and weighs on potential buyer traffic and mortgage applications. Personal income should rise as employment and wage gains are more broadly felt, which will help to support overall spending. Retail sales did fall, but we expect to see spending on services, such as entertainment, leisure, and travel more than offset that.

UK: PMIs to remain solid, despite Covid-19 spread

We expect a modest increase in the UK PMIs next week, though the services and manufacturing indices are likely to remain below their recent high in May.

For the former, high rates of worker self-isolation have caused a real headache over the past month, amplifying staff shortages in the likes of hospitality. It'll be interesting to see if the PMI press release confirms anecdotal stories about firms having to raise pay to recruit workers - though if this is the case, we expect it to prove temporary. And like everywhere else, the manufacturing side is constrained by supply disruption, which shows little sign of abating.

All in all, it's another sign that the recovery has paused over the summer but hasn't actively gone into reverse so far.

Developed Markets Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|----------------------------|------|------------------------------------|------|--------|----------|
| Monday 23 August | | | | | |
| US | 1445 | Aug Markit Composite Flash PMI | 58.2 | | 59.9 |
| | 1445 | Aug Markit Manufacturing PMI Flash | 61.4 | | 63.4 |
| | 1445 | Aug Markit Services PMI Flash | 58.2 | | 59.9 |
| | 1500 | Jul existing home sales (mn) | 5.78 | 5.84 | 5.86 |
| Germany | 0830 | Aug Markit Manufacturing Flash PMI | - | | 65.9 |
| | 0830 | Aug Markit Service Flash PMI | - | | 61.8 |
| | 0830 | Aug Markit Composite Flash PMI | - | | 62.4 |
| France | 0815 | Aug Markit Manufacturing Flash PMI | - | | 58.0 |
| | 0815 | Aug Markit Services Flash PMI | - | | 56.8 |
| | 0815 | Aug Markit Composite Flash PMI | - | | 56.6 |
| UK | 0930 | Aug Flash Composite PMI | 60.6 | | 59.2 |
| | 0930 | Aug Flash Manufacturing PMI | 61 | | 60.4 |
| | 0930 | Aug Flash Services PMI | 60.5 | | 59.6 |
| Eurozone | 0900 | Aug Markit Manufacturing Flash PMI | - | | 62.8 |
| | 0900 | Aug Markit Services Flash PMI | - | | 59.8 |
| | 0900 | Aug Markit Composite Flash PMI | - | | 60.2 |
| | 1500 | Aug Consumer Confidence Flash | - | | -4.4 |
| Tuesday 24 August | | | | | |
| US | 1500 | Jul New Home Sales-Units (000s) | 665 | 700 | 676.0 |
| Germany | 0700 | Q2 GDP Detailed (QoQ%/YoY%) | -/- | | 1.5/9.6 |
| Wednesday 25 August | | | | | |
| US | 1330 | Jul Durable Goods | -0.2 | -0.1 | 0.9 |
| Germany | 0900 | Aug Ifo Business Climate | - | 100.3 | 100.8 |
| | 0900 | Aug Ifo Curr Conditions | - | | 100.4 |
| | 0900 | Aug Ifo Expectations | - | | 101.2 |
| Thursday 26 August | | | | | |
| US | 1330 | Q2 GDP 2nd Estimate (QoQ% ann) | 6.6 | 6.6 | 6.5 |
| | 1330 | Q2 GDP Deflator Prelim | 6 | | 6 |
| | 1330 | Q2 Core PCE Prices Prelim | 6.1 | | 6.1 |
| | 1330 | Initial Jobless Clm | 350 | | 348 |
| | 1330 | Cont Jobless Clm | 2810 | | 2820 |
| | | - Fed Jackson Hole Conference | - | | - |
| Germany | 0700 | Sep GfK Consumer Sentiment | - | | -0.3 |
| Sweden | 0830 | Jul Unemployment Rate | - | | 10.3 |
| Eurozone | 0900 | Jul Money-M3 Annual Grwth | - | 8.1 | 8.3 |
| | 0900 | Jul Broad Money | - | | 14950623 |
| Friday 27 August | | | | | |
| US | 1330 | Jul Personal Income (MoM%) | 0.1 | 0.1 | 0.1 |
| | 1330 | Jul Personal Consump Real (MoM%) | 0 | | 0.5 |
| | 1330 | Jul Consumption, Adjusted (MoM%) | 0.4 | 0.4 | 1.0 |
| | 1330 | Jul Core PCE Price Index (MoM%) | 0.3 | 0.3 | 0.4 |
| | 1500 | Aug U Mich Sentiment Final | 71.5 | 71 | 70.2 |
| France | 0745 | Aug Consumer Confidence | - | | 101.0 |
| Italy | 0900 | Aug Consumer Confidence | - | | 116.6 |
| Sweden | 0830 | Q2 GDP Final (QoQ%) | 0.9 | | 0.8 |
| | 0830 | Jul Retail Sales (MoM%/YoY%) | -/- | | -0.3/8.5 |
| | 0830 | Jul Trade Balance | - | | 10.3 |
| Austria | 0900 | Aug Purchasing Managers Idx | - | | 63.9 |

Source: Refinitiv, ING, *GMT

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