

## Key events in developed markets next week

Will UK MPs finally be happy with May's Brexit negotiations? Unlikely, but we're keeping a close eye out for the Cooper-Boles amendment in case it re-emerges as an alternative. Aside from Brexit, we turn towards the Eurozone's labour market data to see if it has sustained its recent strength



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### Eurozone: Labour market, still strong?

After slightly better survey data from the Eurozone – although manufacturing PMI did dip below 50, which is yet another growth warning sign, this week will be about inflation and unemployment. With higher oil prices, the question is whether inflation will continue its decline or whether it stabilises around current readings of 1.4%.

Also, we turn towards the question of whether the labour market continued to improve at the start of the year despite the sluggish growth signals? As manufacturing continues to be weak, the strong labour market continues to be the driving force of the economy and therefore labour market data increases in importance.

## ✔ Possible Article 50 extension as Britain prepares for another Brexit vote?

Two weeks on from the last Brexit vote in mid-February, reports suggest little has changed. The UK has not secured the legal concessions it's after on the Irish backstop, so at the time of writing, it looks like there won't be a repeat 'meaningful vote' on May's deal next week.

Instead, the Prime Minister will update lawmakers on progress, which will be followed by a vote on Wednesday to determine whether MPs are happy with May's current negotiating strategy. The key thing to watch will be the so-called Cooper-Boles amendment, a measure designed to kick-start the process of extending the Article 50 negotiating period beyond 29 March. A similar proposal was rejected by MPs at the end of January, but only by a relatively slim margin. With lawmakers beginning to run out of patience, it has a better chance of succeeding this time and we think there is a fairly high chance now that the Brexit deadline will be pushed back. The question nobody really has the answer to is [how long might an extension last?](#)

## ✔ Sweden: Growth to remain weak

Next week's Swedish 4Q18 GDP data is likely to show a modest rebound from the surprise negative figure we saw in the third quarter, but the growth trajectory remains firmly on a downward trend. Forward-looking surveys from the NIER due on Wednesday and the manufacturing PMI due on Friday are likely to fall further as the economy slows down at the start of 2019. A combination of a housing slump (damaging domestic demand) and a worsening global environment (hitting exports) means Sweden looks likely to underperform peers in 2019.

Meanwhile, Norway's PMI survey is likely to come in stronger as the Norwegian economy remains robust, and the upswing in oil investment will at least partly offset the global slowdown.

## ✔ Canada 4Q18 GDP: It ain't pretty

The highlight next week will be Canada's growth results for the fourth quarter of 2018, and the news here isn't good. Low oil prices, weakness in the manufacturing sector and a housing market correction are likely to be some of the more significant factors that will drag on growth and contribute to our 1.4% QoQ (annualised) forecast - down from the 2% we saw back in the third quarter.

That said, this dip is largely anticipated, and we expect certain downside factors – such as low oil prices and poor manufacturing data, to dissipate in the medium-term. By no means will these suspected upsides avoid an economic slowdown this year, but they should help to keep the slowdown mild – not major.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 25 February</b>					
Japan	0500	Dec F Leading Economic Index	-	-	97.9
N Zealand	2330	RBNZ Deputy Governor Bascand Speaks on Bank Capital Review			
Sweden	1715	Riksbank's Ingves Speaks			
<b>Tuesday 26 February</b>					
US	1500	Feb Consumer Confidence	123.0	124.9	120.2
	1500	Fed Chair Powell Testifies Before Senate Banking Panel			
UK	1000	BOE's Carney, Ramsden, Vlieghe, Haskel at Parliament Committee			
Portugal	-	Portugal Releases Year-to-Date Budget Report			
<b>Wednesday 27 February</b>					
US	1500	Fed Chair Powell Delivers Semi-Annual Testimony to House Panel			
Japan	0130	BOJ Kataoka Speaks in Takamatsu			
	2350	Jan P Industrial Production - Prel (MoM/YoY%)	-9.1/-0.7	-/-	-0.1/-1.9
	2350	Jan Retail Trade (MoM, SA/YoY%)	-1.5	-/-	0.9/1.3
Eurozone	0900	Jan M3 Money Supply (YoY%)	3.8	-	4.1
	1000	Feb Economic Confidence	106.5	-	106.2
UK	-	Parliament Holds Vote on a Motion Related to Latest Brexit Progress			
Canada	1330	Jan CPI (MoM/YoY%)	0.3/1.6	0.2/1.5	-0.1/2.0
N Zealand	2100	N.Z. Government 7-Month Financial Statements			
Norway	0700	Jan Retail Sales Ex. Motor Vehicles, SA (MoM%)	-	-	-1.8
	0700	Dec Unemployment Rate AKU	-	-	3.8
Sweden	0800	Feb Economic Tendency Indicator	100.0	-	101.9
	0830	Jan Household Lending (YoY%)	-	-	5.5
<b>Thursday 28 February</b>					
US	1330	4Q A GDP (QoQ Annualised %)	2.6	2.6	3.4
	1300	Fed's Clarida Remarks at Economic Policy Conference			
	1350	Fed's Bostic Speaks on the Economic and Housing Landscape			
	1600	Fed's Harker Discusses Economic Outlook			
	1800	Fed's Kaplan Speaks in Q&A in San Antonio			
Japan	0130	BOJ Suzuki Speaks in Mito			
Germany	1300	Feb CPI (YoY%)	1.2	-	1.4
Spain	0800	Feb P HICP (MoM/YoY%)	-/-	-/-	-1.7/1.0
Norway	0700	Jan Credit Indicator (YoY%)	-	-	5.4
Sweden	0830	4Q GDP (QoQ%)	0.2	-	-0.2
	0830	Jan Retail Sales Ex. Fuel (MoM/YoY%)	-/-	-/-	-1.4/-1.1
Switzerland	0645	4Q GDP (QoQ/YoY%)	-/-	-/-	-0.2/2.4
<b>Friday 1 March</b>					
US	1330	Core PCE Inflation (YoY%)	1.9	1.9	1.9
	1500	Feb ISM Manufacturing	56.4	56.2	56.6
	1500	Feb F U. of Mich. Sentiment Index	95.5	-	95.5
	1750	Fed's Bostic Remarks at Economic Policy Conference			
Japan	0500	Feb Consumer Confidence Index	41.6	-	41.9
	0500	Jan Unemployment Rate (%)	2.4	-	2.4
Eurozone	1000	Jan Unemployment Rate (%)	7.8	-	7.9
	1000	Feb Flash CPI (YoY%)	1.4	-	1.4
	1000	Feb Flash Core CPI (YoY%)	1.1	-	1.1
Germany	0855	Feb Unemployment Change (000's)	-	-	-2.0
	0855	Feb Unemployment Rate (%)	5.0	-	5.0
UK	0930	Feb Markit/CIPS Manufacturing PMI	52.0	-	52.8
Canada	1330	4Q GDP (Annualised, QoQ%)	1.4	-	2.0
	1330	Dec GDP (MoM/YoY%)	0.1/1.6	-/-	-0.1/1.7
Norway	0800	Feb DNB/NIMA Manufacturing PMI	56.0	-	58.3
	0900	Feb Unemployment Rate	-	-	2.6
Sweden	0730	Feb Swedbank/SILF Manufacturing PMI	50.0	-	51.5

Source: ING, Bloomberg

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## Authors

### Bert Colijn

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

### James Smith

Developed Markets Economist, UK

[james.smith@ing.com](mailto:james.smith@ing.com)

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