

## Key events in developed markets next week

It's back to the Brexit drawing board for Theresa May next week as she heads to Europe for more talks. But with the EU standing firm, is there any chance for a deal that parliament can agree on? Elsewhere, a backlog of delayed US data is due over the next few weeks following the end of the government shutdown



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### **US: Back to reality**

Now that the government shutdown has come to an end we are going to receive a backlog of delayed US data over the next couple of weeks. This will include GDP, retail sales, trade and durable goods orders amongst others and it will give us a better flavour of the state of the US economy.

We have of course continued to get jobs numbers, which show the labour market remains tight. This, in turn, is pushing up wages as companies hunt desperately for workers with the right skills. With households seeing rising incomes and feeling secure in their jobs, consumers have the cash and the confidence to keep spending. Unfortunately, the different government departments haven't formally given us the dates and timings of their respective releases, but the general tone should be constructive with our base case - that decent economic activity and rising inflation pressures will trigger two further interest rate hikes from the Federal Reserve this year.

## ✓ UK: May seeks concessions for smooth exit

The Brexit saga continues next week, as Theresa May heads to Europe to seek concessions that could convince members of parliament to vote for a deal, allowing a smooth exit from the EU on 29 March. Unsurprisingly, the EU is steadfast in its view that there won't be any renegotiation, leaving 14 February as the next key date when parliament could flex its muscle and try to prevent a potentially economically damaging hard Brexit. The Bank of England also meets this week, but given the lack of clarity on where the UK is heading, a "no change" scenario for interest rates is universally anticipated.

## ✓ Germany: Just enough

Next week's industrial data will bring an end to a disappointing second half of the year for the German economy. Any rebound is likely to be too weak to push industrial activity back into expansion territory, but private consumption and government expenditures should have been enough to prevent the entire economy from falling into a technical recession.

## ✓ Canada: Labour market to stay healthy, but will wages respond?

There was a slower pace of job gains in December (+9,300) compared with November's hiring flurry (+94,100), and this theme is likely to run into January – especially in the energy sector where performance is (and will be for some time) below par. We expect the unemployment rate to edge up to 5.7%.

This is still a relatively low unemployment rate, and on face value paints a positive picture. But beneath the figure lies the growing concern of sluggish wage growth. Average wage growth for full-time workers remained at 1.5% in December, far from its 2018 peak of 3.9% in May. As the economy is operating close to full capacity, it is expected firms will be required to invest in the workforce to sustain high levels of demand. We see it as just a matter of time before wages go up, as companies search for labour.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Saturday 2 February</b>					
Italy	-	Italian Finance Minister Tria on Visit to New York			
	1030	Bank of Italy Governor Visco Speaks at Annual Forex Event			
<b>Sunday 3 February</b>					
US	1540	Fed's Kashkari Speaks at Town Hall Event in Minnesota			
Japan	2350	Jan Monetary Base (JPY tr)	508.0	-	504.2
<b>Monday 4 February</b>					
Eurozone	-	European Commission Publishes Economic Forecasts			
Italy	1000	Jan P HICP (YoY%)	-	-	1.2
	0900	Istat Release 2019 Basket for Consumer Price Index			
N Zealand	0100	Treasury Publishes Monthly Economic Indicators			
<b>Tuesday 5 February</b>					
US	1500	Jan ISM Non-manufacturing	57.0	57.5	58.0
	0030	Fed's Mester Discusses Economic Outlook and Monetary Policy			
Eurozone	0900	Jan F Markit Services PMI	-	-	50.8
	0900	Jan F Markit Composite PMI	-	-	50.7
	1000	Dec Retail Sales (MoM/YoY%)	-/-	-/-	0.6/1.1
UK	0930	Jan Markit/CIPS Services PMI	51.0	-	51.2
	0930	Jan Markit/CIPS Composite PMI	51.9	-	51.4
Australia	0030	Dec Trade Balance (A\$mtn)	2008.0	-	1925.0
	0030	Dec Retail Sales (MoM%)	0.3	-	0.4
	0330	RBA Cash Rate Target	1.5	1.5	1.5
Sweden	0730	Jan Swedbank/Silf Services PMI	-	-	56.4
	0800	Riksbank's Ingves, FSA's Thedeen in Open Parliament Hearing			
	1015	Riksbank's Jochnick Speaks			
<b>Wednesday 6 February</b>					
Germany	0700	Dec New Orders (MoM/YoY%)	0.8/-6.1	-/-	-1.0/-4.3
Canada	1335	Bank of Canada Deputy Governor Timoty Lane Speaks			
Australia	0130	RBA's Lowe Speaks in Sydney			
N Zealand	2100	N.Z. Government 6-Mth Financial Statements			
<b>Thursday 7 February</b>					
US	0000	Fed Chairman Powell to Host Town Hall Meeting with Educators			
Japan	0500	Dec P Leading Economic Index	-	-	99.1
	2350	Dec P C/A Balance (Yen bn)	850.0	-	757.2
Eurozone	0900	ECB Publishes Economic Bulletin			
Germany	0700	Dec Industrial Production (MoM/YoY%)	1.5/-2.8	-/-	-1.9/-4.7
UK	1200	BoE Policy Rate	0.75	-	0.75
	1200	Bank of England Inflation Report			
Norway	0700	Dec Industrial Production (MoM/YoY%)	-/-	-/-	-1.5/2.6
Sweden	0500	Maklarstatistik Swedish Housing Price Data			
<b>Friday 8 February</b>					
Japan	0000	Dec Labour Cash Earnings (YoY%)	1.7	-	1.7
Germany	0700	Dec Trade Balance (€bn)	21.0	-	20.4
Italy	1000	Istat Releases the Monthly Economic Note			
Canada	1330	Jan Net Change in Employment	-	-	9.3
	1330	Jan Unemployment Rate (%)	5.7	-	5.6
Australia	0030	RBA Statement on Monetary Policy			
Norway	0700	4Q GDP (QoQ%)	0.7	-	0.6
	0700	Dec GDP Mainland (MoM%)	-	-	0.0

Source: ING, Bloomberg

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