

Key events in developed markets next week

Next week's data is unlikely to shift rate hike expectations across developed markets. Solid jobs data in the US should prompt the Federal Reserve to continue its hiking cycle in June and July, while 30-year high inflation cannot be ignored in Canada



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US: Firm jobs report should support hawkish expectations

Markets are still backing the Fed's 50bp calls for June and July and the coming week's data is unlikely to shift expectations. The interesting question is over September and beyond. Some officials want the Fed to continue with 50bp hikes to ensure inflation is brought under control. Others argue that there is already evidence of the growth outlook weakening and inflation pressures tentatively softening, which could justify a pause in September. We are currently looking for a 50bp move in September but our conviction is weakening, especially with the very soft housing numbers we have recently seen.

Next week's highlight is the US jobs report and that should be firm. Once again the main constraint will be a lack of worker supply with nearly two vacancies for every unemployed American (we will get an update on vacancies in next Wednesday's JOLTS report). This means wages will continue to be bid higher and the unemployment rate will likely fall to 3.5%.

Unfortunately, the ISM reports may not be quite so good with regional data pointing to downside risks as supply chain strains and higher input prices make businesses more cautious on the outlook. This could negatively impact the new orders series and point to weaker growth in the second half of the year after a 3%+ GDP growth number for the second quarter.

Canada: 50bp rate hike set in stone

A 50bp rate hike from the Bank of Canada is widely expected given that inflation is at 30-year highs, employment and job vacancies are both at record levels and the growth outlook is being boosted by strong demand for Canadian-produced commodities. We expect a further 50bp hike in July and another in September with the hot housing market another issue for the BoC to deal with.

Developed Markets Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 30 May				
Germany	1300 May CPI Flash (MoM%/YoY%)	0.9/8.1		0.8/7.4
Spain	0800 May CPI Flash (MoM%/YoY%)	-		-0.2/8.3
Sweden	0700 Q1 GDP Final (QoQ%/YoY%)	-0.4/3.0		-0.4/3.0
Austria	0800 Q1 GDP Growth (QoQ%) Final	-		2.5
Eurozone	1000 May Business Climate	-		2.0
	1000 May Economic Sentiment	-		105
	1000 May Consumer Confidence Final	-		-21.1
Tuesday 31 May				
US	1400 Mar CaseShiller 20 (MoM%/YoY%)	1.8/19.5	2.0/19.7	2.4/20.2
	1445 May Chicago PMI	55.0	57.1	56.4
	1500 May Consumer Confidence	104.0	104.0	107.3
Germany	0855 May Unemployment Rate	5.0		5.0
France	0745 Q1 GDP (QoQ%/YoY%)	-/-		0.0/5.3
	0745 May CPI Flash (MoM%/YoY%)	-		0.5/5.4
Italy	0900 Q1 GDP Final (QoQ%/YoY%)	-0.2/5.8		-0.2/5.8
	1000 May CPI Flash (MoM%/YoY%)	0.3/6.3		-0.1/6.0
Canada	1330 Q1 GDP (YoY%)	-		3.26
	1330 Mar GDP (MoM%)	-		1.1
Switzerland	0800 Q1 GDP (QoQ%/YoY%)	-/-		0.3/3.7
Portugal	0930 May CPI Flash (YoY%)	-		7.2
	1100 Q1 GDP (QoQ%/YoY%)	-/-		2.6/11.9
Eurozone	1000 May CPI Flash (YoY%)	-	7.6	7.4
	1000 May Core CPI Flash (YoY%)	-		3.9
Wednesday 1 June				
US	1315 May ADP National Employment	330	306	247
	1500 May ISM Manufacturing PMI	54.5	55	55.4
	1500 May ISM Manufacturing Prices Paid	83		84.6
Germany	0700 Apr Retail Sales (MoM%/YoY%)	0.3		-0.1/-2.7
	0855 May Markit/BME Manufacturing PMI	-		54.7
France	0745 May Reserve Assets Total	-		245991
UK	0930 May Markit/CIPS Manufacturing PMI Final	54.6		54.6
Italy	0845 May Markit/IHS Manufacturing PMI	54		54.5
	0900 Apr Unemployment Rate	8.3		8.3
Canada	1500 BoC Rate Decision	1.5		1.0
Eurozone	0900 May Markit Manufacturing Final PMI	-		54.4
	1000 Apr Unemployment Rate	-		6.8
Thursday 2 June				
US	1500 Apr Factory Orders (MoM%)	0.3		2.2
	1330 Initial Jobless Claims	-		-
	1330 Cont Jobless Claims	-		-
Switzerland	0730 May CPI (MoM%/YoY%)	-/-		0.4/2.5
Friday 3 June				
US	1330 May Non-Farm Payrolls	320	350	428
	1330 May Private Payrolls	320	340	406
	1330 May Unemployment Rate	3.5	3.5	3.6
	1445 May Markit Composite Final PMI	-		-
	1445 May Markit Services PMI Final	-		-
	1500 May ISM Non-Manufacturing PMI	56.5	57.4	57.1
Germany	0700 Apr Exports	-1.0		-3.3
	0700 Apr Imports	-2.0		3.4
	0700 Apr Trade Balance	6		3.2
	0855 May Markit Services PMI	56.3		56.3
	0855 May Markit Composite Final PMI	54.6		54.6
France	0850 May Markit Composite PMI	-		57.1
Italy	0845 May Composite PMI	-		54.5
Spain	0815 May Services PMI	-		57.1
Eurozone	0900 May Markit Services Final PMI	-		56.3
	0900 May Markit Composite Final PMI	-		54.9
	1000 Apr Retail Sales (MoM%/YoY%)	-/-		-0.4/0.8

Source: Refinitiv, ING, *GMT

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