

Key events in developed markets next week

We agree with the market consensus that the Federal Reserve will probably deliver a 75bp hike this month and we expect the Bank of Canada to do the same, as the economy is growing strongly. Improvements in supply chains will help eurozone industry, however, the outlook remains difficult



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Inflation well above target, consumer sentiment at all-time low

The market is favouring a 75bp rate hike from the Federal Reserve on 27 July and we agree given the tight jobs market and inflation running at more than four times the 2% targeted rate. In fact, inflation is likely to move even further above target this coming week as gasoline, food, shelter and airline fares continue to rise apace. Core inflation may slow marginally to 5.8% from 6%, but this too is well above target.

We will also be looking out for the University of Michigan consumer confidence index. It recently fell to an all-time low as the rising cost of living and plunging stock markets weighed on sentiment. This obviously is not encouraging for consumer spending growth, and we will also be closely following the inflation expectations series. It spiked last month (subsequently revised lower) and

this was seen by many as the trigger for the Fed to signal it was going to hike by 75bp in June rather than the 50bp it had laid the groundwork for. Another strong reading for inflation expectations should all but confirm a second consecutive 75bp move later this month.

✓ Canada's housing market provides strong resilience against spikes in price

We expect the Bank of Canada to implement a 75bp move at its July 13 meeting. The economy is growing strongly, is at record employment levels and its inflation rate is running at 7.7%, the fastest rate since January 1983. The housing market is also red hot while Canada's strong commodity-producing sectors mean it is far more resilient than most major economies to the spike in prices.

✓ Weakening demand and negative trade balance

Eurozone industry continues to struggle with supply chain problems, while signs of weakening demand have also become more apparent. Both are bad news for a recovery in production although we do see some improvements in supply chains that may help production to catch up in the months ahead. Backlogs of work are still sizable, so don't expect a sudden drop in May production figures due to weaker demand just yet. Nevertheless, the outlook for industry remains soft at the moment. Also, look out for the trade balance, which is set to be negative again on the back of high energy prices and a difficult export environment.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 11 July					
Norway	0700	Jun CPI (MoM%/YoY%)	-/-		0.2/5.7
	0700	Jun Core Inflation (MoM%/YoY%)	-/-		0.4/3.4
Wednesday 13 July					
US	1330	Jun Core CPI (MoM%/YoY%)	0.6/5.8	0.6/5.7	0.6/6
	1330	Jun CPI (MoM%/YoY%)	1.0/8.7	1.1/8.8	1/8.6
Germany	0700	Jun CPI Final (MoM%/YoY%)	0.1/7.6		0.1/7.6
France	0745	Jun CPI (YoY%) NSA	-		5.8
	0745	Jun CPI (MoM%) NSA	-		0.7
UK	0700	May GDP Estimate (MoM%)	-0.2		-0.3
Spain	0800	Jun CPI (MoM%/YoY%)	-/-		1.8/10.2
Canada	1500	BoC Rate Decision	2.25	2.00	1.50
Eurozone	1000	May Industrial Production (MoM%/YoY%)	'0.2/0.3		0.4/-2.0
Thursday 14 July					
US	1330	Initial Jobless Claims 000s	240		235
	1330	Cont Jobless Claims 000s	1380		1375
Sweden	0700	Jun CPI (MoM%/YoY%)	-/-		1.0/7.3
	0700	Jun CPIF (MoM%/YoY%)	-/-		1.0/7.2
Friday 15 July					
US	1330	Jun Retail Sales (MoM%)	0.8	0.9	-0.3
	1415	Jun Industrial Production (MoM%/YoY%)	0.2	0.0	0.2
	1500	Jul Uni. of Mich. Sentiment Prelim	50.5	50.1	50.0
	1500	Jul Uni. of Mich. Conditions Prelim	54.5		53.8
	1500	Jul Uni. of Mich. Expectations Prelim	47.0		47.5
Netherlands	0530	May Trade Balance	-		4.1
Eurozone	1000	May Total Trade Balance SA	-		-31.7

Source: Refinitiv, ING

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