

Article | 20 January 2023

KEY EVENTS

# Key events in developed markets next week

In the US, all eyes are on the Federal Reserve's favoured measure of inflation, the core personal consumer expenditure deflator, where we expect a month-on-month reading of 0.2%. For the Bank of Canada meeting, we expect a 25bp hike, which should mark the peak in the policy rate



Source: Shutterstock

## **US: Expect weaker data over the next few quarters**

The US data has continued to soften over recent weeks. Both the manufacturing and service sector ISM indices are in contraction territory, CEO confidence is at its lowest level since the Global Financial Crisis, retail sales have fallen by 1% or more for the past two months, industrial production has fallen for the past three and residential construction has posted six consecutive monthly declines. Despite this, the fourth quarter GDP report is expected to show that the economy expanded at a rate in excess of 2% annualised. Consumer spending should be an important driver given the strong performance in October, but aside from that, the growth will largely be focused on net trade and inventory building. This is not “good” growth. Imports are falling because of the deteriorating domestic growth story while inventories are increasing, partly because of improved supply chains, but also because demand is not as strong as many businesses expected. The GDP growth figures over the next few quarters will be much weaker.

Aside from this report, durable goods orders will be strong given Boeing received orders for 250 aircraft in December (led by United Airlines' order for nearly 200 Boeing 737 Max and 787 aircraft), up from 21 in November. Strip this one-off story out and the underlying picture is significantly weaker. Meanwhile, new home sales will suffer as a lagged response to the downturn in mortgage applications. Also watch out for the Fed's favoured measure of inflation, the core personal consumer expenditure deflator. We expect it to show a relatively benign 0.2% month-on-month reading, which would confirm the easing trend in price pressures. There are no scheduled Federal Reserve speakers due to the proximity to the upcoming FOMC meeting and the self-imposed "quiet period". We expect a 25bp interest rate increase on 1 February.

### **Canada: Final hike of 25bp**

The Bank of Canada is getting close to the end point of its interest rate hiking phase. Inflation is showing signs of coming off, but the jobs market remains hot and as such we expect a final 25bp interest rate hike on 25 January. The BoC will likely characterise this as a pause, but we expect it to mark the peak as global recessionary forces are increasingly felt within Canada and inflation numbers continue to subside.

## **Key events in developed markets next week**

Country	Time	Data/event	ING	Survey	Prev.
<b>Tuesday 24 January</b>					
US	1445	Jan S&P Global Manufacturing PMI Flash	-		46.2
	1445	Jan S&P Global Services PMI Flash	-		44.7
	1445	Jan S&P Global Composite Flash PMI	-		45
Germany	0700	Feb GfK Consumer Sentiment	-36.0		-37.8
	0830	Jan S&P Global Manufacturing Flash PMI	47.5		47.1
	0830	Jan S&P Global Service Flash PMI	48.7		49.2
	0830	Jan S&P Global Composite Flash PMI	49.0		49
France	0815	Jan S&P Global Composite Flash PMI	-		49.1
UK	0930	Jan Flash Composite PMI	49.1		49
	0930	Jan Flash Manufacturing PMI	46.5		45.3
	0930	Jan Flash Services PMI	49.5		49.9
Eurozone	0900	Jan S&P Global Manufacturing Flash PMI	49.1		47.8
	0900	Jan S&P Global Services Flash PMI	50.4		49.8
	0900	Jan S&P Global Composite Flash PMI	50.3		49.3
<b>Wednesday 25 January</b>					
Germany	0900	Jan Ifo Business Climate	88.9		88.6
	0900	Jan Ifo Current Conditions	94.1		94.4
	0900	Jan Ifo Expectations	85.0		83.2
Canada	1500	BoC Rate Decision	4.5	4.5	4.25
<b>Thursday 26 January</b>					
US	1330	4Q GDP (QoQ% ann.)	2.3	2.8	3.2
	1330	Dec Durable Goods	4.2	2.9	-2.1
	1500	Dec New Home Sales-Units 000s	610	615	640
	1330	Initial Jobless Claims (000s)	210	213	190
	1330	Continue Jobless Claims (000s)	1.66	1.65	1.647
Italy	0900	Jan Consumer Confidence	-		102.5
<b>Friday 27 January</b>					
US	1330	Dec Personal Income (MoM%)	0.2	0.2	0.4
	1330	Dec Personal Consumption Real (MoM%)	0		0
	1330	Dec Consumption, Adjusted (MoM%)	-0.3	-0.1	0.1
	1330	Dec Core PCE Price Index (MoM%)	0.2		0.2
	1500	Jan U Mich Sentiment Final	64.6	64.6	64.6
Sweden	0700	Dec Unemployment Rate	-		6.4
Eurozone	0900	Dec Money-M3 Annual Grwth	4.6		4.8

Source: Refinitiv, ING

## Author

**James Knightley**

Chief International Economist, US

[james.knightley@ing.com](mailto:james.knightley@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms*

## THINK economic and financial analysis

*part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).