

THINK Ahead: The Christmas gift edition

Struggling with your last minute Christmas shopping? James Smith has you covered with his, erm, eclectic gift list. Read on as our team looks ahead to the final few twists and turns that 2024 has to offer



The Christmas shopping countdown is officially on. If you find yourself struggling to manage the madness, worry not – Santa Smith's done the heavy lifting for you

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Not to alarm you, but there are only 19 days 'til Christmas. Still not finished your shopping? No need to panic buy that air fryer just yet. Santa Smith's got you covered with the inaugural ING Research Christmas gift list...

Let me first tempt you with a card game; your niece or nephew is going to love it. Well, it'll be memorable at least...

It's Top Trumps: the central bank edition. Long-suffering readers might [remember this from the summer](#). You'll be battling it out on statistics to decide which central bank needs to cut rates the most in 2025.

Here are the stats in question:

1. **Inflation, obviously.** Where is it relative to target, but more importantly, how high is services inflation? Remember that's the bit of the basket central banks supposedly have the greatest amount of influence over.

- Growth.** How does it look relative to pre-Covid averages? And what about the latest surveys?
- Unemployment.** It's a famously lagging indicator, but how far has it risen over the past year, and how does it compare to 2019?
- How aggressively have past rate hikes hit the economy?** My favoured way of looking at this is the average mortgage rate paid on all outstanding debt. Bigger rises over the past two years tend to mean there's more variable rate lending kicking about.
- Finally, trade.** It's the new addition for the Christmas edition, and it's how exposed the country is to Donald Trump's impending trade war.

The chart below gives a bird's eye view of what's printed on my cards. The more orange, the more dovish the overall picture looks for each central bank. And there's one country that's more orange than all: Canada.

Top Trumps: Who needs to cut rates the most?

	Rate cuts		Inflation		Growth		Unemployment		Other factors	
	Past cuts from peak	Future cuts by end-2025 ¹	Headline CPI vs. target	Services CPI vs. 2019 avg.	YoY% vs. 2018-19 avg.	Purchasing Managers Index	Rate vs. low in prior 12M	Latest rate vs. 2019 avg.	Rise in mortgage rates ²	Exports to US (% GDP) ³
United States	75	100	0.6	2.0	-0.1	54.9	0.4	0.5	0.6	-
Eurozone	110	125	0.3	2.4	-0.7	48.3	0.0	-1.3	0.8	3
United Kingdom	50	150	0.3	3.4	-0.6	50.5	0.2	0.2	1.8	2
Switzerland	75	75	-1.3	1.4	-0.3	50.2	0.5	0.3	0.4	7
Sweden	125	75	-0.5	1.2	-1.6	51.7	0.4	1.5	2.5	3
Norway	0	100	0.6	1.2	-1.4	50.7	0.2	-0.3	3.9	1
Canada	125	100	0.0	1.2	-0.8	51.5	0.9	0.8	2.4	21
Japan	-15	-75	0.3	1.3	0.1	50.1	0.0	0.1	0.1	3
Australia	0	100	-0.1	3.3	-1.5	50.2	0.4	-1.1	3.4	1

← Hawkish Scale Dovish →

Source: Macrobond, ING

1) Based on ING forecasts. 2) The increase in the average mortgage rate across all outstanding lending since the 2021 low 3) Goods exports only

Canada has faced a more rapid and aggressive hit from past rate rises, as James K discusses below. Growth has suffered, inflation has fallen back and the jobs market is under pressure. And the threat of fresh American tariffs adds insult to injury.

The Bank of Canada has already embarked on one of the most aggressive cutting cycles to date. Even so, another 50bp cut next week is possible. Sweden, and the Riksbank which meets a week later, is in a pretty similar boat.

Those meetings are of course dwarfed by an impending decision from the [European Central Bank](#). It's a close call between 25bp and 50bp. But interestingly, the eurozone doesn't come out too badly on these metrics. Services inflation is sticky; wage growth is north of 5%. Unemployment is at record lows. Yes, the purchasing managers' indices don't look great, but they're not always that reliable.

Those are the arguments the hawks will be putting forward next week, anyway. [My colleague Carsten thinks](#) they'll win the argument on a smaller rate cut. But with growth risks mounting, it's

the doves that'll be in control next year. The ECB is poised to take rates below 2% by the summer.

Ok, back to the gift list. And if I've failed to win you over so far, this is one for the bookworms. Spy thriller, love story, murder mystery... Our [2025 Global Outlook](#) is sadly none of those things.

But it's got your nieces and nephews covered with the key calls for every major economy and central banks. Like why [we aren't ruling out yield curve control](#) from the ECB and Federal Reserve next year. Or why Trump's policies ultimately mean [higher US inflation and slower growth](#).

Trust me, it's a real page turner, and it's even got our own Chris Turner with his [latest FX calls](#), too. The best bit? It's completely free and [available now](#).

Or how about a weekend away in the new year? I get it, you've already ticked off the spa day or hot air balloon trip. So, how about a ticket to our [Global Outlook webinar](#) this coming Monday? Alright, it's not quite as romantic. And I accept it's not on a weekend. Or in the new year... But between Carsten, James and myself, we'll be chatting through the major trends and risks for the coming year. Fun for all the family. [Sign up today](#) to avoid missing out!

Well, that's it. Sorry if you were expecting a list of high-brow academic literature. And if you still aren't convinced, just remember this: your relatives will never complain about getting given socks ever again.

THINK Ahead in developed markets

United States (James Knightley)

- The Federal Reserve's FOMC meeting on 18 December remains a 50:50 call as to whether we will see it cut rates 25bp or not. The data highlight is going to be consumer price inflation, but with another 0.3% month-on-month result for core CPI the favoured outcome, it will remain a knife edge decision. There is a general sense that monetary policy remains in restrictive territory and they think they should move it closer to neutral, but how quickly remains open to debate. For now we continue to favour the central bank cutting by 25bp this month, but then pausing in January.

Eurozone (Carsten Brzeski)

- **Interest rates (Thu):** We think that the ECB will be hesitant to really walk the walk on getting ahead of the curve and will cut rates by 25bp next week. To bring a bit more dovishness and to signal that the ECB is not getting cold feet in its quest to get ahead of the curve, we expect the central bank to communicate that it will continue bringing rates towards neutral levels and that it no longer rules out bringing rates into easing territory. [Read our full preview here.](#)

Canada (James Knightley)

- **Interest rates (Wed):** The Bank of Canada has cut its policy rate by 125bp since the beginning of June and there is a strong chance we get a second consecutive 50bp cut next week. This leave it at 3.25% as the BoC seeks to get rates close to neutral quickly due to the weak growth story and increasingly benign inflation backdrop. High debt levels and the structure of the mortgage market have weighed heavily – and with Trump threatening significant tariffs as soon as he enters the White House, authorities are seeking to avert a

collapse in confidence.

THINK Ahead for Central and Eastern Europe

Hungary (Peter Virovacz)

- **Inflation (Tue):** The most important (and yet practically irrelevant) data release in Hungary next week is inflation. We see an acceleration in food, fuel and durable goods prices due to global commodity price developments and the significant weakening of the Hungarian forint. We've now reached the point where incoming inflation data is somewhat irrelevant. As long as the HUF is so vulnerable, we hardly see inflation moving the needle for monetary policy in any way.

Czech Republic (David Havrlant)

- **Industrial production (Mon):** Industrial output likely slipped into an annual decline in October, largely due to a high comparison base from the previous year. That said, the continued bleak demand from main European trading partners and the challenges of German automotive will keep a lid on Czech industrial performance. Nevertheless, there are signs of Czech manufacturers bottoming out (e.g., significant mitigations in staff reductions). The rebound in the construction sector will absorb some of the free labour force and contribute to the unemployment rate remaining low in November.
- **Inflation (Tue):** Czech inflation likely increased in November, mainly due to stronger food price growth. Food prices also present a wild card, with the preliminary food price survey indicating a rather pronounced pick-up when applied in a regression. However, the survey is not a great explanatory variable, so we consider it as risk factor that could push headline inflation across the 3% threshold. More potent nominal and real wage growth combined with upbeat retail spending will exert pressure on consumer prices over the coming months.
- **Current account (Fri):** The current account is expected to have turned marginally positive at the beginning of the year's final quarter, with October's trade balance likely remaining safely in positive territory, only slightly below the previous reading.

Key events in developed markets next week

Country	Time Data/event	ING	Prev.
Monday 9 December			
UK	1300 BoE Ramsden Speech	-	-
Tuesday 10 December			
US	1100 NFIB Small Business Optimism	95.5	93.7
Germany	0700 Nov CPI Final (MoM%/YoY%)	-0.2/2.2	-0.2/2.2
Italy	0900 Oct Industrial Output (MoM%/YoY%)	-0.4/-4.2	-0.4/-4
Norway	0700 Nov CPI (MoM%/YoY%)	-/-	0.6/2.6
	0700 Nov Core Inflation (MoM%/YoY%)	-/-	0.2/2.7
Netherlands	0530 Nov CPI (MoM%/YoY%)	-/-	0.5/3.5
	0530 Oct Manufacturing Output (MoM%)	-	-3
Greece	1000 Oct Industrial Output (YoY%)	-	2.5
	1000 Nov CPI (YoY%)	2.9	2.4
Wednesday 11 December			
US	1330 Nov CPI (MoM%/YoY%)	0.2/2.7	0.2/2.6
	1330 Nov Core CPI (MoM%/YoY%)	0.3/3.3	0.3/3.3
Canada	1445 BoC Rate Decision	3.25	3.75
Thursday 12 December			
US	1330 Nov PPI (MoM%)	0.2	0.2
Sweden	0700 Nov CPI Final (MoM%/YoY%)	0.2/1.6	0.2/1.6
	0700 Nov CPIF Final (MoM%/YoY%)	0.4/1.5	0.4/1.5
Switzerland	0830 SNB Policy Rate	-	1.00
Netherlands	0530 Oct Trade Balance (EUR bn)	-	14.13
Eurozone	1315 ECB Deposit Rate	3.00	3.25
	1315 ECB Refinancing Rate	3.15	3.40
	1345 ECB Press Conference	-	-
Friday 13 December			
UK	0700 Oct GDP (MoM%)	0.1	-0.1
Germany	0700 Oct Exports (MoM%)	-	-1.7
	0700 Oct Imports (MoM%)	-	2.1
	0700 Oct Trade Balance (EUR bn)	-	17
France	0745 Nov CPI Final (MoM%/YoY%)	-/-	-0.1/1.3
Spain	0800 Nov CPI Final (MoM%/YoY%)	-/-	0.2/2.4
Norway	0700 Oct GDP (MoM%)	-	-3.5
Sweden	0700 Nov Unemployment Rate	-	7.8
Eurozone	0900 ECB Holzmann Speech	-	-
	1000 Oct Industrial Production (MoM%/YoY%)	-/-	-2/-2.8

Source: Refinitiv, ING

Key events in EMEA next week

Country	Time Data/event	ING	Prev.
Monday 9 December			
Czech Rep	0800 Oct Industrial Output (YoY%)	-1.4	0.8
	0800 Oct Trade Balance (CZK bn)	15.8	21.3
	0800 Nov Unemployment Rate	3.8	3.8
Tuesday 10 December			
Turkey	0700 Oct Unemployment Rate	-	8.6
	0700 Oct Industrial Output (MoM%/YoY%)	-/-	1.6/-2.4
Czech Rep	0800 Nov CPI (MoM%/YoY%)	0.2/2.9	0.3/2.8
Hungary	0730 Nov GDP (MoM%/YoY%)	0.6/3.8	0.1/3.2
	0730 Nov Core CPI (YoY%)	4.7	4.5
Ukraine	1330 Nov CPI (MoM%/YoY%)	-/-	1.8/9.7
Wednesday 11 December			
Russia	1600 Nov CPI (MoM%/YoY%)	1.5/9.0	0.8/8.5
Romania	0700 Nov CPI (MoM%/YoY%)	0.3/4.9	0.6/4.7
Thursday 12 December			
Turkey	0700 Oct Current Account Balance (USD bn)	1.0	3.0
Ukraine	1100 Interest Rate Decision	-	13.00
Serbia	1100 Nov CPI (MoM%/YoY%)	0.1/4.1	0.6/4.5
	1100 Interest Rate Decision	5.75	5.75
Friday 13 December			
Russia	1600 Q3 GDP 2nd Estimate (YoY%)	3.1	3.1
Poland	0900 Nov CPI Final (MoM%/YoY%)	-/-	0.4/4.6
	1300 Oct Current Account Balance (EUR mn)	-	-1434
	1300 Oct Trade Balance (EUR mn)	-	-690
Czech Rep	0900 Oct Current Account Balance (CZK bn)	3.3	-8.7

Source: Refinitiv, ING

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