

## Key events in developed markets next week

Next week's US data should be fairly decent, and we'll be listening out for any details on a potential US/China trade deal that could lift some of the gloom surrounding the global economy. Meanwhile, all eyes are on the ECB for any further hints surrounding fresh policy options to tackle liquidity and bank lending problems



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### **US: Decent data, patient Fed**

The recent US data flow has been offering confusing messages, which may in part reflect data disruption issues relating to the government shutdown. Nonetheless, the Federal Reserve has indicated it can be 'patient', seeing risks from cross currents yet believing the underlying position of the US economy is sound.

This week's data should be decent with the strong jobs market helping to underpin consumer confidence and spending. Payrolls growth will likely slow from the unexpected 304k surge in January, but there is upside potential for wage growth as the tightness in the jobs market fuels inflation-busting pay awards.

We will also be listening out for more details on a potential US/China trade deal that could lift some of the gloom surrounding the global economy. Given this backdrop, we believe markets are being

too pessimistic on the outlook for policy in pricing the next move being a 25 basis point Fed rate cut by summer 2021. Instead, we continue to favour a 25 basis point rate hike later in the year.

### ✓ ECB: Oh so quiet, for now

[We expect the ECB to keep its cards close to its chest next week](#), and this means no new TLTRO announcements or changes to forward guidance. Instead, we expect the ECB to strike a dovish tone and mention that the Governing Council has asked the relevant committees to look into possible options to tackle liquidity and bank lending problems. This would open the door to some new policy announcements at the April meeting.

### ✓ Canada: Watching wage growth

The Bank of Canada meeting next Wednesday is likely to be a non-event when it comes to a change in the policy rate. That said, the language that governor Stephen Poloz uses in his press release will be analysed carefully. We hope some light will be shed with regard to the BoC's tone, and whether there's an indication that monetary tightening is still deemed the appropriate course of action this year.

Economic fundamentals are looking good though, and Friday's employment report could reinforce our view that – despite the global risk environment, the labour market is strong. Wage growth for full-time workers finally picked up to 1.8% YoY in January after seven months of consistent declines. On Friday, we'll be seeing if this upward trend is sustained, as this would further support our case that monetary tightening will resume later this year.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Sunday 3 March</b>					
Japan	2350	Feb Monetary Base (JPY tr)	505.1	-	500.2
<b>Monday 4 March</b>					
New Zealand	0100	Treasury Publishes Monthly Economic Indicators			
Switzerland	0625	SNB Annual Result 2018			
<b>Tuesday 5 March</b>					
US	1500	Feb ISM Non-manufacturing	57.4	57.2	56.7
Eurozone	0900	Feb F Markit Services PMI	-	-	52.3
	0900	Feb F Markit Composite PMI	-	-	51.4
	1000	Jan Retail Sales (MoM/YoY%)	-/-	-/-	-1.6/0.8
UK	0930	Feb Markit/CIPS Services PMI	49.7	-	50.1
	0930	Feb Markit/CIPS Composite PMI	49.9	-	50.3
	0930	Financial Policy Committee Minutes, Feb meeting			
	1535	BOE Governor Mark Carney Testifies to House of Lords			
Italy	0900	4Q F GDP (QoQ/YoY%)	-0.2/0.1	-/-	-0.2/0.1
Australia	0330	RBA Cash Rate Target	1.5	1.5	1.5
	2210	RBA Governor Lowe Speaks in Sydney			
Sweden	0730	Feb Swedbank/Silf Services PMI	-	-	54.1
<b>Wednesday 6 March</b>					
US	1315	Feb ADP Employment Change ('000's)	190.0	182.5	212.9
	1330	Dec Trade Balance (US\$bn)	-52.0	-51.3	-49.3
	1700	Fed's Williams Speaks to Economic Club of New York			
	1700	Fed's Mester Participates in Moderated Discussion			
	1900	U.S. Federal Reserve Releases Beige Book			
Japan	0130	BOJ Harada Speaks in Kofu			
UK	1215	BOE's Jon Cunliffe Speaks at Symposium			
Italy	1000	Istat Releases Monthly Economic Note			
Canada	1500	Bank of Canada Policy Rate	1.75	1.75	1.75
Australia	0030	4Q GDP (QoQ/YoY%)	0.5/2.7	-/-	0.3/2.8
Norway	0700	4Q Current Account Balance (NOKbn)	-	-	91780.0
Sweden	0830	4Q Current Account Balance (SEKbn)	-	-	38.6
<b>Thursday 7 March</b>					
Japan	2350	4Q F GDP (Annualised, QoQ%)	-	-	1.4
	2350	4Q F GDP Deflator, Advance (Q) (YoY%)	-	-	-0.3
	2350	Jan P C/A Balance, Adjusted (Yen bn)	-	-	1562.3
Eurozone	1000	4Q F GDP (QoQ/YoY%)	-/-	-/-	0.2/1.2
	1245	ECB Main Refinancing Rate	0.0	0.0	0.0
	1245	ECB Marginal Lending Facility	0.25	0.25	0.25
	1245	ECB Deposit Facility Rate	-0.4	-0.4	-0.4
	1000	OECD Interim Economic Outlook			
Italy	-	Bank of Italy Report on Balance-Sheet Aggregates			
Australia	0030	Jan Trade Balance (A\$mn)	2227.0	-	3681.0
	0030	Jan Retail Sales (MoM%)	0.1	-	-0.4
Norway	0700	Jan Industrial Production (MoM/YoY%)	-/-	-/-	-1.0/1.2
Sweden	0500	Maklarstatistik Swedish Housing Price Data			
<b>Friday 8 March</b>					
US	1330	Feb Change in Nonfarm Payrolls ('000s)	170.0	185.0	304.0
	1330	Feb Unemployment Rate (%)	3.9	3.8	4.0
	1330	Feb Average Hourly Earnings (MoM/YoY%)	0.4/3.5	0.3/3.3	0.1/3.2
	1330	Feb Participation Rate	63.2	-	63.2
Germany	0700	Jan New Orders (MoM/YoY%)	1.2/-2.4	-/-	-1.6/-7.0
Canada	1330	Feb Net Change in Employment	-	-	66.8
	1330	Feb Unemployment Rate (%)	5.8	5.8	5.8
Norway	0700	Jan GDP Mainland (MoM%)	-	-	0.0

Source: Bloomberg, ING

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