

## Key events in developed markets next week

The US economy is moving from strength to strength whilst other countries, notably Germany and the UK, are experiencing a 'softer' period. See what else is happening in developed markets this upcoming week



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### US juggernaut continues

Despite all the market worries about trade wars, the US economy goes from strength to strength.

The latest Atlanta Fed NowCast estimate for 2Q GDP growth is 4.5% based on the data flow for the quarter so far. This week we will see more evidence of excellent performance of the economy with the key business surveys remaining at elevated levels and the US economy continuing to add jobs in significant numbers. There is an outside chance the unemployment rate falls to a new 50 year low of 3.7% while the annual rate of wage growth could tick up to 2.8%. There may also be some better news on trade with the US deficit set to hold onto recent improvements given data on goods already released. As such we think the Federal Reserve will continue with its policy of gradual rate hikes. We look for a 25bp move in both 3Q and 4Q.



## German politics to dominate Eurozone headlines

Not a whole lot to focus on in terms of eurozone data next week. Look for German industrial data for May and the eurozone unemployment rate, which could give perspective on how deep the soft patch has remained in Q2. At the same time, the aftermath of the European Summit and the impact on German politics could dominate headlines even more than the macro data.

### Watch out for slippage in UK PMIs as the Bank of England mulls an August hike

We expect both the manufacturing and services PMIs to slip slightly next week. The UK manufacturing sector is showing signs that it is beginning to flag a little as European demand slows. Meanwhile, the service sector, which admittedly has regained some poise after the snow, continues to be plagued by political uncertainty and in the case of consumer-facing firms, ongoing household caution.

But barring a significant deterioration in sentiment, we doubt this will change the minds of BoE rate-setters when it comes to a rate rise in August. A summer hike still looks more likely than not.

### UK ministers set for showdown as PM May pushes softer Brexit stance

Amid concern about the lack of a solution for the Irish border question, and increased warnings from business about the potential frictions at UK ports, it looks as if the government position on Brexit is softening. Reports suggest Prime Minister Theresa May is gearing up to keep the UK as a whole in both the customs union and the single market for industrial goods – albeit perhaps not technically under those names.

But getting her ministers on-board with this plan will be tricky, and Friday's meeting has the potential to be very heated. High-profile ministerial resignations cannot be ruled out, and that's before the plan has gone to Brussels, where it is likely to be met with similar resistance.

### Riksbank in focus

Next week's Riksbank policy meeting is likely to be a non-event. Having revised its rate forecast downwards in April, and with the outlook broadly unchanged since there is little reason for the Swedish central bank to change its stance at this point.

Sweden also sees the week-long Almedalen political conference, where the country's politicians will set out their positions ahead of national elections in September.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 29 June</b>					
US	1500	Jun F U. of Mich. Sentiment Index	99.3	99	99.3
Japan	0050	May P Industrial production - Prel (MoM/YoY%)	-/-	-1/3.4	0.5/2.6
	0600	Jun Consumer confidence index	-	43.8	43.8
Eurozone	1000	Jun A Core CPI (YoY%)	1.1	1	1.1
	1000	Jun Flash CPI (YoY%)	2	2	1.9
Germany	0855	Jun Unemployment Change (000's)	-	-8	-12
	0855	Jun Unemployment Rate (%)	-	5.2	5.2
UK	0930	1Q F GDP (QoQ/YoY%)	0.1/1.2	0.1/1.2	0.1/1.2
Canada	1330	Apr GDP (MoM/YoY%)	-/-	0/2.6	0.3/2.9
Portugal	1100	Portugal Releases Retail Sales, Employment Report			
Finland	-	Finnish Treasury Quarterly Review With Borrowing Forecasts			
<b>Saturday 30 June</b>					
US	-	Deadline for U.S. to Outline Restrictions on Chinese Investment			
<b>Monday 2 July</b>					
US	1500	Jun ISM Manufacturing	58.5	58	58.7
Japan	0050	2Q Tankan Manufacturing Index	22	22	24
	0050	2Q Tankan Non-manufacturing Index	-	23	23
Eurozone	0900	Jun F Markit Manufacturing PMI	55	-	55
	1000	May Unemployment Rate (%)	8.4	-	8.5
UK	0930	Jun Market/CIPS Manufacturing PMI	54	-	54.4
Sweden	0730	Jun Swedbank/Silf Manufacturing PMI	54.5	-	55.8
Norway	0800	Jun DNB/NIMA Manufacturing PMI	56	-	55.8
<b>Tuesday 3 July</b>					
Japan	0050	Jun Monetary base (JPY tr)	504	-	492.627
Eurozone	1000	May Retail Sales (MoM/YoY%)	0.6/1.8	-/-	0.1/1.7
Australia	0530	RBA Cash Rate Target	1.5	1.5	1.5
Sweden	0830	Riksbank Interest Rate	-0.5	-0.5	-0.5
	1000	Riksbank First Deputy Governor af Jochnick Gives Speech			
	-	Riksbank's Skingsley, af Jochnick at Almedalen Week (until 05/07)			
<b>Wednesday 4 July</b>					
Japan	0230	BOJ Harada speaks in Kanazawa			
Eurozone	0900	Jun F Markit Services PMI	55	-	55
	0900	Jun F Markit Composite PMI	54.8	-	54.8
UK	0930	Jun Markit/CIPS Services PMI	53.8	-	54
	-	BOE's Woods (0905) and Saporta (1155) Speak in London			
Australia	0230	May Trade balance (A\$m)	1499	-	977
	0230	May Retail sales (MoM%)	0.5	-	0.4
N. Zealand	2300	N.Z. Government 11-Month Financial Statements			
Sweden	0500	Maklarstatistik Swedish Housing Price Data			
<b>Thursday 5 July</b>					
US	1315	Jun ADP Employment Change (000's)	200	180	178.2
	1500	Jun ISM Non-manufacturing	58.3	58.1	58.6
Japan	0230	BOJ Masai speaks in Matsumoro			
Germany	0700	May New Orders (YoY%)	0.1	-	-0.1
UK	1100	BOE Governor Carney Speaks in Newcastle			
<b>Friday 6 July</b>					
Norway	0700	May Industrial Production (MoM%)	-	-	-1.4
US	1330	Jun Change in Nonfarm Payrolls ('000s)	210	195	223
	1330	May Trade Balance (US\$bn)	-46.5	-48.25	-46.199
	1330	Jun Unemployment Rate (%)	3.8	3.8	3.8
	1330	Jun Average Hourly Earnings (MoM/YoY%)	0.3/2.8	0.3/2.7	0.3/2.7
	1330	Jun Participation Rate	62.7	-	62.7
UK	-	UK Government ministers meet to discuss future EU trading relationship			
Japan	0100	May Labor cash earnings (YoY%)	0.9	-	0.6
	0600	May P Leading economic index	-	-	106.2
Germany	0700	May Industrial Production (MoM%)	1.2	-	-1
Italy	0930	Bank of Italy Report on Balance-Sheet Aggregates			
Canada	1330	Jun Net Change in Employment	-	-	-7.5
	1330	Jun Unemployment Rate (%)	-	-	5.8

Source: ING, Bloomberg

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