The Week Ahead Global Economy

Pakistan election, Juncker visits Trump, US tech earnings

Your FT guide to this week's big events

YESTERDAY

Monday

CORPORATE EARNINGS

Alphabet will kick off a busy week for corporate earnings, and the tech sector in particular, when it posts second-quarter results. Revenue growth has been solid in recent years thanks to Google's core search advertisement business and this is expected to continue for the rest of the year, along with Alphabet's other revenues such as apps, in-app purchases, digital content, Pixel smartphones, licensing and Google Cloud offerings. Low-cost airline **Ryanair** will post its first-quarter results to the backdrop of industrial action. The carrier finally recognised unions last year but agreements are proving hard to come by and strikes have already started. French air traffic controllers are also taking strike action, which will force airlines to cancel thousands of flights.

- Ryanair flies into a summer storm of strikes and cancellations

CANADA-MEXICO TRADE TALKS

Canada's foreign affairs minister Chrystia Freeland, finance minister Bill Morneau and international trade diversification minister Jim Carr travel to Mexico to discuss the stalled negotiations over the renewal of the North American Free Trade Agreement. They will hold talks with outgoing President Enrique Peña Nieto as well as president-elect Andrés Manuel López Obrador.

- US discusses bilateral trade with Mexico's president-elect

UK POLITICS

Britain's prime minister Theresa May takes her cabinet to Newcastle for an "away day", which is expected to involve a range of ministerial visits and ties in with the Great Exhibition of the North. Parliament breaks up for its summer recess on Tuesday, but first Brexit secretary Dominic Raab and health secretary Matt Hancock will be grilled by Commons select committees on their new briefs, which they took on in the cabinet reshuffle forced by the resignations of Boris Johnson and David Davis. Mr Raab will be joined by Mrs May's top Brexit adviser Olly Robbins, who has been leading negotiations in Brussels. Also appearing before MPs on Tuesday will be transport secretary Chris Grayling, who will be questioned on the problems facing the Intercity East Coast rail franchise.

- Lessons for May from the torrid battles of Callaghan's era

Tuesday

CORPORATE EARNINGS

Eli Lilly will post second-quarter earnings with the possible sale of the drugmaker's animal health

Feedback

business of interest to investors. **Biogen** is expected to report higher second-quarter profits, helped by sales growth of neuromuscular disorder drug Spinraza and its multiple sclerosis franchise. US wireless carrier **AT&T** is forecast to post a rise in second-quarter profits and investors will look for comments on the US justice department's appeal of the ruling that allowed AT&T to buy Time Warner. An increase in phone subscribers is expected to drive a rise in second-quarter profits at **Verizon Communications**, while strong missiles and fire control sales are expected to help Lockheed Martin post higher second-quarter revenue and profit.

Wednesday

PAKISTAN ELECTION

Pakistan goes to the polls with analysts predicting a close fight between the Pakistan Muslim League-Nawaz and Pakistan Tehreek-e-Insaf, led by the country's charismatic former cricket captain Imran Khan. It will be Pakistan's only second transition from one civilian administration to another, but workers and candidates for the PML-N said they have come under pressure from the country's powerful army, which some allege is behind the jailing of Nawaz Sharif, the former prime minister and party leader. If Mr Khan wins, it will be a rare victory for a candidate who comes from outside the country's two major dynasties — the Sharifs and the Bhuttos. The PTI leader has projected himself on the campaign trail as an anti-corruption campaigner willing to take on the country's established political elite. But his opponents say he has been supported and funded by the armed forces.

- Pakistan's Imran Khan embarks on final election rallies

JUNCKER VISITS TRUMP

Jean-Claude Juncker, president of the European Commission, is set to travel to Washington for talks with Donald Trump in a last-ditch attempt to convince the US president not to go ahead with punitive tariffs on the EU car sector. A sign of the seriousness with which Brussels is taking the threat to its car exports is that the commission is pressing ahead with work to identify US products that could be hit with retaliatory tariffs if the initiative fails.

- Full-scale trade war looms closer

CORPORATE EARNINGS

Facebook is expected to report a rise in second-quarter profit as the social network's mobile adverts continue to benefit from businesses spending, particularly on video adverts. **Boeing** is expected to report a rise in second-quarter revenue and profits helped by strong demand for air travel, while investors will look for an update on its full-year financial forecast. Automakers **General Motors**, **Ford** and **Fiat Chrysler** will report second-quarter results with the focus on the latter's strategy after the sudden appointment of Mike Manley as chief executive. More generally, investors will be watching for updates on trade tensions between the US and China, steel and aluminium tariffs and the state of new vehicle sales in the US market. **Vodafone** is expected to post a first-quarter slowdown in Europe, hurt by tougher competition in Italy and difficult comparisons with the previous quarter in its German division. Higher prices in Spain and a better performance in the UK should help offset this. **Deutsche Bank** reports second-quarter earnings with investors focused on the latest restructuring. The lender's long-running efforts to find a sustainable model have meant revenue has declined faster than costs, eroding profitability further, which raises questions for investors over how and when the contraction will stop.

Feedback

Thursday

ECB

The European Central Bank, which last month said it would phase out its three-year €2.4tn stimulus programme by the end of the year, is widely expected to leave rates unchanged. Given the policy changes at the last meeting, the next few are expected to be low-key. ECB president Mario Draghi's post-meeting press briefing will be closely watched for any comment on how the trade spat with the US will affect European and global growth.

- Quantitative easing helped vulnerable more than rich, says ECB

CORPORATE EARNINGS

Investors will watch half-year results at **Nestlé** for evidence of sales growth accelerating at the world's largest food and drinks company. Nestlé is under pressure to pep up its performance as the global food industry faces rapid changes in consumer tastes, increasingly severe cost competition and a wave of mergers and acquisitions. **Allergan** is expected to report a smaller loss as demand for its aesthetics products, including Botox, increases, and sales of eye drug Restasis grow. US cable provider **Comcast** is expected to report a rise in revenue and profit, helped by customer additions to its internet service. Analysts and investors will watch out for comments on Sky and other deals. Chipmaker **Intel** is expected to post a rise in revenue and profit helped by strength in its data centre business and investors will also watch for comments on chief executive succession plans following Brian Krzanich's departure. **AstraZeneca** is set to post a 25 per cent drop in headline earnings per share to 64.6 cents, while revenues rise 2.2 per cent to $5.16bn in its second-quarter earnings. New product launches should be a key feature of the quarter, with launches beating expectations, but weaker divestment levels will hit income. **Amazon** is expected to post a rise in second-quarter sales, driven by solid growth in its cloud computing and retail businesses. Analysts also expect its successful Prime Day event to boost sales numbers.

Friday

US GDP

US gross domestic product data are released and renewed momentum in consumer spending over the past three months, growth in capital expenditures and a net boost from trade are expected to have driven a rebound in second-quarter growth. Economists predict GDP expanded at a 4.2 per cent annualised rate, compared with a 2 per cent increase at the start of the year.

CORPORATE EARNINGS

Twitter is expected to report a rise in second-quarter profit as advertisers outside the US begin to warm to Twitter's video ads. **Merck** is expected to report a rise in second-quarter profit as blockbuster cancer drug Keytruda gains traction. Investors, hoping to see a diversification in Merck's business, will be looking for updates on the company's pipeline products and comments on any future deals.

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Feedback

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