

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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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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