

Key events in developed markets next week

The theme for 2019 will be the year of moderate economic slowdowns. We see this particularly in the US, where higher interest rates, fading fiscal stimulus and a stronger dollar will all act as a brake on growth



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US: A change of tune

2018 was a great year for the US economy with strong growth, a robust jobs market and a pick-up in wages. However, 2019 faces more headwinds as the lagged effects of rising interest rates and the stronger dollar act as a break. The support from 2018's fiscal stimulus will also fade while concerns about global growth amidst intensifying trade protectionism will also weigh on activity.

Nonetheless, there is still decent momentum in the economy, which will be underlined by decent data in the first week of January. The release of the December jobs report is likely to see slightly slower job creation, but this is down to firms struggling to find suitable workers rather than a downturn in demand for labour. As a result, the price of labour will continue to inch upwards, with wage growth likely to rise quite nicely. At the same time, business and consumer surveys are likely to remain healthy, although could dip modestly this month given recent equity market weakness.

With inflation grinding higher due to shrinking spare capacity in the economy, we believe the

Federal Reserve will continue to raise rates in 2019, although the pace will slow from the four 25bp hikes seen in 2018. We, like the Federal Reserve, think we are more likely to see just two hikes in 2019.

Canada: Medium-term growth and labour demand dampened by energy sector

Canada's unemployment rate should edge up slightly in December to 5.7%, but although this depicts a relatively healthy labour market, wage growth could soften the figure (again) if we see another deceleration.

Our medium-term growth outlook, and thus demand for labour, has been dampened slightly by Canada's energy sector. Transportation constraints and inventory build-ups have triggered cutbacks in production. The central bank pointed out that the sector will be "materially weaker than expected" in their December press release.

Employment should be supported by the new non-medicinal cannabis market, legalised mid-October. The scope for growth is large and in turn so are hiring prospects - November saw an annual increase of 266% in cannabis-related jobs. This should help keep the unemployment rate relatively low.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 24 December					
Netherlands	0530	3Q F GDP (QoQ%)	0.2	-	0.2
Tuesday 25 December					
Japan	0500	Oct F Leading Economic Index	-	-	100.5
	2350	Nov PPI Services (YoY%)	1.2	-	1.3
	2350	BoJ Minutes of Policy Meeting			
Wednesday 26 December					
Japan	0400	BoJ Kuroda Speaks in Keidanren			
Thursday 27 December					
US	1500	Dec Consumer Confidence	132.0	133.8	135.7
Japan	2330	Nov Unemployment Rate	2.3	-	2.4
	2350	Nov P Industrial Production - Prel (MoM/YoY%)	-/-	-/-	2.9/4.2
	2350	Nov Retail Trade (MoM%, SA)	3.1	-	1.3
	2350	BoJ Summary of Opinions			
Eurozone	0900	ECB Publishes Economic Bulletin			
Portugal	-	Portugal Releases Year-to-Date Budget Report			
Friday 28 December					
Germany	1300	Dec P CPI (MoM/YoY%)	-/-	-/-	0.1/2.3
Italy	-	Bank of Italy to Release 3Q Credit Conditions and Risk			
Spain	0800	Dec P HICP (MoM/YoY%)	-/-	-/-	-0.2/1.7
Norway	0700	Nov Retail Sales Ex. Motor Vehicles (MoM%, SA)	-	-	-0.2
Portugal	1100	Portugal Reports Industrial Production Index			
Monday 31 December					
Portugal	0930	Portugal Releases Consumer Price Index Estimate			
	1100	Portugal Releases Retail Sales, Employment Report			
Wednesday 2 January					
Eurozone	0900	Dec F Market Manufacturing PMI	-	-	51.4
UK	0930	Dec Market/CIPS Manufacturing PMI	53.0	-	53.1
Norway	0800	Dec DNB/NIMA Manufacturing PMI	55.5	-	56.1
Sweden	0730	Dec Swedbank/Silf Manufacturing PMI	55.0	-	56.7
Thursday 3 January					
US	1315	Dec ADP Employment Change ('000's)	160.0	175.0	178.9
	1500	Dec ISM Manufacturing	58.5	58.4	59.3
Eurozone	0900	Nov M3 Money Supply (YoY%)	-	-	3.9
Norway	0700	Oct Unemployment Rate AKU	-	-	4.0
Sweden	0830	Nov Household Lending (YoY%)	-	-	5.8
Portugal	0930	Portugal Releases Consumer, Business Confidence Report			
Friday 4 January					
US	1330	Dec Change in Nonfarm Payrolls ('000s)	165.0	183.0	155.0
	1330	Dec Unemployment Rate (%)	3.7	3.7	3.7
	1330	Dec Average Hourly Earnings (MoM/YoY%)	0.4/3.1	0.3/-	0.2/3.1
	1330	Dec Participation Rate	62.9	-	62.9
	1515	Fed Chair Powell, Bernanke and Yellen Interviewed at AEA			
	1515	Fed's Bostic Speaks at AEA			
Eurozone	0900	Dec F Market Services PMI	-	-	51.4
	0900	Dec F Market Composite PMI	-	-	51.3
	1000	Dec A Core CPI (YoY%)	-	-	1.0
	1000	Dec Flash CPI (YoY%)	-	-	2.0
Germany	0855	Dec Unemployment Change ('000's)	-	-	-16.0
	0855	Dec Unemployment Rate (%)	-	-	5.0
UK	0930	Dec Market/CIPS Services PMI	51.0	-	50.4
	0930	Dec Market/CIPS Composite PMI	51.2	-	50.7
Italy	1000	Dec P HICP (YoY%)	-	-	1.6
Canada	1330	Dec Net Change in Employment	-	-	94.1
	1330	Dec Unemployment Rate (%)	5.7	-	5.6
Norway	0700	Nov Credit Indicator (YoY%)	-	-	5.7
Sweden	0730	Dec Swedbank/Silf Services PMI	-	-	62.2

Source: ING, Bloomberg

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