

## Key events in developed markets next week

Next week in developed markets US domestic data should reiterate the fact the economy is still going strong despite some uncertainties. We'll also look at German industrial data to see whether optimism will be further dampened



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### US still going strong

Suggestions that the Federal Reserve is approaching “neutral” in terms of monetary policy, coupled with growing criticism of higher interest rates from President Trump, has seen markets become more cautious on the prospect of additional increases in the Fed funds target range. There will certainly be more headwinds for growth next year, but the underlying story remains strong, and this should be backed up by next week’s data. Moreover, monetary policy is still some way from being restrictive, and as such, we look for the Fed to hike rates in December with three more rate moves in 2019. Note that Fed Chair Jerome Powell will be testifying on monetary policy again next week.

ISM indices are likely to remain close to their recent levels. There is obvious uncertainty relating to trade protectionism and recent equity market weakness, but the US economy has strong momentum and a robust labour market, so the indices are likely to remain consistent with above-trend economic activity – certainly, the regional indices do. This robust domestic demand story

means we don't expect any meaningful improvement in the trade balance this week, with imports continuing to hold up while weaker global demand growth and a strong dollar is a constraint on export growth.

As for the jobs market, unemployment is likely to remain at a 49 year low, and this is likely to see continued upward pressure on wages. We look for annual wage growth to stay at 3.1% this month, but given growing evidence of pay pressures in various surveys, we look for wage growth to pick up again in coming months. Indeed, payrolls are likely to rise strongly with consumer spending continuing to be the key driver of growth in the US economy.

### **Germany: Will optimism be dented further?**

October industrial data will be an important barometer of the state of the German economy in the final quarter of the year. The latest Ifo reading has already dented optimism about a v-shaped rebound after a disappointing third quarter performance.

### **Canada: All eyes on wage growth - again**

For next week, the highlight is the Friday employment report and more importantly wage growth. We see the relative slackness in the labour market fading, but the real question is when?

Average hourly wages have been declining since June, but with some irony, the Bank of Canada's 3Q business outlook survey reported shortages of labour as a major production constraint and were intending to extend hiring plans. To us, this shouts out the need for some upward wage pressure to attract workers, but as of yet, we've seen none of this.

We don't expect much from the central bank's meeting next Wednesday, but still confidently price in a 1Q19 and 3Q19 hike – a third probably ruled out if weak wage growth persist.

## **Developed Markets Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 3 December</b>					
US	1500	Nov ISM Manufacturing	57.5	58.0	57.7
	1800	Fed's Kaplan Speaks at Community Forum in Laredo, Texas			
Japan	2350	Nov Monetary Base (JPY tr)	-	-	506.9
Eurozone	0900	Nov F Market Manufacturing PMI	-	-	51.5
UK	0930	Nov Market/CIPS Manufacturing PMI	52	-	51.1
	1730	BOE Chief Economist Haldane Speaks in Cambridge			
Norway	0800	Nov DNB/NIMA Manufacturing PMI	-	-	56.0
<b>Tuesday 4 December</b>					
UK	0900	BOE's Carney Speaks at U.K. Parliament			
	1800	BOE's Vlieghe Speaks in Plymouth			
Australia	0330	RBA Cash Rate Target	1.5	1.5	1.5
Sweden	0830	3Q Current Account Balance (SEKbn)	-	-	10.0
	-	Swedish Financial Stability Council Meets			
<b>Wednesday 5 December</b>					
US	1315	Nov ADP Employment Change ('000's)	195.0	205.0	227.4
	1500	Nov ISM Non-manufacturing	59.0	59.0	60.3
	1515	Fed's Powell to Testify Before Joint Economic Committee			
	1900	U.S. Federal Reserve Releases Beige Book			
Japan	0130	BOJ Wakatabe speaks in Niigata			
Eurozone	0900	Nov F Market Services PMI	-	-	53.1
	0900	Nov F Market Composite PMI	-	-	52.4
	1000	Oct Retail Sales (MoM/YoY%)	-/-	-/-	0.0/0.8
UK	0930	Nov Market/CIPS Services PMI	52.5	-	52.2
	0930	Nov Market/CIPS Composite PMI	52.4	-	52.1
Canada	1500	Bank of Canada Policy Rate	1.75	1.75	1.75
Australia	0030	3Q GDP (QoQ/YoY%)	-/-	-/-	0.9/3.4
Norway	0700	3Q Current Account Balance (NOKbn)	-	-	80938.0
Sweden	0500	Maklarstatistik Swedish Housing Price Data			
	0730	Nov Swedbank/Silf Services PMI	-	-	56.3
	0830	The Riksbank Publishes Business Survey			
<b>Thursday 6 December</b>					
US	1330	Oct Trade Balance (US\$bn)	-55.0	-53.0	-54.0
	1500	Oct F Durable Goods Orders (MoM%)	-	-	-4.4
	1500	Oct F Durable Goods Orders (ex. Trans., MoM%)	-	-	0.1
	1715	Fed's Bostic Speaks on U.S. Economic Outlook			
Eurozone	0730	ECB's Guindos Speaks in Frankfurt			
Germany	0700	Oct New Orders (MoM/YoY%)	-0.5/-3.3	-/-	0.3/-2.2
Australia	0030	Oct Trade Balance (A\$mn)	-	-	3017.0
	0030	Oct Retail Sales (MoM%)	-	-	0.2
	0905	RBA's Debelle Gives Speech in Sydney			
<b>Friday 7 December</b>					
US	1330	Nov Change in Nonfarm Payrolls ('000s)	200.0	212.0	250.0
	1330	Nov Unemployment Rate (%)	3.7	3.7	3.7
	1330	Nov Average Hourly Earnings (MoM/YoY%)	0.3/3.1	0.3/-	0.2/3.1
	1330	Nov Participation Rate	62.9	-	62.9
	1500	Dec P U. of Mich. Sentiment Index	96.0	97.0	97.5
Japan	0000	Oct Labour Cash Earnings (YoY%)	-	-	0.8
	0500	Oct P Leading Economic Index	-	-	104.3
Eurozone	1000	3Q F GDP (QoQ/YoY%)	-/-	-/-	0.2/1.7
Germany	0700	Oct Industrial Production (MoM/YoY%)	0.5/2.5	-/-	0.2/0.8
UK	-	UK Sovereign Debt to Be Rated by Moody's			
Italy	-	Bank of Italy Report on Balance-Sheet Aggregates			
Canada	1330	Nov Net Change in Employment	-	-	11.2
	1330	Nov Unemployment Rate (%)	5.8	-	5.8
Norway	0700	Oct Industrial Production (MoM/YoY%)	-/-	-/-	-1.5/0.7

Source: ING, Bloomberg

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