

## Key events in developed markets next week

Central banks are turning more hawkish the world over, and next week's growth and inflation data across the developed world is only likely to embolden policymakers when it comes to rate hikes. That's even true in Sweden, where the usually-dovish Riksbank could use its meeting next week to lay the groundwork for a rate hike before the summer



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### **US first quarter GDP unlikely to knock the Fed off course for successive 50bp rate hikes**

The next Federal Reserve meeting is on 4 May and market expectations are firmly centred on a 50bp interest rate increase. St. Louis Fed President James Bullard has raised the possibility of a 75bp hike, but he is generally considered the most hawkish member of the FOMC and no other members have openly discussed this scenario. As such, we continue to look for 50bp moves in May, June and July before the Fed switches back to 25bp hikes thereafter given quantitative tightening will be up and running at full speed in late 3Q as the Fed seeks to shrink its \$9tn balance sheet quickly.

The coming data shouldn't impact this outlook meaningfully. 1Q GDP data is expected to show the

economy expanded at a 1-1.5% annualised rate, which would mark quite a deceleration from 4Q 2021's 6.9% rate, reflecting the Omicron wave of the pandemic that impacted people movement quite considerably. However, recent data has pointed to a renewed uptick in activity and we expect to see stronger GDP growth for the second quarter. Durable goods orders should also be healthy based on regional manufacturing data, the ISM report and higher Boeing aircraft orders. That said, we anticipate a bit more weakness in the housing data as surging mortgage rates take some of the steam out of the housing market.

### Eurozone inflation to top last month's 7.5% figure

The eurozone is anxiously awaiting the next inflation figure, which will no doubt be above 7% again. The question is mainly whether it is again higher than the 7.5% seen in March or whether the decline in oil and gas prices since early March has translated into a small drop in headline inflation. We expect the former to be the case, also because of second-round effects from energy prices on core inflation. On a more positive note, GDP growth for 1Q is also due out on Friday and is expected to have remained positive despite disruptions to production and high inflation.

### Riksbank to position for its first rate hike

There's been a huge seachange in rhetoric from Riksbank policymakers since the last meeting in February. Back then, policymakers were officially projecting no change in the repo rate before 2024. That thinking always looked unlikely to hold for long, and in fact a string of officials - including Governor Stefan Ingves - have effectively given the green light to multiple rate hikes this year in recent comments. There's an outside chance the first could come next week, though we think this meeting will be more about making the major forecast shifts required to lay the groundwork for higher rates - including a hefty upgrade to the inflation projections.

We had previously pencilled in the first hike for September, though it looks increasingly likely that this could come in June.

## Key events next week

Country	Time	Data/event	ING Survey		Prev.
<b>Monday 25 April</b>					
Germany	0900	Apr Ifo Business Climate	88.5		90.8
	0900	Apr Ifo Curr Conditions	95		97.0
	0900	Apr Ifo Expectations	83		85.1
<b>Tuesday 26 April</b>					
US	1330	Mar Durable Goods	1.5	1.0	-2.1
	1400	Feb CaseShiller 20 (MoM%/YoY%)	1.2/18.9		1.8/19.1
	1500	Apr Consumer Confidence	110	107.5	107.2
	1500	Mar New Home Sales-Units	0.72	0.78	0.77
<b>Wednesday 27 April</b>					
Germany	0700	May GfK Consumer Sentiment	-16		-15.5
Sweden	0700	Mar Unemployment Rate	-		7.9
<b>Thursday 28 April</b>					
US	1330	1Q GDP (QoQ% annualised)	1.3	1.0	6.9
	1330	Initial Jobless Claims (000s)	180		184
	1330	Cont Jobless Claims (000s)	1400		1417
Eurozone	1000	Apr Business Climate	2.0		1.7
	1000	Apr Economic Sentiment	109		108.5
Germany	1300	Apr CPI Prelim (MoM%/YoY%)	1.2/8.0		2.5/7.3
Spain	0800	Apr CPI Flash (MoM%/YoY%)	-		3.0/9.8
Sweden	0700	Q1 GDP (QoQ%/YoY%)	-/-		1.1/5.2
	0830	Riksbank Rate	0.0		0.0
Eurozone	1000	Apr Consumer Confidence Final	-		-16.9
<b>Friday 29 April</b>					
US	1330	Mar Personal Income (MoM%)	0.5	0.4	0.5
	1330	Mar Personal Consump Real (MoM%)	0.0	-	-0.4
	1330	Mar Consumption, Adjusted (MoM%)	0.8	0.6	0.2
	1330	Mar Core PCE Price Index (MoM%/YoY%)	0.3/5.3	0.3/5.3	0.4/5.4
	1445	Apr Chicago PMI	63.0	63.2	62.9
	1500	Apr U Mich Sentiment Final	66.0	65.7	65.7
Eurozone	0900	Mar M3 Money (YoY%)	6.2		6.3
	1000	Apr CPI Flash (YoY%)	7.7		7.5
	1000	Apr Core CPI Flash (YoY%)	3.1		2.9
	1000	Q1 GDP Flash Prelim (QoQ%/YoY%)	0.2/4.8		0.3/4.6
Germany	0800	Q1 GDP Flash (QoQ%/YoY%)	-0.1/3.0		-0.3/1.8
France	0630	Q1 GDP Flash (QoQ%/YoY%)	-/-		0.7/5.4
	0745	Apr CPI Flash (MoM%/YoY%)	-		1.6/5.1
Italy	0900	Q1 GDP Prelim (QoQ%/YoY%)	-/-		0.6/6.2
	1000	Apr CPI Prelim (MoM%/YoY%)	-/-		2.4/6.8
Canada	1330	Feb GDP (MoM%)	-		0.2
Portugal	0930	Apr CPI Flash (YoY%)	-		5.3

Source: Macrobond, ING

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