

Key events in developed markets next week

Friday's payrolls number will have a strong bearing on whether the Federal Reserve announces tapering in September



Source: Shutterstock

US: Payrolls to determine whether tapering is announced in September or November

Next week's highlight will be the August US jobs report. The Federal Reserve is on course to announce and start a tapering of its QE asset purchases and should we get a strong figure (say 650k or more) for non-farm payrolls it may help swing momentum towards the idea of a September 22nd announcement and an October implementation. If it is soft (say 450k or less) it may mean officials will want to see another month of figures before opting for a November 3rd announcement with a December implementation. Either way a taper is looking highly probable this year with Fed officials suggesting that the US has a resilient economy and will be able to withstand the latest wave of Covid cases. More officials are also warning about inflation persisting for longer and the financial stability risks associated with elevated asset prices.

We are forecasting a payrolls figure of 675k versus the consensus 750k prediction after posting two 900k+ figures for June and July. The resurgence of the Delta variant of Covid has seemingly impacted travel and hospitality given a certain degree of wariness creeping into consumer psychology and this may have led to a slight loss of momentum. Nonetheless, underlying

economic demand is strong and businesses continue to worry over the lack of suitable workers so that provides a strong underpinning. We expect the unemployment rate to fall to 5.1% with wages picking up further to 4.1%YoY given the competition for staff with the required skill sets.

Other numbers include the ISM series, which are set to soften given the declines seen in the regional indicators. This is still largely a function of supply chain issues and production bottlenecks with supply not able to keep pace with demand. This should mean inflation readings remain elevated.

Canada: Focus on GDP data

In Canada, the focus will be 2Q GDP.

New Covid-19 containment measures early in the quarter will obviously have weighed on growth, but with conditions having improved through subsequent months given a highly successful vaccine rollout program, we expect to see much stronger growth in the second half of the year.

Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 30 August					
Germany	1300	Aug CPI Flash (MoM%/YoY%)	0.1/4.2		0.9/3.8
Spain	0800	Aug CPI (MoM%/YoY%)	-/-		-0.8/1.4
Eurozone	1000	Aug Business Climate	-		1.9
	1000	Aug Economic Sentiment	-		119
	1000	Aug Consumer Confidence Final	-		-
Tuesday 31 August					
US	1400	Jun CaseShiller 20 (MoM%/YoY%)	1.7/18.2	1.9/-	1.8/17.0
	1445	Aug Chicago PMI	68	69.8	73.4
	1500	Aug Consumer Confidence	122.5	124	129.1
Germany	0855	Aug Unemployment Rate	5.7		5.7
France	0745	Jul Consumer Spending (MoM%)	-		0.3
	0745	Q2 GDP (QoQ%/YoY%)	-/-		0.9/18.7
	0745	Aug CPI Flash (MoM%/YoY%)	-		0.1/1.5
Italy	0900	Q2 GDP Final (QoQ%/YoY%)	2.7/17.3		2.7/17.3
	1000	Aug CPI Prelim (MoM%/YoY%)	-0.5/1.7		-1/1
Canada	1330	Q2 GDP (YoY%)	13.6		0.3
Switzerland	0800	Jul Official Reserves Assets CHF	-		1002153.31
Portugal	0930	Aug CPI Flash (MoM%/YoY%)	-/-		-0.3/1.5
	1100	Q2 GDP (QoQ%/YoY%)	-/-		4.9/15.5
Austria	0800	Q2 GDP Growth (QoQ%) Final	-		4.3
Eurozone	1000	Aug CPI Flash (YoY%)	-	2.5	2.2
Wednesday 1 September					
US	1315	Aug ADP National Employment	500	575	330
	1445	Aug Markit Manufacturing PMI Final	61.2	61.2	61.2
	1500	Aug ISM Manufacturing PMI	57.5	58.9	59.5
	1500	Aug ISM Manufacturing Prices Paid	85		85.7
Germany	0700	Jul Retail Sales (MoM%/YoY%)	-/-		4.2/6.2
	0855	Aug Markit/BME Manufacturing PMI	62.7		62.7
France	0850	Aug Markit Manufacturing PMI	-		57.3
UK	0930	Aug Markit/CIPS Manufacturing PMI Final	60.1		60.1
Italy	0845	Aug Markit/IHS Manufacturing PMI	60		60.3
	0900	Jul Unemployment Rate	9.8		9.7
Spain	0815	Aug Manufacturing PMI	-		59.0
Canada	1430	Aug Markit Manufacturing PMI	-		56.2
Norway	0700	Jun Labour Force Survey	-		5.0
	0900	Aug Manufacturing DNB PMI	-		63.3
Switzerland	0830	Aug Manufacturing PMI	-		71.1
Greece	0900	Aug PMI Manufacturing	-		57.4
Eurozone	0900	Aug Markit Manufacturing Final PMI	-		61.5
	1000	Jul Unemployment Rate	-		7.7
Thursday 2 September					
US	1330	Initial Jobless Clm	345	-	353
	1330	Cont Jobless Clm	2.78	-	2.86
	1330	Jul International Trade \$	-74	-74.2	-75.7
	1500	Jul Factory Orders (MoM%)	0.5	0.5	1.5
Canada	1330	Jul Trade Balance C\$	-		3.2
Switzerland	0730	Aug CPI (MoM%/YoY%)	-/-		-0.1/0.7
	0730	Jul Retail Sales (YoY%)	-		0.1
	0800	Q2 GDP (QoQ%/YoY%)	-/-		-0.5/-0.5
Friday 3 September					
US	1330	Aug Non-Farm Payrolls	675	750	943
	1330	Aug Private Payrolls	600	650	703
	1330	Aug Unemployment Rate	5.1	5.2	5.4
	1500	Aug ISM Non-Manufacturing PMI	62	63	64.1
Germany	0855	Aug Markit Services PMI	61.5		61.5
	0855	Aug Markit Composite Final PMI	60.6		60.6
France	0850	Aug Markit Services PMI	-		56.4
	0850	Aug Markit Composite PMI	-		55.9
UK	0930	Aug Markit/CIPS Services PMI Final	55.5		55.5
	0930	Aug Composite PMI Final	55.3		55.3
Italy	0845	Aug Markit/IHS Services PMI	-		58.0
	0845	Aug Composite PMI	-		58.6
Spain	0815	Aug Services PMI	-		61.9
Eurozone	0900	Aug Markit Services Final PMI	-		59.7
	0900	Aug Markit Composite Final PMI	-		59.5
	1000	Jul Retail Sales (MoM%/YoY%)	-/-		1.5/5.0

Source: Refinitiv, ING

Author

James Knightley

Chief International Economist

james.knightley@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.