

Key events in developed markets next week

A main focus next week will be the UK budget which should help determine the pace of economic recovery. In addition, there is the jobs report and PMI data from the US, as well as many important releases from the eurozone



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US: Jobs report and PMI releases, and watch for any changes in Fed sentiment regarding higher yields

There has been little sign of anxiety from Fed officials following the recent sell-off in Treasuries so we will be looking to see if there is a change of tune after the weekend. Several officials are slated, including Federal Reserve Chairman Jerome Powell who so far has not signalled any intention of standing in the way of higher yields. The data flow includes the February jobs report, which should be lifted by the ending of California's stay-at-home order in late January. With thousands of businesses allowed to reopen or operate at a higher capacity in the US's most populous state, this should translate into some decent job creation although it may be more reflected in the March report given the data collection cut-off point was the week of 12 February. Nonetheless, with retail sales and industrial production having soared in January, this may have supported corporate sentiment and prompted some job gains elsewhere in the US. We will be able to firm up our forecast through the week after seeing the ISM employment numbers and the ADP payrolls figure,

but at this stage we think a 200k+ figure is possible. Despite this, the unemployment rate may rise. It is calculated from a different survey and there is scope for a partial replacement after a surprisingly large 0.4ppt drop to 6.3% in January when the economy created just 49k jobs. Other things to look out for include developments surrounding President Biden's \$1.9tn stimulus plan.

UK budget to extend support as cracks form in hardest-hit sectors

It's no understatement to say that next week's UK budget is going to be one of the largest factors determining the pace of the economic recovery. While the majority of sectors have managed to get back on their feet since the initial phase of the pandemic, recent ONS survey data shows reducing cash reserves and low confidence on survival among hospitality and other hard-hit consumer service firms. Reports suggest an extension of the furlough scheme to early-summer, as well as other cashflow-supportive measures (eg deferring VAT payments), will be included.

With the bulk of the economy set to be reopened by mid-May, the hope is that this should go some way to shielding firms as they rebuild finances. But we suspect the ambition to essentially end social-distancing in June could prove optimistic, and that means some firms may end up facing a degree of restriction for longer. That may require some support measures to be continued for longer, or kept more generous, for specific hard-hit sectors.

Separately, there is some focus on stabilising the public finances after an expensive year, although the pressure to do so is relatively low given the low level of borrowing costs - even after the recent spike in yields. While we expect tax rises over coming years, this is likely to largely be a story for 2022 onwards.

Eurozone: Inflation, PMI, retail sales and unemployment data to show how the economy is coping

This week will show information about the eurozone economy, handily in time for the European Central Bank to take on board ahead of their March meeting. The inflation rate will be closely watched, although the elevated rate will be mainly caused by temporary factors. The unemployment rate is also very important for the expected recovery. If it remains low well into the second wave, then that raises expectations of how quickly consumption can rebound after lockdowns end. Retail sales for January will provide the first hard data for 1Q and give good insight into how hard the hit to countries with non-essential retail closures has been.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Saturday 27 February					
Eurozone	1000 Feb	Business Climate	-		-0.27
Monday 1 March					
US	1445 Feb	Markit Manufacturing PMI Final	-		58.5
	1500 Feb	ISM Manufacturing PMI	58.1	58.6	58.7
Japan	0030 Feb	Jibun Bank Manufacturing PMI	-		50.6
	2330 Jan	Unemployment Rate	2.8		2.9
	2350 Feb	Monetary Base (JPY bn)	617.0		616.5
Germany	0855 Feb	Markit/BME Manufacturing PMI	61.0		60.6
	1300 Feb	CPI Prelim (MoM/YoY%)	5.0/1.3		0.8/1.0
France	0850 Feb	Markit Manufacturing PMI	-		55.0
UK	0930 Feb	Markit/CIPS Manufacturing PMI Final	54.9		54.9
Italy	0845 Feb	Markit/IHS Manufacturing PMI	-		55.1
	1000 Feb	CPI (EU Norm) Prelim (MoM/YoY%)	-		-0.9/0.7
Spain	0815 Feb	Manufacturing PMI	-		49.3
Canada	1330 Q4	Current Account C\$	-		-7.5
	1430 Feb	Markit Manufacturing PMI SA	-		54.4
Netherlands	0800 Feb	PMI - Manufacturing	57.0		58.8
Eurozone	0900 Feb	Markit Manufacturing Final PMI	57.7		57.7
Tuesday 2 March					
Germany	0700 Jan	Retail Sales (MoM/YoY%)	-/-		-9.6/1.5
	0855 Feb	Unemployment Rate SA	6.1		6.0
Eurozone		Inflation (%)	1.1		0.9
		Core inflation (%)	1.3		1.4
Canada	1330 Q4	GDP (YoY%)	-4.5		-5.16
Australia	0030 Q4	Current Account Balance SA	-		10.0
	0330 Mar	RBA Cash Rate	0.1		0.1
Wednesday 3 March					
US	1315 Feb	ADP National Employment	220.0	183.0	174.0
	1445 Feb	Markit Composite Final PMI	-		58.8
	1445 Feb	Markit Services PMI Final	-		58.9
	1500 Feb	ISM Non-Manufacturing PMI	58.0	58.7	58.7
Germany	0855 Feb	Markit Services PMI	46.0		45.9
	0855 Feb	Markit Composite Final PMI	51.0		51.3
France	0850 Feb	Markit Services PMI	-		43.6
	0850 Feb	Markit Composite PMI	-		45.2
UK	0930 Feb	Markit/CIPS Services PMI Final	49.7		49.7
	0930 Feb	Composite PMI Final	49.8		49.8
		- UK Chancellor unveils March budget			
Italy	0845 Feb	Markit/IHS Services PMI	-		44.7
	0845 Feb	Composite PMI	-		47.2
	0900 Q4	GDP Final (QoQ/YoY%)	-/-		-2.0/-6.6
Spain	0815 Feb	Services PMI	-		41.7
Australia	0030 Q4	Real GDP (QoQ/YoY%)	2.3/0.1		3.3/-3.8
Eurozone	0900 Feb	Markit Services Final PMI	44.7		44.7
	0900 Feb	Markit Composite Final PMI	48.1		48.1
Thursday 4 March					
US	1500 Jan	Factory Orders (MoM%)	2.8	1.0	1.1
Australia	0030 Jan	Retail Sales (MoM%)	0.6		0.6
	0030 Jan	Trade Balance (A\$bn)	6.9		6785
Japan	0600 Feb	Consumer confidence index	28.8		29.6
Eurozone	1000 Jan	Retail Sales (MoM/YoY%)	0.5/0.0		2.0/0.6
	1000 Jan	Unemployment Rate	8.3		8.3
Friday 5 March					
US	1330 Feb	Non-Farm Payrolls	230.0	145.0	49.0
	1330 Feb	Private Payrolls	220.0	100.0	6.0
	1330 Feb	Unemployment Rate	6.4	6.4	6.3
	1330 Jan	International Trade \$	-66	-65.8	-66.6
	2000 Jan	Consumer Credit	25.00	13.50	9.73
Germany	0700 Jan	Industrial Orders (MoM%)	0.4		-1.9
France	0745 Feb	Reserve Assets Total	-		189807
	0745 Jan	Trade Balance	-		-3.4
	0745 Jan	Imports	-		42.7
	0745 Jan	Exports	-		39.3
Canada	1330 Jan	Trade Balance C\$	-		-1.7
New Zealand	0200 Feb	Reserve Assets Total	-		18715

Source: ING, Refinitiv

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