

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?



Source: Shutterstock

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.
Monday 27 July					
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			
Tuesday 28 July					
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
Wednesday 29 July					
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
Thursday 30 July					
US	1330	2Q A GDP (QoQ Annualised %)	-36.5	-34	-5.0
	1330	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
	1300	Jul P CPI (MoM/YoY%)	-/-	-/-	0.6/0.9
Spain	0800	Jul P HICP (MoM/YoY%)	-/-	-/-	0.4/-0.3
Friday 31 July					
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

Author

James Knightley

Chief International Economist, US

james.knightley@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.