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KEY EVENTS UNITED STATES

Key events in developed markets next week

Next week's jobs report and the personal income and spending numbers will be the key data points for markets to look out for in the US when gauging the likelihood of one more rate rise from the Federal Reserve. In the eurozone, all eyes will be on core inflation as a key factor in determining the ECB's next move in September.



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US: Upcoming data will indicate the likelihood of one more rate rise

The Federal Reserve's Jackson Hole conference indicated that the September FOMC meeting is likely to see the Fed funds policy rate range held at 5.25-5.5%. We've also seen signalling that the Fed could have to hike again later this year, given that the strength in the economy is leading to doubt that inflation will sustainably return to the 2% target with the stance of monetary policy as it currently is. The upcoming data will be important in gauging the likelihood of one more rate rise, which markets currently peg at a 50-50 call.

The jobs report and the personal income and spending numbers will be the key data points for markets, with the consensus being for a further slowing in the rate of payroll increases but the unemployment rate remaining very low at just 3.5%. Meanwhile, the income and spending numbers are likely to show that spending continues to outstrip income growth, with

households continuing to rely on credit and the running down of savings to fund their lifestyle spending habits.

We suspect that this means we could see GDP expand at more than a 3% annualised rate in the third quarter – but with student loan repayments restarting in September and pandemic-era savings being run down quickly, the fourth quarter number is likely to be substantially slower. Core inflation is also looking more favourable. We expect the core personal consumer expenditure deflator to come in at a relatively benign 0.2% month-on-month, and we don't believe that the Fed will carry through with the oft-threatened final rate hike.

Eurozone: Next week will be all about inflation

For the eurozone, next week will be all about inflation. After August last year saw a huge spike in energy prices, we expect base effects to cause a drop. The most important reading to look out for will be core inflation, which remained stubbornly high at 5.5% in July and is currently being pushed higher by the effects of government subsidies. The question now is whether or not we'll begin to see some relief here. We expect the largest deceleration of core inflation to happen later in the year, but the August number will be a key factor in determining the European Central Bank's decision in September.

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THINK economic and financial analysis

Country	Time	Data/event	ING	Survey	Prev.
Monday 28 August					
Eurozone	0900	Jul Money-M3 Annual Grwth	0.5		0.6
Tuesday 29 August					
US	1400	Jun CaseShiller 20 (MoM%)	0.8	1.0	1.0
	1500	Aug Conference Board consumer confidence	116	116.6	117
Germany	0700	Sep GfK Consumer Sentiment	-25		-24.4
Spain	0800	Jul Retail Sales (YoY%)	-		6.4
Wednesday 30 August					
US	1315	Aug ADP National Employment	150		324
	1330	Q2 GDP 2nd Estimate	2.4	2.4	2.4
	1330	Q2 GDP Deflator Prelim	2.2		2.2
	1330	Q2 Core PCE Prices Prelim	3.8		3.8
Germany	1300	Aug CPI Prelim (MoM%/YoY%)	0.2/6.0	/	0.3/6.2
Italy	0900	Aug Consumer Confidence	107.2		106.7
Eurozone	1000	Aug Business Climate	-		-0.09
	1000	Aug Economic Sentiment	94		94.5
	1000	Aug Consumer Confidence Final	-		
Thursday 31 August					
US	1330	Jul Personal Income (MoM%)	0.3	0.3	0.3
	1330	Jul Personal Consumption Real (MoM%)	0.4	-	0.4
	1330	Jul Consumption, Adjusted (MoM%)	0.7	0.7	0.5
	1330	Jul Core PCE Price Index (MoM%/YoY%)	0.2/4.2	0,2/4,2	0,2/4,1
	1445	Aug Chicago PMI	45	44.6	42.8
	1330	Initial Jobless Claims (000)	745	-	730
	1330	Continuing Jobless Claims (000)	1.715	-	1.702
Germany	0700	Jul Retail Sales (MoM%/YoY%)	0.8/-0.8	/	-0.8/-1.6
	0855	Aug Unemployment Rate	5.6		5.6
France	0745	Q2 GDP (QoQ%/YoY%)	-/-	/	0.5/
	0745	Aug CPI Prelim (YoY%)	-		5.1
Italy	0900	Jul Unemployment Rate	7.4		7.4
Portugal	1100	Q2 GDP (QoQ%/YoY%)	-/-	/	0/2.3
Austria	0800	Q2 GDP Growth (QoQ%) Final	-		-0.4
Eurozone	1000	Aug CPI Flash (YoY%)	4.9		5.3
	1000	Aug Core CPI Flash (YoY%)	5.4		5.5
	1000	Jul Unemployment Rate	6.4		6.4
Friday 1 September					
US	1330	Aug Non-Farm Payrolls	175	168	187
	1330	Aug Private Payrolls	150	143	172
	1330	Aug Unemployment Rate	3.5	3.5	3.5
	1500	Aug ISM Manufacturing PMI	47.5	46.9	46.4
	1500	Aug ISM Manufacturing Prices Paid	44		42.6
Germany	0855	Aug S&P Global/BME Manufacturing PMI			
UK	0930	Aug S&P Global/CIPS Manufacturing PMI Final	42.5		42.5
Italy	0845	Aug S&P Global/IHS Manufacturing PMI	45.3		44.5
	0900	Q2 GDP Final (QoQ%/YoY%)	-/-	/	-0.3/0.6
Canada	1330	Jun GDP (MoM%)	-		0.3
Switzerland	0730	Aug CPI (MoM%/YoY%)	-/-	/	-0.1/1.6
Eurozone	0900	Aug S&P Global Manufacturing Final PMI	-		

Source: Refinitiv, ING

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