

Key events in developed markets this week

'Sticky' inflation data will keep the Federal Reserve on track for 50bp rate hikes in June and July, while in Europe, the only real question is why the European Central Bank isn't hiking at its meeting this Thursday



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US inflation set to keep Fed on track for 50bp hikes in June and July

US inflation will be a key indicator to watch. With gasoline prices hitting new highs and food prices under upward pressure we expect the annual rate to remain above 8%. Core inflation may slow marginally, but remain close to 6% given decent corporate pricing power allowing businesses to pass cost increases onto customers. Inflation is unlikely to fall quickly in the near term unless the geopolitical backdrop improves and energy prices fall back, supply chains show improvement, and labour supply rises to mitigate against rising wage pressure. Unfortunately, none of this seems set to happen in the near term and that will keep the Fed in policy tightening mode with 50bp rate hikes at the June and July FOMC meetings.

Why isn't the ECB hiking rates this week?

With headline and core inflation still on the rise, and 2024 inflation very close to the ECB's

definition of price stability, the only real question for Thursday's meeting is why not hike rates now?

In fact, since the start of the year, ECB meetings and press conferences have always surprised on the hawkish side. At the current juncture, and given recent comments, the only way for this to happen again would be to actually hike rates this week. And in all honesty, the case for such a move is very clear. The only argument against not hiking is the ECB's own 'sequencing', ie first, stop net asset purchases before hiking rates. A rate hike this week would undermine the ECB's credibility and forward guidance.

Following the logic of the ECB, a hawkish surprise this week would weaken the de facto pre-commitment by Chief Economist Philip Lane and President Christine Lagarde, and keep a 50bp rate hike on the table for July. [Read our full preview here.](#)

Key events next week

Country	Time	Data/event	ING	Survey	Prev.
Tuesday 7 June					
US	1330	Apr International Trade \$	-91	-93	-109.8
	2000	Apr Consumer Credit	33	30	52.4
Germany	0700	Apr Industrial Orders (MoM%)	-2.0		-4.7
UK	0930	May Markit/CIPS Services PMI Final	51.8		51.8
	0930	May Composite PMI Final	51.8		51.8
Canada	1330	Apr Trade Balance C\$	-		2.5
Wednesday 8 June					
Germany	0700	Apr Industrial Output (MoM%/YoY%)	-1.0		-3.9/-3.4
France	0745	Apr Trade Balance	-		-12.4
Switzerland	0645	May Unemployment Rate Adjusted	-		2.2
Eurozone	1000	Q1 Employment Final (QoQ%/YoY%)	-		0.5/2.6
	1000	Q1 GDP Revised (QoQ%/YoY%)	-/-		0.3/5.1
Thursday 9 June					
US	1330	Initial Jobless Claims	215		-
	1330	Cont Jobless Claims	1350		-
Netherlands	0530	May CPI (MoM%/YoY%)	-0.6/8.8		0.3/9.6
Greece	1000	May CPI (YoY%)	-		10.2
Eurozone	1245	Jun ECB Refinancing rate	0.0		0.0
	1245	Jun ECB Deposit rate	-0.5		-0.5
Friday 10 June					
US	1330	May Core CPI (MoM%/YoY%)	0.5/5.9	0.5/5.9	0.6/6.2
	1330	May CPI (MoM%/YoY%)	0.7/8.2	0.7/8.2	0.3/8.3
	1500	Jun U. of Mich. Sentiment Prelim	59		58.4
	1500	Jun U. of Mich. Conditions Prelim	64.5		63.3
	1500	Jun U. of Mich. Expectations Prelim	55.6		55.2
Italy	0900	Apr Industrial Output (MoM%/YoY%)	-/-		0/3
Spain	0800	May CPI (MoM%/YoY%)	-/-		0.8/8.7
Canada	1330	May Unemployment Rate	5.1		5.2
Norway	0700	May CPI (MoM%/YoY%)	-/-		1.2/5.4
	0700	May Core Inflation (MoM%/YoY%)	-/-		0.9/2.6
Netherlands	0530	Apr Manufacturing Output (MoM%)	0		-0.2
Greece	1000	Apr Industrial Output (YoY%)	-		7.9

Source: Refinitiv, ING

Author

James Knightley

Chief International Economist, US

james.knightley@ing.com

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

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