Key events in developed markets next week

US data next week should help to test our hypothesis – that the strength in activity data has been largely caused by spring-like temperatures in January. Hence, we see a partial correction in the ISM services indices. House prices should remain under downward pressure, but a collapse in pricing looks unlikely at this stage

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US: Strength in activity data likely caused by favourable seasonal adjustments

January US activity data was, in general, very strong with the economy adding half a million jobs, retail sales jumping 3% month-on-month, and the ISM services new orders sub-component surging 15 points to its strongest level for five months. We cautioned that the stark contrast in weather between December's wintery, cold conditions that caused travel chaos and January's almost spring-like temperatures played a big part in the strength of data, while favourable-looking seasonal adjustments appear to have given an additional boost.

This week we will get a first test of that hypothesis with the ISM manufacturing and service sector reports for February. February hasn't been especially cold, but it has been closer to the seasonal norms so we expect to see a partial correction in the ISM services indices. The manufacturing index should move higher though, aided by the China re-opening story, while the more positive European energy backdrop could also be supportive. Meanwhile, durable goods orders should fall quite a lot, but this is entirely due to volatility in Boeing aircraft orders – the company received 55 orders for aircraft in January, down from 250 in December. Outside of transportation, orders are likely to be flat.

There will also be plenty of housing data to take a look at. New home sales may get a bit of a lift due to the pleasant weather conditions in January, but the fact that mortgage applications for home purchases have halved since their peak is a huge structural headwind to overcome. Moreover, prices will remain under downward pressure given that demand has fallen so substantially, but the lack of supply means a collapse in pricing looks unlikely at this stage. There are lots of Fed speakers scheduled, but the message will remain that ongoing interest rate hikes should be expected until there is more confidence that inflation is under control.

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Country	Time	Data/event	ING	Survey	Prev.
		Monday 27 February			
US	1330	Jan Durable Goods	-4	-3.8	5.6
Italy	0900	Feb Consumer Confidence	100.5		100.9
Eurozone	0900	Jan Money-M3 Annual Grwth	-		4.1
	1000	Feb Business Climate	-		0.69
	1000	Feb Economic Sentiment	-		99.9
	1000	Feb Consumer Confidence Final	-		-19
		Tuesday 28 February			
US	1400	Dec CaseShiller 20 (MoM%/YoY%)	-0.8/4.3		-0.5/6.8
	1445	Feb Chicago PMI	47		44.3
	1500	Feb Consumer Confidence	108	108.5	107.1
France	0745	Q4 GDP (QoQ%/YoY%)	-/-		0.1/0.5
	0745	Feb CPI Prelim (YoY%)	-		7
Canada	1330	Dec GDP (MoM%)	-		0.1
Switzerland	0800	Q4 GDP (QoQ%/YoY%)	-/-		0.2/0.5
Portugal	1100	Q4 GDP (QoQ%/YoY%)	-/-		0.2/3.1
		Wednesday 1 March			
US	1500	Feb ISM Manufacturing PMI	49	47.9	47.4
	1500	Feb ISM Mfg Prices Paid	44		44.5
		Feb vehicle sales (mn)	15.2	15.0	15.74
Germany	0855	Feb S&P Global/BME Maufacturing PMI	46.5		46.5
	1200	Feb HICP Prelim (MoM%/YoY%)	0.6/9.0		/
	0800	Jan Industrial Orders (MoM%)	-		3.2
Italy	0845	Feb S&P Global/IHS Manufacturing PMI	50.2		50.4
Eurozone	0900	Feb S&P Global Manufacturing Final PMI	-		48.5
		Thursday 2 March			
US	1330	Initial Jobless Claims 000s	200		192
	1330	Continue Jobless Claims 000s	1695		1654
Italy	0900	Jan Unemployment Rate	7.9		7.8
	1000	Feb CPI Prelim (MoM%/YoY%)	-/-		-
	1000	Jan Unemployment Rate	-		6.6
Eurozone	0900	Headline CPI (MoM%/YoY%)	8.0		8.6
	0900	Core CPI (YoY%)	5.3		5.3
		Friday 3 March			
US	1445	Feb S&P Global Composite Final PMI	-		-
	1445	Feb S&P Global Services PMI Final	-		-
	1500	Feb ISM Services PMI	53.5	54.5	55.2
Germany	0700	Jan Imports/Exports	2.0/1.0		-6.1/-6.3
	0700	Jan Trade Balance	14		10
	0855	Feb S&P Global Services PMI	51.3		51.3
	0855	Feb S&P Global Comp Final PMI	51.3		51.1
France	0745	Jan Industrial Output (MoM%)	-		1.1
	0850	Feb S&P Global Comp PMI	-		51.6
UK	0930	Feb Composite PMI Final	-		53
Italy	0800	Q4 GDP Final (QoQ%/YoY%)	-/-		-0.1/1.7
	0845	Feb Composite PMI	-		51.2
Spain	0815	Feb Services PMI	-		52.7
Eurozone	0900	Feb S&P Global Service Final PMI	-		53
	0900	Feb S&P Global Composite Final PMI	-		52.3

Source: Refinitiv, ING

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