

## Key events in developed markets next week

US jobs, Eurozone inflation and UK PMIs will be in focus in what is a jam-packed week for data

### **US: Jobs report in focus with markets on the lookout for wage pressures**

It's fair to say the past couple of jobs reports have been pretty rosy. Employment has soared since the start of the year, and according to the household survey, well over a million new workers have entered the labour force. While this undoubtedly good news, it has led to questions about whether there is in fact more slack in the economy than thought - and by extension, whether a larger pool of workers will keep a lid on wage growth.

However, we don't think this is the case. Surveys are increasingly pointing to labour shortages; a measure of vacancy length shows that it's taking firms almost twice as long to fill posts as it did during the depths of the crisis. And according to the NFIB small business survey, the proportion of firms planning to raise compensation is the highest since the early-2000s. This is also what we are hearing from our own US corporate clients, many of whom are worried about not being able to fill posts at all should employees quit.

With this in mind, we expect a modest recovery in wage growth next week and look for it to test 3% again later this year. This is one of the main reasons why we expect four hikes from the Federal Reserve this year.

[Read more about the discussions James Knightley had on his recent US/LatAm trip](#)

### **Eurozone: Expect the recent slide in headline inflation to come to a halt**

Inflation will be the release to watch in the Eurozone next week. The recent slide we've seen in the headline rate should come to a halt this month, although the disappointing pickup in Spanish CPI indicates that we shouldn't expect too much.

The latest unemployment rate will also be announced, and even though the direct market impact could be pretty limited, it will provide an insight into the domestic engine of the Eurozone upswing. Slower declines in unemployment are likely to translate into slower household consumption growth and the limit the prospect of an acceleration in wage growth.

## ✓ UK: Is the lagging service-sector coming back to life?

After a tough twelve months, last month's services PMI were a little more upbeat - new work is rising at the fastest pace in just under a year, which is pushing up demand for labour. We expect a similar story this month, although there's a risk the PMIs suffer from the recent bouts of cold weather. And despite the more encouraging news coming from the service sector as a whole, the consumer-facing sector is still struggling, and this looks set to keep a lid on overall economic growth in 2018.

That said, the manufacturing sector continues to be a relative bright spot. With global growth momentum continuing to drive new orders, we expect another solid manufacturing PMI next week.

### Key events next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 2 April</b>					
US	1500	Mar ISM Manufacturing	59.5	60	60.8
Japan	0050	1Q Tankan Manufacturing Index	-	25	25
	0050	1Q Tankan Non-manufacturing Index	-	24	23
<b>Tuesday 3 April</b>					
Japan	0050	Mar Monetary base (JPY tr)	-	-	475.18
UK	0930	Mar Markit/CIPS Manufacturing PMI	55	55	55.2
Australia	0530	RBA Cash Rate Target	1.5	1.5	1.5
N Zealand	0300	Treasury Publishes Monthly Economic Indicators			
	2300	N.Z. Government 8-Month Financial Statements			
Spain	0815	Markit Manufacturing PMI		55	56
Sweden	0730	Mar Swedbank/Silf PMI Manufacturing	-	-	59.9
Norway	0800	Mar DNB/NIMA PMI Manufacturing	-	-	57.5
<b>Wednesday 4 April</b>					
US	1315	Mar ADP Employment Change ('000's)	210	205	234.7
	1500	Mar ISM Non-manufacturing	58.7	59.0	59.5
	1600	Fed's Mester speaks on diversity in economics			
Eurozone	1000	Feb Unemployment Rate (%)	8.6	8.5	8.6
	1000	Mar A Core CPI (YoY%)	1.0	1.1	1.0
	1000	Mar Flash CPI (YoY%)	1.3	1.4	1.2
Australia	0230	Feb Retail sales (MoM%)	-	-	0.1
Sweden	0700	Swedish FSA Publishes Mortgage Market Report			
<b>Thursday 5 April</b>					
US	1330	Feb Trade Balance (US\$bn)	-56.0	-55.8	-56.6
Eurozone	1000	Feb Retail Sales (MoM/YoY%)	0.7/2.5	-/-	-0.1/2.3
Germany	0700	Feb New Orders (YoY%)	-	-	8.2
UK	0930	Mar Markit/CIPS Services PMI	54.3	54.2	54.5
Australia	0230	Feb Trade balance (A\$m)	-	-	1055
Spain	0815	Markit Services PMI	-	56.5	57.3
Sweden	0900	ESV Publishes Swedish Budget Forecasts			
Switzerland	1700	SNB's Maechler, Dewet Moser Speak in Zurich			
<b>Friday 6 April</b>					
US	1330	Mar Change in Nonfarm Payrolls ('000s)	180	195	313
	1330	Mar Unemployment Rate (%)	4.0	4.0	4.1
	1330	Mar Average Hourly Earnings (MoM/YoY%)	0.3/2.7	0.2/2.7	0.1/2.6
Japan	0100	Feb Labor cash earnings (YoY%)	-	-	0.7
	0600	Feb P Leading economic index	-	-	105.6
Germany	0700	Feb Industrial Production (MoM%)	-	-	-0.1
Canada	1330	Mar Net Change in Employment	30	-	15.4
	1330	Mar Unemployment Rate (%)	5.8	-	5.8
Spain	0800	Industrial Production (MoM%)*	-	-	-2.6

Source: Bloomberg, ING

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