

Week Ahead 5 September – 11 September: ECB and Riksbank on hold but still interesting

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We expect no policy changes from ECB and Riksbank, but it will still be interesting to listen to the risk assessment. Next week's key event in the US will be the non-manufacturing ISM survey that we expect to point to a continued solid expansion in the economy. The week will be rich in Chinese data. In the UK, August PMIs and July production data will give further indications on the impact of Brexit vote. From the Nordics, we will get Norwegian core inflation.

Week in review: your reading list for the past seven days

- [US manufacturing contracts for first time in six months](#)
- [UK manufacturers shrug off Brexit vote](#)
- [Euro-area inflation – a small downside surprise, also in the core rate](#)
- [China: PMIs correct back to normal](#)
- [Norway GDP: Mainland growth is picking up](#)
- [Solid growth in the Danish economy](#)

On **6 September** we will publish **the latest Nordea Economic Outlook**, with our updated views and forecasts on the Nordic and global economies. [Find links to the downloads and to the webinars with our chief economists in this article.](#)

US

Following the unexpected drop in the ISM manufacturing index into contractionary territory in August, all eyes will be on the August ISM non-manufacturing survey (Tue) for signs how the bigger service-producing part of the economy is performing. We expect the ISM non-manufacturing index to be little changed around 55, a level consistent with continued solid expansion and an outcome which should ease concerns about the health of the economy. San Francisco Fed president John Williams (Wed) and Boston Fed President Rosengren (Fri) will both give speeches and could communicate their

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updated views on the timing on the next rate hike after the August jobs report.

Euro area

We do not expect the ECB to make changes to its monetary policy stance on Thursday as economic development has been broadly in line with expectations. However, it is worth listening carefully to Draghi's wording regarding especially the possible changes in the parameters of the asset purchase programme. See our preview for the ECB meeting [here](#). On top of the ECB, the revised GDP data for Q2 will be published on Tuesday. German industrial production is expected to decline significantly due to low production in the car industry (Wed). The Eurogroup meeting will take place on Friday.

China

The next week will be rich in Chinese data. We expect a fall in the FX reserves due to USD appreciation making non-USD denominated assets less worthy. The export and import growth should continue to be negative while the inflation should, in our view, fall further to 1.6%. However, we see some upside risk to the inflation level in Q4 2016, as the July floods should have an adverse effect on the food prices with a few months' time lag. Lending growth is expected to sustain its high level, with an August reading possibly double as high as the July figure.

UK

Next week brings some interesting releases including the August services and composite PMIs (Mon) and industrial production data for July (Wed). The manufacturing PMI surprisingly jumped to its strongest level in 10 months in August, but whether overall activity in the economy will be sustained will largely depend on how the much bigger domestic-oriented service sector performs. We expect the composite PMI to rise from July's 47.5 to 49, a level consistent with a mild contraction in real GDP. Bank of England Governor Mark Carney testifies before UK parliament on policy alongside Deputy Governor Jon Cunliffe and officials Kristin Forbes and Ian McCafferty (Wed). The focus will be on the BoE's take on recent economic data, which generally have been better than feared immediately after the Brexit vote, and hence the policy outlook. In early August, when the bank eased policy aggressively, it signalled that more easing was likely later this year.

Sweden

We expect the Riksbank to stay sidelined at next week's monetary policy meeting, so no changes to the repo rate and the asset buying nexus.nordea.com/research

programme. Likewise, the interest rate path will probably remain intact from the July report with an endpoint of around 0.6%. The Executive Board will likely be unanimous.

Norway

Core inflation will be published on Friday – we expect it to decline from 3.7% July reading to 3.4% in August. If we are right, core inflation will remain much above Norges Bank forecast and therefore will once again support the case of keeping interest rates on hold in September.

[Click here to read the full Week Ahead](#)

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