

## Key events in developed markets next week

Next week, another fiscal package is likely to be announced while US GDP data will reveal just how big the largest-ever quarterly contraction was. In all this excitement, the Fed meeting will probably become a non-event but will they signal a change in their forward guidance?



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### US: How deep?

The data highlight next week will be the 2Q GDP report from the US as we finally find out how large the largest ever quarterly contraction in the US economy really was.

Various Nowcast models, based on the latest data flow - including the Atlanta Fed's GDPNow measure - suggest we should be looking at something of the order of a 35% annualised decline, with the consensus forecast according to Bloomberg currently at -34%. We are a little more cautious, forecasting -36.5%, but in the grand scheme of things that makes little difference. Markets are instead forecasting on where we are heading and the data suggests the US has experienced a vigorous bounceback since May, led by the consumer.

This recovery story is at risk though given the rising number of Covid-19 cases and states reacting to it by reintroducing containment measures that are closing businesses that had reopened. Jobless claims are on the rise and consumer confidence is weakening - watch out for these

releases next week – while an announcement on another fiscal package will be key. With 32 million Americans on unemployment benefits currently receiving a \$600/week boost that is scheduled to end on Saturday, there could be tougher times ahead.

In this regards, the Fed policy meeting should be something of a non-event. Their raft of liquidity injections, interest rate cuts, asset purchases and credit easing initiatives have certainly eased market tensions over recent months. Nonetheless, the economic outlook remains uncertain so they are likely to retain a cautious tone and stand willing to do more in the future if required. They may well also signal a change in their forward guidance is coming with a tolerance of overshooting the 2% inflation target - a potential key shift in their strategy from September.

## Developed Markets Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 27 July</b>					
US	1330	Jun P Durable Goods Orders (MoM%)	9.5	7	15.7
	1330	Jun P Durable Goods Orders (ex. Transport, MoM%)	4.4	3.5	3.7
Japan	0530	May All industry activity index (MoM%)	-	-	-6.4
	0600	May F Leading economic index	-	-	79.3
Eurozone	0900	Jun M3 Money Supply (YoY%)	-	-	8.9
Germany	0900	Jul IFO Business Climate	-	-	86.2
	0900	Jul IFO Expectations	-	-	91.4
	0900	Jul IFO Current Assessment	-	-	81.3
Australia	0100	RBA's Kent Gives Speech	-	-	-
Sweden	0830	Jun Household Lending (YoY%)	-	-	5.1
Portugal	-	Portugal Releases Year-to-Date Budget Report	-	-	-
<b>Tuesday 28 July</b>					
US	1500	Jul Consumer Confidence	92.0	95	98.1
Norway	0700	Jun Retail Sales (Ex. Motor Vehicles, SA, MoM%)	-	-	2.8
Sweden	0830	Jun Retail sales (Ex. Fuel, MoM/YoY%)	-	-	0.5/2.4
<b>Wednesday 29 July</b>					
US	1900	FOMC Rate Decision (Upper bound)	0.25	0.25	0.25
	1930	Powell Holds Post-FOMC Meeting Press Conference	-	-	-
Australia	0230	2Q CPI (QoQ/YoY%)	-/-	-/-	0.3/2.2
Sweden	0800	Jul Economic Tendency Indicator	-	-	75.2
<b>Thursday 30 July</b>					
US	1330	2Q A GDP (QoQ Annualised %)	-36.5	-34	-5.0
		Revisions: GDP	-	-	-
Japan	0050	Jun Retail trade (MoM/YoY%)	-/-	-/-	1.9/-12.5
Eurozone	1000	Jul Economic Confidence	-	-	75.7
	1000	Jun Unemployment Rate (%)	-	-	7.4
Germany	0900	ECB Publishes Economic Bulletin	-	-	-
	0700	2Q P GDP (QoQ/YoY%)	-/-	-/-	-2.2/-2.3
	0855	Jul Unemployment Change (000's)	-	-	69
	0855	Jul Unemployment Rate (%)	-	-	6.4
Spain	1300	Jul P CPI (MoM/YoY%)	-/-	-/-	0.6/0.9
	0800	Jul P HICP (MoM/YoY%)	-/-	-/-	0.4/-0.3
<b>Friday 31 July</b>					
US	1500	Jul F U. of Mich. Sentiment Index	72.5	72.7	73.2
Japan	0050	Jun P Industrial production - Prel (MoM/YoY%)	-/-	-/-	-8.9/-26.3
Eurozone	1000	2Q A GDP (QoQ/YoY%)	-/-	-/-	-3.6/-3.1
	1000	Jul P CPI (MoM/YoY%)	-/-	-/-	0.3/0.3
	1000	Jul P Core CPI (YoY%)	-	-	0.8
Italy	0900	2Q P GDP (QoQ/YoY%)	-/-	-/-	-5.309/-0.4
Canada	1330	May GDP (MoM/YoY%)	-/-	-/-	-11.6/-17.1
Australia	0230	2Q PPI (Q) (QoQ/YoY%)	-	-	0.2/1.3
Norway	0900	Jul Unemployment Rate	-	-	4.8

Source: ING, Bloomberg

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