

## Key events in developed markets this week

The spotlight is on the Fed meeting next week in developed markets but we don't expect any major changes as officials have clearly stated that negative interest rates are not on the cards



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### **US: The Fed isn't ready to go negative**

The US focus will be on Wednesday's FOMC meeting.

We do not expect any major new initiatives given the performance of financial markets and the fact credit continues to flow freely. Moreover, officials have made it clear they have no interest in negative rates, feeling it could actually impede credit flows, although they have not completely removed it as an option in the future.

Nonetheless, the outlook for the economy remains uncertain. There are certainly bright spots, such as mortgage applications and car sales, but social distancing, consumer caution, high unemployment and political division mean the broader economy is facing many challenges.

As Fed Chair Jerome Powell said last month, "the Fed has lending powers, not spending powers". So in an environment where there is a collapse in demand with rising unemployment and state and local governments running out of cash, it requires the Federal government to step in. This means fiscal policy should carry the burden, potentially supported by a Fed QE strategy that would

cap government borrowing costs as debt issuance surges. Yield curve targeting is unlikely to be seriously on the agenda at this FOMC meeting with longer-dated yields remaining low, but it could certainly emerge in the Autumn.

Data-wise consumer price inflation should continue to ease given the lack of demand in the economy. The food component is likely to see further price pressures though given the dramatic switching away from food services towards grocery and the strains this has placed on supply chains.

We will also have the University of Michigan measure of consumer confidence that should rise further given the re-openings and rising asset prices.

## Developed Markets Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
<b>Monday 8 June</b>				
Japan	0050 1Q F GDP (Annualised, QoQ%)	-	-2.1	-3.4
	0050 1Q F GDP deflator - advance (Q) (YoY%)	-	0.9	0.9
	0050 Apr C/A Balance, adjusted (Yen bn)	-	-	942.3
Germany	0700 Apr Industrial Production (MoM%/YoY%)	-7.0/-16.0	-/-	-9.2/-11.6
Sweden	0830 1Q Current Account Balance (SEKbn)	-	-	38.8
<b>Tuesday 9 June</b>				
US	1100 May NFIB Small Business Optimism	92.0	-	90.9
Japan	0030 Apr Labor cash earnings (YoY%)	-	-	0.1
Eurozone	1000 1Q F GDP (QoQ%/YoY%)	-3.8/-3.2	-/-	-3.8/-3.2
Germany	0700 Apr Trade Balance (€bn)	15.0	-	17.4
<b>Wednesday 10 June</b>				
Global	1000 OECD Publishes Economic Outlook			
US	1330 May CPI (MoM%/YoY%)	0.0/0.3	0.0/0.2	-0.8/0.3
	1330 May CPI ex. food and energy (MoM%/YoY%)	-0.1/1.3	0/1.3	-0.4/1.4
	1900 FOMC Rate Decision (Upper bound)	0.25	0.25	0.25
	1930 Powell Holds Post-FOMC Meeting Press Conference			
Japan	0050 May PPI (MoM%/YoY%)	-/-	-/-	-1.5/-2.3
	0050 Apr Core machine orders (MoM%/YoY%)	-/-	-/-	-0.4/-0.7
Norway	0700 May CPI (MoM%/YoY%)	0.0/0.9	-/-	0.4/0.8
	0700 May CPI - ATE (MoM%/YoY%)	-/-	-/-	1.1/2.8
Sweden	1100 Riksbank's Ingves Gives Speech			
<b>Thursday 11 June</b>				
Japan	0050 2Q BSI - All Industry (QoQ%)	-	-	-10.1
	0050 2Q BSI - Large manufacturing (QoQ%)	-	-	-17.2
Australia	0200 Jun CPI expectations (YoY%)	-	-	3.4
Sweden	0500 May PES Unemployment Rate	-	-	4.8
	0830 May CPI (MoM%/YoY%)	0.1/-0.5	-/-	-0.3/-0.4
	0830 May CPIF (MoM%/YoY%)	0.0/-0.4	-/-	-0.3/-0.4
<b>Friday 12 June</b>				
US	1500 Jun P.U. of Mich. Sentiment Index	76.0	75.0	72.3
Japan	0530 Apr F Industrial production - Prel (MoM/YoY%)	-/-	-/-	-9.1/-14.4
Eurozone	1000 Apr Industrial Production (WDA, YoY%)	-19.3	-	-12.9
UK	0700 Apr Industrial Production (MoM%)	-15.0	-	-4.2
	0700 Apr Services Index (MoM%)	-18.0	-	-6.2
	0700 Apr Monthly GDP (MoM%)	-17.0	-	-5.8
Spain	0800 May F HICP (MoM%/YoY%)	-/-	-/-	0.0/-0.9

Source: ING, Bloomberg

## Author

**James Knightley**

Chief International Economist, US

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

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