

Key events in developed markets next week

Data flow from the US is unlikely to change the Fed's lax attitude towards inflation which has shaken markets recently. Across the pond, Eurozone economic sentiment should continue to support current optimism



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US: Data flow to support the Fed's relaxed approach to inflation

Since the last Federal Reserve policy decision meeting, the data flow has pointed to ongoing strong economic activity, rising inflation pressures, and somewhat disappointing employment numbers. In general, Fed officials remain relaxed about the situation as they believe the recovery still has a long way to go and that by adopting an average inflation target, they have room to allow the economy to run hotter for longer than in previous cycles, ensuring as many people in society feel the benefits of economic growth. Nonetheless, should inflation become more of an issue, they “have the tools” to deal with the problem.

The upcoming data flow is unlikely to nudge the Fed away from this position. Durable goods orders may disappoint a touch given a big drag from the transportation sector thanks to weaker Boeing aircraft orders, coupled with supply chain strains in the auto sector that are cutting output there. Ex-transport should be better, but the global shortage of semi-conductor chips could remain a

hindrance. Home sales should also be somewhat subdued, but this is due primarily to a lack of supply and high prices rather than any significant drop off in demand.

The first-quarter GDP growth numbers could potentially be revised higher on the back of stronger consumer spending after upward revisions for March. 2Q will start on a strong footing, as underscored by next Friday's personal income and spending report. Admittedly headline incomes will plunge following the \$1400 stimulus payment surge in March, but incomes from private sector sources should post another decent gain, which will reinforce the message of a strengthening economy.

Eurozone: Economic sentiment data to reinforce optimism

We're looking forward to Economic Sentiment data to be released next Friday, which is likely going to confirm continued optimism among businesses and consumers as reopenings get underway and vaccination programs pick up speed. The strong surge in April reveals a somewhat limited upside considering historical highs, but real-time data already shows quite a surge in activity over recent months. That warrants improving sentiment, which will likely result in quite a positive GDP figure for the second quarter as the rebound gets going.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 24 May					
Tuesday 25 May					
US	1400	Mar CaseShiller 20 (MoM/YoY%)	1.5/13.0	1.3/-	1.2/11.9
	1500	May Consumer Confidence	119.5	120.0	121.7
	1500	Apr New Home Sales-Units	0.99	0.998	1.021
Germany	0700	Q1 GDP Detailed (QoQ/YoY%)	-1.7/-3.3		-1.7/-3.3
	0900	May Ifo Business Climate New	98.0		96.8
	0900	May Ifo Curr Conditions New	95.0		94.1
	0900	May Ifo Expectations New	101.0		99.5
New Zealand	2345	Apr Imports	-		5.65
	2345	Apr Trade Balance	-		33.00
	2345	Apr Exports	-		5.68
Wednesday 26 May					
Japan	0600	Mar Leading Indicator Revised	-		4.3
France	0745	May Consumer Confidence	-		94
New Zealand	0300	Cash Rate	0.25		0.25
Sweden	0830	Apr Unemployment Rate	-		10
Thursday 27 May					
US	1330	Apr Durable Goods	0.5	0.8	0.8
	1330	Q1 GDP 2nd Estimate	6.6	6.5	6.4
	1330	Q1 GDP Deflator Prelim	4.1	4.1	4.1
Japan	0030	May CPI, Overall Tokyo	-		-0.6
	0030	Apr Unemployment Rate	2.7		2.6
Germany	0700	Jun GfK Consumer Sentiment	-7.5		-8.8
Italy	0900	May Consumer Confidence	106.5		102.3
Sweden	0830	Apr Trade Balance	-		4.1
Eurozone	1000	May Business Climate	-		1.13
Friday 28 May					
US	1330	Apr Personal Income (MoM%)	-14.5	-15	21.1
	1330	Apr Personal Consump Real (MoM%)	0.1		3.6
	1330	Apr Core PCE Price Index (MoM%)	0.6	0.6	0.4
	1445	May Chicago PMI	67.0	69.5	72.1
	1500	May U Mich Sentiment Final	83.0	83.0	82.8
France	0745	Apr Consumer Spending (MoM%)	-		-1.1
	0745	Q1 GDP (QoQ/YoY%)	-/-		0.4/1.5
	0745	May CPI (EU Norm) Prelim (MoM/YoY%)	-		0.2/1.6
Spain	0800	Apr Retail Sales (YoY%)	-		14.9
Sweden	0830	Q1 GDP Final (QoQ/YoY%)	-		1.1/0.0
	0830	Apr Retail Sales (MoM/YoY%)	-/-		2.6/9.1
Eurozone	1000	May Economic Sentiment	112.5		110.3
	1000	May Consumer Confidence Final	-		

Source: ING, Refinitiv

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