

Key events in developed markets next week

The US jobs report will be the key focus next week as we expect labour supply issues to continue, however, we also have GDP numbers from Canada, Eurozone inflation readings and key PMI data



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✓ US: Labour supply issues may resonate in jobs report, but ISM surveys should be strong

The US jobs report is the undoubted highlight next week after the disappointing outcome of “only” 266,000 jobs created in April. There seems to be little problem with demand given the robust economic data and surveys, such as the NFIB’s, indicating that businesses are struggling to find labour. Instead, the problem is supply – firms cannot fill vacancies.

Firstly, a significant number of children continue with homeschooling, so parents are having to stay home. Secondly, there is some hesitancy from some quarters about returning to work, given the pandemic isn’t over. Thirdly, older workers who may have lost their jobs may have chosen to take early retirement and leave the workforce. Finally, extended and uprated unemployment benefits may have diminished the financial attractiveness of taking a low paid job, particularly when you factor in commuting, lunch, childcare etc.

The school situation will end in September, while 23 states have already announced they are

ending the payment of the \$300 weekly unemployment benefit next month (with it ending elsewhere in September). Consequently, we should see labour supply come back, but we may face a window of perhaps 2-4 months where businesses struggle to fill their vacancies and employment disappoints. However, it also means that companies that do need to open and expand end up paying more for workers as competition for staff heats up. As such, we expect to see a softer than consensus 500k in jobs in May, with wage rates showing signs of picking up a touch.

Other than that, we have the ISM business surveys, which will be strong but also highlight the supply bottlenecks that are leading to shortages and higher prices.

Canada's GDP will rebound sharply on the back of a good performing vaccine programme and economic resilience that has even surprised the central bank. A decent jobs figure is also likely, and this could fuel expectations of a third quantitative easing taper announcement from the central bank in July.

Eurozone: Inflation and unemployment data in focus

Eurozone inflation will be a key figure for next week because it's the last major data point ahead of the closely watched European Central Bank meeting on 10 June. Expect it to rise further on base effects but also look for the reopening impact on services inflation and input shortages working their way through to goods inflation figures. Selling price expectations among manufacturing businesses are at an all-time high, meaning that some passthrough can be expected over the coming months.

Also relevant will be the unemployment numbers for April. This will provide a good snapshot of the labour market recovery and will be relevant for the ECB's medium-term outlook.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 30 May					
Monday 31 May					
Germany	1300	May CPI Prelim (MoM/YoY%)	0.0/2.2		0.7/2.0
Italy	1000	May CPI (EU Norm) Prelim (MoM/YoY%)	0.0/1.3		0.9/1.0
Spain	0800	May CPI (MoM/YoY%) Flash NSA	-		1.2/2.2
Canada	1330	Q1 Current Account C\$	-		-7.26
Portugal	0930	May CPI Flash (MoM/YoY%)	-/-		0.4/0.6
	1100	Q1 GDP (QoQ/YoY%)	-/-		-3.3/-5.4
Eurozone	1100	Apr Money-M3 Annual Grwth	10.0		10.1
	1100	Apr Broad Money	-		14747728
Tuesday 1 June					
US	1500	May ISM Manufacturing PMI	60.5	60.8	60.7
	1500	May ISM Mfg Prices Paid	90.0		89.6
Germany	0700	Apr Retail Sales (MoM/YoY%)	-12.0		7.7/11.0
	0855	May Markit/BME Manufacturing PMI	-		64.0
	0855	May Unemployment Rate SA	6.0		6.0
France	0850	May Markit Manufacturing PMI	-		59.2
UK	0930	May Markit/CIPS Manufacturing PMI Final	-		66.1
Italy	0845	May Markit/IHS Manufacturing PMI	62.0		60.7
	0900	Apr Unemployment Rate	10.2		10.1
	1000	Q1 GDP Final (QoQ/YoY%)	-0.4/-1.4		-0.4/-1.4
Spain	0815	May Manufacturing PMI	-		57.7
Canada	1330	Q1 GDP (YoY%)	0.2		-3.2
	1430	May Markit Manufacturing PMI SA	58.5		57.2
Norway	0900	May Manufacturing DNB PMI SA	-		59.1
Eurozone	0900	May Markit Manufacturing Final PMI	62.8		62.8
	1000	May Headline Inflation (YoY%)	1.9		
	1000	May Core Inflation (YoY%)	0.9		
	1000	Apr Unemployment Rate	8.0		8.1
Wednesday 2 June					
UK	0930	Apr BOE Consumer Credit	-		-0.54
	0930	Apr Mortgage Lending	-		11.83
	0930	Apr Mortgage Approvals	-		82.74
Thursday 3 June					
US	1315	May ADP National Employment	450.0	545.0	742.0
	1500	May ISM Non-Manufacturing PMI	63.0	62.9	62.7
Germany	0855	May Markit Services PMI	52.8		52.8
	0855	May Markit Composite Final PMI	56.8		56.2
France	0850	May Markit Services PMI	-		56.6
	0850	May Markit Composite PMI	-		57.0
UK	0930	May Markit/CIPS Services PMI Final	-		61.8
	0930	May Composite PMI Final	-		62.0
Italy	0845	May Markit/IHS Services PMI	49.4		47.3
	0845	May Composite PMI	-		51.2
Spain	0815	May Services PMI	-		54.6
Eurozone	0900	May Markit Services Final PMI	55.1		55.1
	0900	May Markit Composite Final PMI	56.9		56.9
Friday 4 June					
US	1330	May Non-Farm Payrolls	500	675	266
	1330	May Private Payrolls	500	600	218
	1330	May Unemployment Rate	5.9	5.9	6.1
	1500	Apr Factory Orders (MoM%)	-0.2		1.1
UK	0930	May Markit/CIPS Cons PMI	-		61.6
	0930	May All-Sector PMI	-		60.8
Canada	1330	May Unemployment Rate	7.7		8.1
	1330	May net employment change	220		-207
	1500	May Ivey PMI	60.5		60.6
Eurozone	1000	Apr Retail Sales (MoM/YoY%)	-/-		2.7/12.0

Source: ING, Refinitiv

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