

Key events in developed markets next week

Data on the labour market, inflation and second quarter GDP as well as a host of PMI surveys will be the key releases next week, likely reflecting the impact of economies reopening. Signs of a V-shaped recovery are emerging in some markets but uncertainty still dominates



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US: Uncertain employment prospects, flattening spending and rising Covid-19 cases

In the immediate wake of the Covid-19 lockdown the US economy lost 22 million jobs, but as the reopening got underway through May and accelerated in June and July, 9.3 million of those jobs have since been clawed back. The market is looking for a further 1.5 million jobs to have been added in August, which would leave employment a net 11.4 million lower than in February.

Unfortunately, we are a little more pessimistic. On the positive front, the Markit PMI numbers suggest a modest expansion in employment while the Census Bureau has reported that a net 240,000 temporary jobs were created by them for field operations in collating data for the 2020 Census. On the neutral front, the initial claims data has been moving gradually lower, while on the negative front, data from Homebase – a payroll tracking firm monitoring employment trends of

around a million people employed in the small business sector - plateaued through July and the most recent data has suggested jobs have been shed. This was in response to renewed lockdowns as the number of Covid-19 cases started to rise again and state governors started to worry that their healthcare systems could struggle to deal with an influx of patients. With many small businesses forced to close again this has countered much of the more positive newsflow.

As such, we are looking for a more modest payrolls growth figure of 900,000. This means we also see some upside for the unemployment rate, particularly with uncertainty over the Federal government unemployment benefit boost likely incentivising some people to start looking for work more actively. Remember that under the current rules you do not have to be looking for work to claim unemployment benefits, but you need to do so to be counted as officially unemployed. A rise in the participation rate would therefore likely mean the unemployment rate remains stable despite a rise in employment.

This would offer further evidence of a plateauing in the US recovery, a belief that is also supported by the daily data on credit and debit card transactions produced by www.tracktherecovery.org. It suggests that the level of spending has largely flatlined since June with the latest consumer confidence suggesting anxiety over rising Covid cases, the cuts to unemployment benefit payments and worries about employment prospects. We will also be watching the ISM reports to see how medium and large size firms are coping, but given they are currently under less constraint than small businesses, they should continue to tell a positive story.

Developed Markets Economic Calendar

Country	Time Data/event	ING Survey		Prev.
Monday 31 August				
Japan	0050 Jul P Industrial production - Prel (MoM/YoY%)	1.4/-21.4	-/-	1.9/-18.2
	0050 Jul Retail trade (MoM/YoY%)	-1.7	-/-	13.1/-1.3
	0600 Aug Consumer confidence index	27.7	-	29.5
Germany	1300 Aug P CPI (MoM/YoY%)	-0.4/-0.3	-/-	-0.5/-0.1
Italy	0900 2Q F GDP (QoQ/YoY%)	-12.3/-17.2	-	-12.36/-17.26
Portugal	0930 Portugal Releases Consumer Price Index Estimate			
Spain	0800 Aug P HICP (MoM/YoY%)	-/-	-/-	-1.6/-0.7
Portugal	1100 Portugal Reports Second-Quarter GDP Figures			
	1100 Portugal Releases Monthly Employment, Unemployment Estimates			
Tuesday 1 September				
US	1500 Aug ISM Manufacturing	54.5	54.5	54.2
Eurozone	0900 Aug F Markit Manufacturing PMI	51.7	-	51.7
	1000 Jul Unemployment Rate (%)	8	-	7.8
	1000 Aug P CPI (MoM/YoY%)	0.0/0.2	-/-	-0.4/0.4
	1000 Aug P Core CPI (YoY%)	0.9	-	1.2
	1900 Klaas Knot Speaks About Economy			
Germany	0855 Aug Unemployment Change (000's)	-	-	-18.0
	0855 Aug Unemployment Rate (%)	6.6	-	6.4
UK	0930 Aug F Markit/CIPS Manufacturing PMI	55.3	-	55.3
Australia	0530 RBA Cash Rate Target	0.25	-	0.25
Norway	0900 Aug DNB/NIMA Manufacturing PMI	-	-	43.3
Wednesday 2 September				
US	1315 Aug ADP Employment Change (000's)	1400	1250.0	167.0
	1700 Fed's Mester to Discuss U.S. Outlook and Monetary Policy			
	1900 U.S. Federal Reserve Releases Beige Book			
Japan	0050 Aug Monetary base (JPY tr)	585	-	576.30
Australia	0230 2Q GDP (QoQ/YoY%)	-5.5/-4.8	-/-	-0.3/1.4
Norway	0700 2Q Current Account Balance (NOKbn)	-	-	66078
Sweden	1000 Riksbank's Jansson Gives Speech			
Thursday 3 September				
US	1330 Jul Trade Balance (US\$bn)	-52	-51.5	-50.7
	1500 Aug ISM Non-manufacturing	57	57.5	58.1
	1730 Fed's Evans Discusses Economy and Monetary Policy			
Eurozone	0900 Aug F Markit Services PMI	50.1	-	50.1
	0900 Aug F Markit Composite PMI	51.6	-	51.6
	1000 Jul Retail Sales (MoM/YoY%)	-/-	-/-	5.7/1.3
UK	0930 Aug F Markit/CIPS Services PMI	60.1	-	60.1
	0930 Aug F Markit/CIPS Composite PMI	60.3	-	60.3
Australia	0230 Jul Trade balance (A\$m)	8.9	-	8202
Sweden	0730 Aug Swedbank/Silf Services PMI	-	-	54.8
	0850 Riksbank's Skingsley Gives Speech			
Friday 4 September				
US	1330 Aug Change in Nonfarm Payrolls ('000s)	900	1575	1763
	1330 Aug Unemployment Rate (%)	10.2	9.9	10.2
	1330 Aug Average Hourly Earnings (MoM/YoY%)	0.0/4.4	0.0/4.4	0.2/4.8
	1330 Aug Participation Rate	61.8	-	61.4
Germany	0700 Jul New Orders (MoM/YoY%)	5/-5.7	-/-	27.9/-11.3
Canada	1330 Aug Net Change in Employment	400	-	419
	1330 Aug Unemployment Rate (%)	10	-	10.9
Australia	0230 Jul Retail sales (MoM%)	0.7	-	2.7

Source: ING, Bloomberg

Author

James Knightley

Chief International Economist, US

james.knightley@ing.com

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