

## Key events in developed markets next week

An important week in the US will see Fed Chair Jerome Powell testifying before Congress, as well as the release of February's jobs report following a blowout in January. In the eurozone, we expect a small uptick in February retail sales, while the scope for UK tax cuts looks limited ahead of the Spring Budget. The Bank of Canada is expected to hold rates at 5%



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### **US: Fed Chair Jerome Powell testifying before Congress**

It's a big week for markets, with Federal Reserve Chair Jerome Powell testifying before Congress on the state of the economy and the situation regarding monetary policy. As with his recent commentary, he will likely indicate a willingness to eventually start moving monetary policy away from restrictive territory towards a more neutral footing, but officials need to see data to justify such action. With GDP growth coming in hot, the jobs market remaining tight and inflation running too fast there is little prospect of an imminent interest rate cut.

In terms of economic data, the focus will be Friday's February jobs report after January's blow out 353,000 increase and upward revisions to November and December. We will be able to firm up our forecasts as we go through the week and see what the ISM and NFIB business organisations say

about what their members are experiencing, but for now we are provisionally penciling in something around the 200k mark. This is despite anecdotal evidence of rising job lay-offs at major employers, which we think will dampen the data in coming months. Average hourly earnings will correct lower after a big jump related to fewer hours worked for salaried professionals in January – relating to bad weather limiting some employees' ability to get into work. We also expect the unemployment rate to rise a tenth of a percentage point to 3.8%.

### ✔ Eurozone: Small uptick in February retail sales expected

Not many interesting eurozone data points will be out next week to accompany the European Central Bank meeting, but retail sales data for January on Wednesday will give a sense of how the economy started the year. A big December decline in sales showed that Europeans were thrifty for the holiday season this year, but this fits a broader trend of weak spending on goods since late 2021. We expect a small uptick in January but nothing that can be seen as the start of a recovery.

### ✔ UK: Scope for UK tax cuts looks limited ahead of Spring Budget

UK Chancellor Jeremy Hunt has made it abundantly clear that he intends to cut taxes in the Spring Budget on 6 March. But with markets more cautious about the extent of Bank of England rate cuts, the chancellor will have less money to play with than he'd hoped just a few weeks ago. We think Hunt's "headroom" will still have increased from £13bn to £18bn, on account of slightly lower market rates compared to at the time of November's Autumn Statement. That headroom is money that could in theory be given away, while still meeting the main fiscal rule of debt falling as a share of GDP in five years' time.

The situation is tight. Reports suggest the chancellor will scale back his planned pre-election tax cuts and the package of support will be less substantial than back in November. The alternative is to bake in even tighter spending plans for future years to try and eek out further room for tax cuts, but this looks highly challenging.

[Read more in our full Spring Budget preview](#)

### ✔ Canada: Policy rate to remain at 5%

We expect the Bank of Canada to leave the policy rate at 5% at the upcoming meeting on 6 January. The BoC is sounding a little less hawkish, but with officials not expecting inflation to return to the 2% target until next year, it's unlikely to signal that it is relaxed enough to ease monetary policy soon. As with the Fed, we are looking at June as the likely starting point for interest rate cuts.

## Key events in developed markets

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 4 March</b>					
Switzerland	0730	Feb CPI (MoM%/YoY%)	-/-	/	0.2/1.3
<b>Tuesday 5 March</b>					
US	1445	Feb S&P Global Composite PMI Final	-		51.4
	1445	Feb S&P Global Services PMI Final	-		51.3
	1500	Jan Factory Orders (MoM%)	-		0.2
	1500	Feb ISM N-Manufacturing PMI	52.5	53	53.4
Germany	0855	Feb S&P Global Services PMI	48.2		48.2
	0855	Feb S&P Global Composite PMI Final	46.1		46.1
France	0745	Jan Industrial Output (MoM%)	-		1.1
	0850	Feb S&P Global Composite PMI	-		47.7
UK	0930	Feb S&P Global/CIPS Serv PMI Final	54.3		54.3
	0930	Feb Composite PMI Final	53.3		53.3
Italy	0845	Feb Composite PMI	-		50.7
	0900	Q4 GDP Final (QoQ%/YoY%)	-/-	/	0.2/0.5
Spain	0815	Feb Services PMI	-		52.1
Eurozone	0900	Feb S&P Global Services PMI Final	50		50
	0900	Feb S&P Global Composite PMI Final	48.9		48.9
<b>Wednesday 6 March</b>					
US	1315	Feb ADP National Employment	200	150	107
	1500	Fed Chair Powell testifies before Congress			
	1500	Jan JOLTS job openings (000s)	8800		9026
	1900	Federal Reserve Beige Book			
Germany	0700	Jan Exports	1.5		-4.6
	0700	Jan Imports	2		-6.7
	0700	Jan Trade Balance	19		22.2
UK	1200	Chancellor announces Spring Budget			
Canada	1445	BoC Rate Decision	5	5	5
Eurozone	1000	Jan Retail Sales (MoM%/YoY%)	0.5/-0.8	/	-1.1/-0.8
<b>Thursday 7 March</b>					
US	1330	Jan International Trade \$	-	-61.7	-62.2
	2000	Jan Consumer Credit	-	10	1.56
	1330	Initial Jobless Claims (000s)	220	-	215
	1330	Continuing Jobless Claims (000s)	4500	-	1915
	1500	Fed Chair Powell testifies before Congress			
	1700	4Q change in household wealth (\$bn)	2100		-1312
	2000	Jan consumer credit (\$bn)	8.5	10	1.561
Germany	0700	Jan Industrial Orders (MoM%)	-4		8.9
France	0745	Feb Reserve Assets Total	-		226483
Canada	1330	Jan Trade Balance C\$	-		-0.31
Switzerland	0645	Feb Unemployment Rate Adjusted	-		2.2
Eurozone	1315	Mar ECB Refinancing rate	4.5		4.5
	1315	Mar ECB Deposit rate	4		4
<b>Friday 8 March</b>					
US	1330	Feb Non-Farm Payrolls	200	180	353
	1330	Feb Private Payrolls	150	145	317
	1330	Feb unemployment rate (%)	3.8	3.7	3.7
	1330	Feb avg hourly earnings (MoM%)	0.2	0.2	0.6
Germany	0700	Jan Industrial Output (MoM%/YoY%)	1.0/-4.3	/	-1.6/-3.13
France	0745	Jan Trade Balance	-		-6.8
Canada	1330	Feb Unemployment Rate	5.8	5.8	5.7
	1330	Feb net change in employment (000)	20.0	31.0	37.3
Netherlands	0530	Jan Manufacturing Output (MoM%)	-		6.8
Greece	1000	Jan Industrial Output (YoY%)	-		4.3
	1000	Feb CPI (YoY%)	-		3.1
Eurozone	1000	Q4 GDP Revised (QoQ%/YoY%)	0.0/0.1	/	0.0/0.1

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