

THINK Ahead: Jobs data in focus

The consensus is for US non-farm payrolls to have risen 153k in December while the unemployment rate is expected to hold at 4.2%. This would be consistent with a general cooling of the jobs market. Data from Hungary and the Czech Republic, meanwhile, may show unemployment ticking up



THINK Ahead in developed markets

United States (James Knightley)

- The first jobs report of the year comes next Friday (January 10). The early consensus is for December non-farm payrolls to have risen 153k with a range of 125k to 200k, but expectations will be firmed up through the week with the release of job openings numbers, ADP private payrolls and the ISM employment components. The unemployment rate is expected to hold at 4.2%, while wage growth is expected to hold at 4% year-on-year. This would all be consistent with the general cooling of the jobs market, but after 100bp of Fed rate cuts in 2024, the widely held view is that we will see a much slower and less aggressive series of moves in 2025.
- The Federal Reserve dot plot update from the December FOMC meeting suggested the central forecast amongst officials is for only two 25bp cuts in 2025. Just 3bp is priced for the 29 January FOMC meeting with 15bp priced by March. We certainly agree with a no-change

outcome later this month but are still projecting a 25bp cut in March. While the Fed has been cutting the policy rate, longer-dated borrowing costs have surged higher on a combination of government debt sustainability concerns and potentially sticky inflation. The dramatic steepening of the yield curve is pushing mortgage rates and corporate borrowing costs sharply higher. The dollar has also risen to its strongest level in more than two years against key trading partners and these two factors will act as a brake on economic activity that the Fed may feel it needs to offset.

THINK Ahead for Central and Eastern Europe

Hungary (Peter Virovacz)

- **Unemployment (Mon):** We see a slightly higher, but still stable, official unemployment rate. The 4.6% rate continues to look favourable amid a still-high level of labour hoarding (around 17%). So far, so good, but should we see a further deterioration in the economic outlook, this could trigger significant layoffs.
- **Economic activity:** The November economic data is due in early January and we see a rather downbeat collection of data prints. After the surprisingly strong October figures, we expect some corrections and see declines in both retail sales and industrial production on a monthly basis. However, we still believe that the big picture will show just enough improvement for Hungary to emerge from a technical recession in the fourth quarter.

Czech Republic (David Havrlant)

- **Production (Thu):** The annual decline in industrial output softened in November, with Czech industry likely hitting the bottom. That said, the industrial outlook remains foggy, as the European and, in particular, the German economic performance remains under pressure. Still, the levelling off in Czech industry has contributed to a somewhat improved trade balance in the same month.
- **Unemployment (Thu):** The unemployment rate likely picked up in December, mostly due to the usual seasonal effect. Meanwhile, the labour market remains tight, with the rebound in the construction sector set to drive hiring in the spring.

Key events in developed markets next week

Country	Time (GMT)	Data/event	ING	Prev.
Monday 6 January				
US	1500	Nov Factory Orders (MoM%)	-0.3	0.2
Eurozone	0900	Dec HCOB Composite PMI Final	-	51.4
	0900	Dec HCOB Services PMI Final	-	49.5
Germany	0855	Dec HCOB Services PMI Final	47.6	47.8
	1300	Dec CPI (MoM%/YoY%)	0.4/2.6	-0.2/2.2
France	0850	Dec HCOB Services PMI Final	-	46.7
UK	0930	Dec S&P Global Services PMI Final	-	51.4
Italy	1000	Dec CPI (MoM%/YoY%)	-/-	-0.1/1.3
Tuesday 7 January				
US	1330	Nov Trade Balance (USD bn)	-79	-73.8
	1500	Dec ISM Services PMI Flash	53	52.1
	1500	Nov JOLTs Job Openings (mn)	7.6	7.74
Eurozone	1000	Dec CPI (MoM%/YoY%)	-/-	-0.3/2.3
	1000	Nov Unemployment Rate	-	6.3
France	0745	Dec CPI (YoY%)	-	1.3
Canada	1330	Nov Trade Balance (CAD bn)	-	-0.92
	1300	Dec Ivery PMI Flash	-	52.3
Netherlands	0530	Dec CPI (YoY%)	-	4
Wednesday 8 January				
US	1900	FOMC Meeting Minutes	-	-
Eurozone	1000	Dec Economic Sentiment	-	95.8
	0700	Nov Factory Orders (MoM%)	1	-1.5
France	0700	Nov Retail Sales (MoM%/YoY%)	1.0/1.5	-1.5/1
	0745	Nov Trade Balance (EUR bn)	-	-7.7
	0745	Dec Consumer Confidence	-	90
Sweden	0700	Dec CPI (MoM%/YoY%)	-/-	0.5/1.8
Thursday 9 January				
Eurozone	1000	Nov Retail Sales (MoM%/YoY%)	-/-	0.5/1.9
	0700	Nov Trade Balance (EUR bn)	16	13.5
Germany	0700	Nov Exports (MoM%)	2	-2.8
	0700	Nov Imports (MoM%)	1	-0.1
	0700	Nov Industrial Production (MoM%)	0.5	-1
Italy	0900	Nov Unemployment Rate	-	5.8
Switzerland	0645	Dec Unemployment Rate	-	2.6
Friday 10 January				
US	1330	Dec Non Farm Payrolls (000s)	140	227
	1330	Dec Unemployment Rate	4.2	4.2
	1330	Dec Average Hourly Earnings (MoM%/YoY%)	0.3/4.0	0.4/4
	1500	Jan Michigan Consumer Sentiment Flash	76	74
France	0745	Nov Industrial Production (MoM%)	-	-0.1
Italy	0900	Nov Industrial Production (MoM%/YoY%)	-/-	0/-3.6
	0900	Nov Retail Sales (MoM%/YoY%)	-/-	-0.5/2.6
Canada	1330	Dec Unemployment Rate	6.8	6.8
Norway	0700	Dec CPI (MoM%/YoY%)	-/-	0.3/2.4
Sweden	0700	Nov GDP (MoM%)	-	-0.4
Denmark	0700	Dec CPI (MoM%/YoY%)	-/-	-0.3/1.6

Source: Refinitiv, ING

Key events in EMEA next week

Country	Time (GMT)	Data/event	ING	Prev.
Monday 6 January				
Turkey	-	Dec Trade Balance (USD bn)	-7.4	-7.36
Hungary	0730	Nov Unemployment Rate 3M	4.6	4.6
Croatia	1000	Dec CPI (MoM%/YoY%)	-0.4/2.9	0.4/2.8
Tuesday 7 January				
Czech Rep	0800	Nov Trade Balance (CZK bn)	14.8	11
Wednesday 8 January				
Hungary	0730	Nov Retail Sales (YoY%)	2.9	3.6
Thursday 9 January				
Czech Rep	0800	Nov Industrial Output (YoY%)	-0.5	-2.1
	0800	Dec Unemployment Rate	4.1	3.9
Hungary	0730	Nov Industrial Production (YoY%)	-4.2	-0.2
Romania	0700	Nov Unemployment Rate	5.5	5.4
Friday 10 January				
Turkey	0700	Nov Industrial Production (MoM%/YoY%)	-/-	-0.9/-3.1
	0700	Nov Unemployment Rate	-	8.8
Ukraine	1335	Dec CPI (MoM%/YoY%)	-/-	1.9/11.2
Serbia	1100	Interest Rate Decision	5.75	5.75

Source: Refinitiv, ING

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