

Key events in developed markets next week

Persistently high core inflation has allowed the Federal Reserve to stick with the call of another 25 basis point hike for the next meeting, and we don't see upcoming data changing that view. Sweden's Riksbank looks set for a large rate hike in a bid to boost the currency, despite mounting economic and housing concerns



Source: Shutterstock

US: Upcoming data won't dissuade the Fed from hiking rates

The calming of bank stresses and the combination of reasonable activity numbers but persistently high core inflation has allowed the Fed to stick with the message that another 25bp interest rate hike is the most likely outcome for the 3 May FOMC meeting. The upcoming data won't change that view.

First quarter GDP is the highlight of the data releases and we look for a slightly sub-consensus 1.5% annualised growth rate. Consumer spending will be strong given the blowout retail sales report for January which was boosted by unseasonably warm weather after a cold and wintry December. However, weaker net trade and inventory performance will go some way to offsetting that story. We will also be closely watching the Fed's favoured measure of inflation, the core personal consumer expenditure deflator. It is expected to rise 0.3% MoM and 4.5% YoY, which won't dissuade the Fed from hiking rates. We will also see a fair amount of housing data and

consumer confidence numbers, but these are likely to remain subdued.

Sweden: The Riksbank to hike by 50bp next Wednesday

We are expecting a 50bp hike by the Riksbank next week, and we think the updated rate projections could go beyond what markets are pricing and signal a peak rate of roughly 4%, up from just below 3.5% last time. Core inflation is still well above the Riksbank's February forecast, though activity data is looking bleak. Given the Riksbank meets only five times a year, it has to make each meeting count. Policymakers have emphasised in the past that staying out in front of the European Central Bank is a priority.

In practice though, taking rates much higher could prove challenging given the economic and housing backdrop, and we'd argue that even another 25bp hike in June is not guaranteed (though it's our base case for now).

[You can read our full preview here](#)

Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 24 April					
Germany	0900	Apr Ifo Business Climate	94		93.3
	0900	Apr Ifo Current Conditions	93.5		95.4
	0900	Apr Ifo Expectations	92		91.2
Tuesday 25 April					
US	1400	Feb CaseShiller 20 (MoM%/YoY%)	-0.4/-0.1		-0.4/2.5
	1500	Apr Consumer Confidence	104.5	104.1	104.2
	1500	Mar New Home Sales-Units	0.63	0.635	0.64
Wednesday 26 April					
US	1330	Mar Durable Goods	0.7	0.9	-1
Germany	0700	May GfK Consumer Sentiment	-26		-29.5
Sweden	0700	Mar Unemployment Rate	-		8.2
	0830	Riksbank Rate	3.50		3.00
Thursday 27 April					
US	1330	Initial Jobless Claim	250		245
	1330	Continue Jobless Claim	1895		1865
	1330	1Q GDP (QoQ% ann)	1.5	2.0	2.6
Italy	0900	Apr Consumer Confidence	106		105.1
Spain	0800	Mar Retail Sales (YoY%)	-		4
Sweden	0700	Q1 GDP (QoQ%/YoY%)	-/-		-0.5/-0.2
Eurozone	1000	Apr Business Climate	-		0.7
	1000	Apr Economic Sentiment	-		99.3
	1000	Apr Consumer Confidence Final	-		
Friday 28 April					
US	1330	Mar Personal Income (MoM%)	0.2	0.2	0.3
	1330	Mar Personal Consump Real (MoM%)	-0.3	-	-0.1
	1330	Mar Consumption, Adjusted (MoM%)	-0.1	-0.1	0.2
	1330	Mar Core PCE Price Index (MoM%)	0.3	0.3	0.3
	1445	Apr Chicago PMI	43.5	42.8	43.8
	1500	Apr U Mich Sentiment Final	63.5	63.5	63.5
Germany	0700	Q1 GDP Flash (QoQ%/YoY%) SA	0.2/0.1		-0.4/0.3
	0855	Apr Unemployment Rate SA	5.6		5.6
	1300	Apr CPI Prelim (MoM%/YoY%)	0.5/7.2		0.8/7.4
France	0630	Q1 GDP Preliminary (QoQ%/YoY%)	-/-		0.1/0.5
	0745	Apr CPI Prelim (YoY%)	-		6.7
Italy	0900	Q1 GDP Prelim (QoQ%/YoY%)	0.1/1.4		-0.1/1.4
Canada	1330	Feb GDP (MoM%)	-		0.5
Eurozone	1000	Q1 GDP Flash Prelim (QoQ%/YoY%)	0.1/1.4		0/1.8

Source: Refinitiv, ING

Author

James Knightley

Chief International Economist, US

james.knightley@ing.com

James Smith

Developed Markets Economist, UK

james.smith@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 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.