

Our view on next week's key events

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✓ US: Persistent inflation pressures but unstable labour supply

The coming week will be a big one for US data given the Federal Reserve has indicated it is now far more open to the idea of scaling back its policy stimulus measures. With inflation pressures looking set to remain elevated for longer than policymakers initially thought and the economy continuing to boom, the main disappointment is the slower than hoped for recovery in jobs. This will make the June US labour report the key focus for markets next week.

With the reopening well under way, demand for workers is intense yet we have had much weaker than expected jobs numbers. This has been attributed to four key factors. Firstly, many schools are on remote learning, forcing parents to stay at home as well. Secondly, there is still some hesitancy to return to work from some people given the pandemic is ongoing. Thirdly, many people who lost their jobs may have chosen to take early retirement, particularly with surging equity markets having boosted pension pots. Then fourthly we have the extended and uprated Federal unemployment benefits that may have diminished the financial attractiveness of returning to work.

More than half the states have, or are in the process of ending this benefit payment so we may start to see some potential workers soon return to work. However, we strongly suspect that labour market strains will linger for several more months given we are now entering school summer

holiday season and for most people the Federal benefits will continue through to September.

Consequently, while we expect to see a decent employment growth figure in the range of 500-600,000 next Friday, total employment will remain more than six million lower than before the pandemic struck. Nonetheless, the demand is clearly there for workers so we suspect wage rates will continue ticking higher. With more Fed officials hinting that the US economy may be closer to full employment than seemed likely a few months ago we think the next key Fed policy hint will be at the August Jackson Hole conference. This could pave the way for a formal QE asset purchase tapering announcement before year-end.

Other numbers will include the ISM report and consumer confidence. Both should hold at firm levels with the former again highlighting the supply chain strains that are putting up costs and boosting the chances that inflation stays higher for longer.

Sweden: Riksbank on autopilot with tightening years off

With inflation set to remain fairly muted over the coming years, the Riksbank is likely to be one of the latter central banks in the developed market arena to hike interest rates after the Covid-19 crisis. Policymakers are signalling no rate rises over the policy horizon out to 2024, and there's been little change on the macro front since the last meeting to suggest any major changes to that view at next week's meeting.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 28 June					
Sweden	0830	May Retail Sales (MoM/YoY%)	-/-		-1.4/7.2
Tuesday 29 June					
US	1400	Apr CaseShiller 20 (MoM/YoY%)	2.0/15.0		1.6/13.3
	1500	Jun Consumer Confidence	119.5	118.8	117.2
Germany	1300	Jun CPI Prelim (MoM/YoY%)	6.0/2.7		0.5/2.5
France	0745	Jun Consumer Confidence	-		97.0
Spain	0800	Jun CPI (YoY%) Flash NSA	-		2.7
	0800	Jun CPI (MoM/YoY%)	-/-		0.5/41
Sweden	0830	May Trade Balance	-		1.8
Eurozone	1000	Jun Business Climate	-		1.5
	1000	Jun Economic Sentiment	117		114.5
	1000	Jun Consumer Confidence Final	-3.3		-3.3
Wednesday 30 June					
US	1315	Jun ADP National Employment	520	475.0	978.0
	1445	Jun Chicago PMI	70	68.0	75.2
Germany	0855	Jun Unemployment Rate SA	6.0		6.0
France	0745	May Consumer Spending (MoM/YoY%)	-/-		-8.3/1.8
	0745	Jun CPI (EU Norm) Prelim (MoM%)	-		0.3
UK	0700	Q1 GDP (QoQ/YoY%)	-1.5/-6.1		-1.5/-6.1
	0700	Q1 Current Account GBP	-		-26.3
Italy	1000	Jun CPI (EU Norm) Prelim (MoM/YoY%)	-		-0.1/1.2
Canada	1330	Apr GDP (MoM%)	-1.2		1.1
Eurozone	1000	June Headline Inflation (YoY%)	2		
	1000	June Core Inflation (YoY%)	1.2		
Portugal	-	Jun CPI Flash (MoM/YoY%)	-/-		0.2/1.2
Thursday 1 July					
US	1445	Jun Markit Manufacturing PMI Final	-		
	1500	Jun ISM Manufacturing PMI	60.5	61.0	61.2
	1500	Jun ISM Manufacturing Prices Paid	87		88.0
Germany	0855	Jun Markit/BME Manufacturing PMI	-		
France	0850	Jun Markit Manufacturing PMI	-		
UK	0930	Jun Markit/CIPS Manufacturing PMI Final	64.2		64.2
Italy	0845	Jun Markit/IHS Manufacturing PMI	-		62.3
	0900	May Unemployment Rate	-		10.7
Spain	0815	Jun Manufacturing PMI	-		59.4
Norway	0900	Jun Manufacturing DNB PMI SA	-		58.5
Sweden	0830	Riksbank Rate	0.00		0.00
Eurozone	0900	Jun Markit Manufacturing Final PMI	-		
	1000	May Unemployment Rate	7.9		8.0
Friday 2 July					
US	1330	Jun Non-Farm Payrolls	550	600.0	559.0
	1330	Jun Private Payrolls	520	545.0	492.0
	1330	Jun Unemployment Rate	5.7	5.7	5.8
	1330	May International Trade \$	-70	-70.3	-68.9
	1500	May Factory Orders (MoM%)	2	1.3	-0.6
Germany	0700	May Retail Sales (MoM/YoY%)	-/-		-5.5/4.4
Canada	1330	May Trade Balance C\$	1		0.59
	1430	Jun Markit Manufacturing PMI SA	59		57.0

Source: Refinitiv, ING, *GMT

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Key Events in EMEA next week

Russia's retail trade data should be positive next week but long-term challenges remain while in Hungary, it's all about the job market



Source: Shutterstock

✓ Russia: Cautious longer-term outlook with low vaccination rates and mounting lockdown risk

Russian activity data should be positive, with retail trade likely showing 25-30% year-on-year growth, mostly on low base effects, but also thanks to restrained foreign tourism. Banking sector statistics have already indicated that Russians have financed local consumption with higher unsecured borrowing and savings. For the longer term we remain cautious, however. Challenges include the reopening of foreign tourism to Turkey and mounting risks of a lockdown due to a third wave of Covid in Russia. Despite government efforts, the vaccination rate is below 15%. A strict lockdown would cost around 1% of annual GDP per month.

✓ Hungary: Unemployment declines and double-digit wage growth on the horizon

In Hungary, the labour market will be in focus. With a reopening on the way in May, we expect the unemployment rate to decline. Due to last year's negative shock in wages in April, the base effect will support the year-on-year growth rate in April 2021. This could translate into double-digit wage growth again. A manufacturing PMI reading for June will also be released. We expect this to follow European sentiment and show further improvement, cementing our view of solid 2Q GDP growth.

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 28 June					
Mexico	1200	May Trade Balance SA	-		0.249
Tuesday 29 June					
Turkey	1200	May Bank NPL Ratio	-		3.74
Czech Rep	0800	Q1 Revised GDP (QoQ/YoY%)	-		-0.3/-2.1
Hungary	0800	May Unemployment Rate 3M	4.2		4.3
Brazil	1200	Jun IGP-M Inflation Index	-		4.1
	1300	May Central Govt Balance	-		16.5
Wednesday 30 June					
Russia	1700	May Retail Sales (YoY%)	25.0	23.0	34.7
Turkey	0800	May Trade Balance	-4.15		-3.06
Hungary	0800	Apr Average Gross Wages (YoY%)	10.2		9.2
Thursday 1 July					
Russia	0700	Jun Markit Manufacturing PMI	-		51.9
Turkey	0800	Jun Manufacturing PMI	-		49.3
Poland	0800	Jun Markit Manufacturing PMI	-		57.2
Czech Rep	0830	Jun Markit PMI	-		61.8
	1300	Jun Budget Balance	-		-255
Hungary	0800	Jun Manufacturing PMI	55.0		52.8
Brazil	1400	Jun Markit Manufacturing PMI	-		53.7
Mexico	1530	Jun Markit Manufacturing PMI	-		47.6
Friday 2 July					
Hungary	0800	Apr Trade Balance Final	321		321
Brazil	0900	Jun IPC-Fipe Inflation Idx	-		0.41
	1300	May Industrial Output (MoM/YoY%)	-/-		-1.3/34.7

Source: Refinitiv, ING, *GMT

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Asia week ahead: The best growth quarter comes to an end

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Source: Shutterstock

Asia Economic Calendar

Country	Tim	Data/event	ING	Survey	Prev.
Sunday 27 June					
China	0230	May Industrial Profit (YoY%)	42.3		57.0
Monday 28 June					
Japan	0030	May Unemployment Rate	2.8		2.8
	0050	May Retail Sales (YoY%)	11.9		12.0
Hong Kong	0930	May Imports (YoY%)	27.3		25.2
	0930	May Exports (YoY%)	21.2		24.4
	0930	May Trade Balance (HK\$bn)	-36.8		-31.8
Malaysia	0500	May Exports (YoY%)	48.0		63.0
	0500	May Imports (YoY%)	41.0		24.4
	0500	May Trade Balance (MYR bn)	19.0		20.5
Thailand	0800	May Manufacturing Prod (YoY%)	19.0		18.5
Tuesday 29 June					
Japan	0050	May Industrial O/P Prelim (MoM/YoY%)	-2.9/34.9		2.9/15.9
South Korea	0000	May Industrial Output (MoM/YoY%)	0.7/20.8		-1.6/12.4
Wednesday 30 June					
China	0200	Jun NBS Non-Mfg PMI	55.7		55.2
	0200	Jun NBS Manufacturing PMI	51.1		51.0
India	-	1Q Current account balance (US\$bn)	-9.3		-1.7
Japan	-	Jun Consumer confidence index	34.8		34.1
Hong Kong	0930	May Retail Sales (YoY%)	6.7		12.1
	0930	May Retail Sale Vol (YoY%)	5.8		11.1
Thailand	0830	May Current Account balance (US\$bn)	-1.0		-1.3
Thursday 1 July					
Japan	0050	2Q Large Manufacturing Tankan Index	17.0		5.0
	0050	Jun Monetary Base (YoY%)	655.4		22.7
Australia	0230	May Trade Balance (A\$bn)	7.2		8.0
China	0245	Jun Caixin Manufacturing PMI Final	52.3		52.0
India	0600	Jun IHS Markit Mfg PMI	-		50.8
Malaysia	0130	Jun IHS Markit Mfg PMI	-		51.3
Indonesia	-	Jun Inflation (YoY%)	1.4		1.7
Philippines	0130	Jun Manufacturing PMI SA	50.7		49.9
Taiwan	0130	Jun IHS Markit Manufacturing PMI	61.0		62.0
Thailand	0130	Jun Manufacturing PMI SA	-		47.8
South Korea	0100	Jun Export Growth (YoY%)	30.0		45.6
	0100	Jun Import Growth (YoY%)	29.0		37.9
	0100	Jun Trade Balance (US\$ bn)	4.8		2.9
	0130	Jun IHS Markit Manufacturing PMI	53.5		53.7
	0000	Jun CPI inflation (YoY%)	2.7		2.6
	0000	Jun Core CPI inflation (YoY%)	1.6		1.5
Friday 2 July					
Singapore	1400	Jun Manufacturing PMI	-		50.7

Source: Refinitiv, ING, *GMT

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