

Key events in developed markets next week

Labour market data from the US, retail sales and a Bank of England policy rate decision are all key events to watch out for next week as we begin to see the effects of lockdowns being eased further



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US: Jobs data highlights the challenges ahead

The US economy lost 22 million jobs between February and April as lockdowns forced businesses to close and lay off workers while the reopening through May and June has allowed nearly 8 million of those jobs come back. Nonetheless, there is still an almighty jobs deficit and with the renewed spike in cases leading many states to reverse course and reintroduce Covid-19 containment measures, we are seeing rising joblessness once again. This has been clearly highlighted by the recent initial and continuing claims numbers and the Homebase daily data on employment in the small business sector.

With respect to Friday's US jobs report the timing of the data collection for payrolls is the week of the 12th of July so we still expect to see an increase given employment was rising in the second half of June and the first half of July - most of the job losses occurred in the second half of the month. We are more cautious than the market though and look for a figure closer to 750,000 versus the current consensus of 1.5 million. We wouldn't rule out a negative number for August given the recent developments.

At the same time, the US\$600 a week unemployment benefit boost to 30 million plus claimants has effectively ended and will be replaced with something much smaller in size. So with virus fears on the rise, jobs being lost and incomes being squeezed, we feel the recovery could be much bumpier than markets seemingly do.

Other data releases through the week include the ISM manufacturing and non-manufacturing reports, which should show another gain as larger firms start to see a pick-up in activity, but it is important to remember that these surveys don't tell us much about the magnitude of improvements, merely that a growing number of companies are experiencing stronger activity. Renewed shutdowns could weigh on the ISM readings again from August.

✓ Eurozone: Spike in retail sales expected

Next week will be slow in terms of macro data for the eurozone, but retail sales for June will be out and provide some interesting insight into how the recovery of consumer spending has fared in the second month after lockdowns. A sharp rise is still to be expected before things start to level off.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 3 August					
US	1500	Jul ISM Manufacturing	55.0	53.7	52.6
	1730	Fed's Bullard takes Part in Virtual Discussion on Economy			
	1900	Fed's Evans Holds Media Roundtable on the Economic Outlook			
Norway	0900	Jul DNB/NIMA Manufacturing PMI	-	-	48.94
Tuesday 4 August					
Japan	0050	Jul Monetary base (JPY tr)	-	-	565.2
Australia	0230	Jun Trade balance (A\$m)	-	-	8025
	0230	Jun Retail sales (MoM%)	-	-	16.9
	0530	RBA Cash Rate Target	0.25	-	0.25
Wednesday 5 August					
US	1315	Jul ADP Employment Change ('000's)	750.0	1100.0	2368.6
	1330	Jun Trade Balance (US\$b)	-50.0	-50.3	-54.6
	1500	Jul ISM Non-manufacturing	54.0	55.0	57.1
	2200	Fed's Mester Discusses the Economic Outlook			
Eurozone	1000	Jun Retail Sales (MoM/YoY%)	2.9/-2.6	-/-	17.8/-5.1
Sweden	0730	Jul Swedbank/Silf Services PMI	-	-	49.2
Thursday 6 August					
US	1500	Fed's Kaplan Discusses U.S. Economy at OMFIF Event			
Germany	0700	Jun New Orders (MoM/YoY%)	-/-	-/-	10.4/-29.3
UK	1200	BoE Policy Rate	0.1	-	0.1
	1230	BOE Governor Speaks at Press Conference in London			
Italy	1000	Istat Releases the Monthly Economic Note			
Norway	0900	Norges Bank 2Q Survey of Bank Lending			
Sweden	0900	SCB Economic Activity Indicator (June)			
Friday 7 August					
US	1330	Jul Change in Nonfarm Payrolls ('000s)	750.0	1520	4800
	1330	Jul Unemployment Rate (%)	11.2	10.5	11.1
	1330	Jul Average Hourly Earnings (YoY%)	4.5	4.5	5.0
	1330	Jul Average Hourly Earnings (MoM%)	-0.3	-0.5	-1.2
	1330	Jul Participation Rate	61.8	-	61.5
Japan	0030	Jun Labor cash earnings (YoY%)	-	-	-2.3
Germany	0700	Jun Trade Balance (€bn)	-	-	7.0
	0700	Jun Industrial Production (MoM/YoY%)	-/-	-/-	7.8/-19.3
Italy	-	Bank of Italy Report on Balance-Sheet Aggregates			
Canada	1330	Jul Net Change in Employment	550.00	-	952.9
	1330	Jul Unemployment Rate (%)	10.5	-	12.3
Australia	0230	RBA Statement on Monetary Policy			
	0245	RBA's Ellis Gives Speech Online			
Norway	0700	Jun Credit Indicator (YoY%)	-	-	4.6
	0700	Jun Industrial Production (MoM/YoY%)	-/-	-/-	-1.0/3.0

Source: ING, Bloomberg

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