

Week Ahead: G7 meetings, more inflation and manufacturing data

There are no central bank meetings this week but there is an avalanche of economic data from America, Europe, and Japan to keep traders entertained. Investors will be looking for more updates from the summit of the Group of Seven leaders. U.S. President Joe Biden joined the leaders of the world's wealthiest democracies, including Canada, the U.K., Germany, France, Italy and Japan, for the three-day summit beginning Sunday at which Ukraine and the global economy are topping the agenda.

Inflation

Last week, the UK released its inflation reading for May at 9.1% YoY. In addition, Canada released its own CPI data for May at 7.7% YoY. The UK and Canadian inflation prints were the highest since the early 1980s! This week markets will get to see US PCE data for May and the EU Preliminary CPI for June. The US Core PCE, which excludes energy and food prices, is said to be the Fed's favourite indicator of inflation. However, after the June FOMC meeting, Powell said that price pressures have broadened, and he is concerned about all inflation.

Manufacturing data

Last week, markets got their first look at June PMI data. The results in Europe and the US were worse than expected and markets began to fear an economic slowdown, or possibility even a recession. This week, we'll get to see the final readings of the PMI data for June. If confirmed, concerns may be warranted. In addition, China will release its official NBS Manufacturing PMI for June. Expectations are for a headline print of 48.6 vs 49.6 in May. This would be an unwelcome print as the number moves further below the 50 contraction/expansion level. In addition, the US will release the ISM Manufacturing PMI for June. Expectations are for a reading of 55 vs 56.1 in May. However, given the recent worse than expected manufacturing data from the US, this print is at risk of coming out weaker.

Other economic data

In addition to the inflation and manufacturing data discussed above, there are a host of other economic data points due out this week. They include US Durable Goods, the Gfk Consumer Confidence Index, CPI, and Unemployment Change from Germany, and Retail Sales from Japan and Australia. Other important economic data is as follows:

Monday

Japan: BoJ Summary of Opinions

G7 Meetings

US: Durable Goods (MAY)

US: Pending Home Sales (MAY)

ECB President Lagarde Speech



Tuesday

Germany: Gfk Consumer Confidence (JUL)

G7 Meetings

ECB President Lagarde Speech

US: CB Consumer Confidence (JUN)

US: Richmond Fed Manufacturing Index (JUN)

Wednesday

Japan: Retail Sales (MAY)

Australia: Retail Sales Prel (MAY)

Germany: CPI Prel (JUN)

US: GDP Growth Rate Final (Q1)

ECB President Lagarde Speech

BOE Governor Bailey Speech

Fed Chairman Powell Speech

Thursday

China: NBS Non-Manufacturing PMI (JUN)

Germany: Retail Sales (MAY)

Eurozone: Unemployment Rate (MAY)

Canada: GDP Prel (MAY)

US: Core PCE Price Index (MAY)

ECB President Lagarde Speech

Friday

Japan: Unemployment Rate (MAY)

China: Caixin Manufacturing PMI (JUN)

EU: CPI Flash (JUN)

US: ISM Manufacturing PMI (JUN)

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