

## Key events in developed markets next week

Different week, same old story; the US's strong growth prevails with expectations of a 4%+ GDP reading in 2Q18, but it seems we can say quite the opposite for Sweden...take a look to see what else is going on in developed markets next week



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### US Staying Strong

The US experienced robust growth in 2Q18, which we expect will be underlined by a 4%+ GDP reading. Consumer and business activity has been boosted by massive tax cuts with the positive momentum carrying over into 3Q. As such, employment growth remains strong, with unemployment set to dip back below 4% on Friday while payrolls look set to rise by around 190,000 in June - above the average for 2017. With the ISM surveys continuing to point to strong economic expansion and with inflation measures continuing to move higher, the Federal Reserve is likely to sound a little more positive on the economy at Wednesday's FOMC meeting but stick to its "gradual" approach to policy tightening. No change from the Federal Reserve next week but we do look for a hike in September.



## Bank of England to hike – but don't expect another rate rise for a while...

Some of the more recent numbers have been mixed, but overall we suspect the data flow since the May Inflation Report will give the Bank of England confidence that the economy has rebounded from the first quarter soft patch. We expect a rate hike next week, but it will be interesting to see what the Bank has to say on its next steps.

After August, markets are barely pricing in another rate hike before the end of 2019. We suspect policymakers would prefer investors to expect an earlier move, however realistically we think the Bank will struggle to hike rates again for quite some time. As long as Brexit talks remain in deadlock (specifically over the Irish backstop), talk of 'no deal' will only increase. If this starts to hit sentiment, it would complicate efforts to tighten policy further.

We therefore suspect the Bank will keep its cards close to its chest next week on the timing of its next move. We currently don't expect a hike again before May 2019, at the earliest.

### Swedish growth slowing down

We expect 2Q GDP released on Monday to come in at 0.5% QoQ, down from 0.7% QoQ in 1Q. The July manufacturing PMI survey out on Wednesday and the latest forecast from the National Institute of Economic Research (out on Friday) are also likely to indicate slower growth in the second half of the year. So far, it is the slowing housing market and softer economic momentum in key trading partners in Europe that are the key drivers for weakening Swedish GDP growth and things could get considerably worse if US trade policy escalates further.

### Core inflation worries for Germany

In a typical post-ECB meeting week with little macro data out, Germany's inflation data could once again stress the ECB's current dilemma; headline inflation is on target but core inflation is far below.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 27 July</b>					
US	1330	2Q A GDP (QoQ Annualised %)	4.0	4.2	2.0
	1500	Jul F U. of Mich. Sentiment Index	97.5	97.1	97.1
Japan	0030	Tokyo July CPI			
Australia	0230	2Q PPI (Q) (QoQ/YoY%)	-	-	0.5/1.7
Netherlands	-	Netherlands Sovereign Debt to Be Rated by Moody's			
Portugal	-	France's Macron, Spain's Sanchez, Portugal's Costa in Lisbon			
<b>Monday 30 July</b>					
Japan	0050	Jun Retail trade (MoM/YoY%)	-/0.2	-/-	-1.7/0.6
Eurozone	1000	Jul F Consumer Confidence	-	-	-0.6
Germany	1300	Jul P CPI (MoM/YoY%)	0.1/2.0	-/-	0.1/2.1
Spain	0800	Jul P HICP (MoM/YoY%)	-/-	-/-	0.2/2.3
Sweden	0830	2Q P GDP (QoQ%)	0.5	0.5	0.7
Portugal	0930	Portugal Releases Consumer, Business Confidence Report			
	1100	Portugal Releases Retail Sales, Indust. Production Index			
<b>Tuesday 31 July</b>					
US	1500	Jul Consumer Confidence	125.0	125.5	126.4
Japan	0050	Jun P Industrial Production - Prel (MoM/YoY%)	0.5/3.5	-/-	-0.2/4.2
	0600	Jul Consumer Confidence Index	43.8	-	43.7
	-	Policy Rate	-0.1	-0.1	-0.1
	-	BoJ 10-year Yield Target (%)	0	0	0
	-	BOJ Outlook Report and Monetary Policy Statement			
Eurozone	1000	Jun Unemployment Rate (%)	-	-	8.4
	1000	Jul A Core CPI (YoY%)	-	-	0.9
	1000	Jul Flash CPI (YoY%)	-	-	2
	1000	2Q A GDP (QoQ/YoY%)	-/-	-/-	0.4/2.5
Germany	0855	Jul Unemployment Change (000's)	-	-	-15
	0855	Jul Unemployment Rate (%)	-	-	5.2
Italy	1000	Jul P HICP (YoY%)	-	-	1.4
	1100	2Q P GDP (QoQ/YoY%)	-/-	-/-	0.28/1.4
Canada	1330	May GDP (MoM/YoY%)	-/-	-/-	0.1/2.5
Portugal	0930	Portugal Releases Consumer Price Index Estimate			
<b>Wednesday 1 August</b>					
US	1315	Jul ADP Employment Change (000's)	170	177.5	177.2
	1500	Jul ISM Manufacturing	59.5	59.1	60.2
	1900	FOMC Rate Decision (Upper bound)	2	2	2
Japan	0800	BOJ holds Committee for Appropriate Use of Yen Benchmarks			
UK	0930	Jul Markit/CIPS Manufacturing PMI	54.4	-	54.4
Sweden	730	Jul Swedbank/Silf Manufacturing PMI	53	-	54.2
Norway	800	Jul DNB/NIMA Manufacturing PMI	-	-	
<b>Thursday 2 August</b>					
Japan	0050	Jul Monetary base (JPY tr)	506	-	502.917
	0230	BOJ Amamiya Speaks in Kyoto			
UK	1200	BoE Policy Rate	0.75	-	0.5
	1200	Bank of England Inflation Report			
Australia	0230	Jun Trade balance (A\$m)	1295	-	827
<b>Friday 3 August</b>					
US	1330	Jun Trade Balance (US\$bn)	-43.5	-43.2	-43.053
	1330	Jul Change in Nonfarm Payrolls ('000s)	190	185	213
	1330	Jul Unemployment Rate (%)	3.9	3.9	4
	1330	Jul Average Hourly Earnings (MoM/YoY%)	0.3/2.7	0.3/-	0.2/2.7
	1330	Jul Participation Rate	62.9	-	62.9
	1500	Jul ISM Non-Manufacturing	58.5	58.8	59.1
Japan	0050	BOJ Minutes of Policy Meeting			
	0600	BOJ Holds FinTech Forum			
Eurozone	1000	Jun Retail Sales (MoM/YoY%)	-/-	-/-	0/1.4
Germany	-	Germany Sovereign Debt to be Rated by Fitch			
UK	0930	Jul Markit/CIPS Services PMI	54.7	-	55.1
	0930	Jul Markit/CIPS Composite PMI	54.8	-	55.2
Australia	0230	Jun Retail sales (MoM%)	0.7	-	0.4
Norway	0900	Jul Unemployment Rate (%)	-	-	2.2
	1000	Norway July House Prices			
Sweden	0815	NIER Publishes Swedish Economic Forecasts			

Source: ING, Bloomberg

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