The Week Ahead **Global Economy**

Fed and BoE rate decisions, EU-Japan trade deal

Your FT guide to this week's big events

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There's central bank action ahead this week with the Fed expected to lift interest rates by 25 basis points when it delivers its monetary policy decision on Wednesday. It will also update its economic projections and the so-called dot plot of interest rate projections, with two fresh dots. The voting members of the Federal Open Market Committee now include Mary Daly, who became San Francisco Fed president in October, (the Fed last updated its dot plot in September) and Michelle Bowman, who was sworn into the Board of Governors last month.

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Fed chair Jay Powell will hold a press conference following the statement. The meeting comes at a time when the outlook on monetary policy in 2019 and beyond has grown murkier. Concerns about global growth, trade and market volatility have prompted traders to slash their bets on Federal Reserve rate rises.

Across the pond the Bank of England is set to announce its latest interest rate decision on Thursday, just days after UK labour market data revealed that British wages are growing at an annual rate of 3.3 per cent. Consumers also spent freely over the hot summer months, in a positive sign for the UK economy. In August, the Bank of England responded by raising interest rates to 0.75 per cent, the highest they have been since the financial crisis. But uncertainty around Brexit is likely to halt any further rate rise for now.

The European Council is poised to sign off on an EU-Japan free trade agreement on Wednesday. The deal between two of the world's biggest economic blocs will strengthen the roles of Brussels and Tokyo in setting global product standards. Following US president Donald Trump's withdrawal from the Trans-Pacific Partnership trade deal in 2017, this agreement also signals the EU and Japan's commitment to global free trade.

The Week Ahead will be back in the new year

Markets Questions

Fed's Powell poised to set rates policy tone for 2019

Comparative advantage — your weekly briefing on the UK economy

The Netflix and chill economy

Economic calendar

A comprehensive guide to the week's economic events

Tuesday

CORPORATE RESULTS

Investors will be keeping a close eye on **FedEx (Q2)** as it reacts to market turbulence and a deepening trade war between China and the US. There is also cause for concern on the domestic front, where the surprise retirement of David Cunningham, the head of FedEx Express, could spell trouble for the company's largest division.

Oracle is expected to post a fall in quarterly revenue, hurt by higher competition to its cloud services business.

Wednesday

EUROPEAN COMMISSION: ITALY, BREXIT

The European Commission is expected to decide whether to propose an "excessive deficit procedure" for Italy after the commission rejected Italy's 2019 draft budget last month, finding it in breach of EU fiscal rules. Italy has since promised a significant cut to its budget deficit target for 2019 as Rome bids to avoid sanctions from Brussels for breaching EU budget rules. Commission president Jean-Claude Juncker's spokeswoman described this as "good progress", adding that the commission would "now assess the proposals received".

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The commission is also expected to publish contingency proposals for the financial sector in case of no-deal Brexit that would allow London-based clearing houses and other market operators to temporarily continue servicing EU clients after Britain leaves the EU.

CORPORATE NEWS

SoftBank's domestic telecoms unit lists on the Tokyo Stock Exchange. SoftBank has priced the initial public offering of its mobile business at ¥1,500 per share and will raise ¥2.65tn ($23.5bn), sticking with the single indicative price given earlier this month.

- SoftBank to raise $23.5bn in Japan's biggest listing

Thursday

MONETARY POLICY

The **Bank of Japan** is expected to keep rates on hold at -0.1 per cent at its monetary policy meeting, with underlying inflation still well short of the price stability target of 2 per cent.

CORPORATE RESULTS

Investors will get a sense of how the controversial advertising campaign launched in August played out when **Nike (Q2)** reports. The Just Do It campaign featured former American football player Colin Kaepernick, who knelt during the US national anthem in protest against police brutality. Many Nike customers took to social media to express their support or outrage for the campaign.

Friday

ECONOMIC DATA

The **US** Commerce Department's final estimate of third-quarter gross domestic product is expected to show that the economy grew at a 3.5 per cent annual rate.

Canada is due to release GDP data, with economic growth set to have marginally increased by 0.2 per cent in October from a fall of 0.1 per cent the previous month.

Sunday

CONGO ELECTIONS

The Democratic Republic of Congo goes to the polls in a long awaited presidential election. President Joseph Kabila will not stand after agreeing to obey the two-term limit and picking former interior minister, Emmanuel Shadary, to represent his ruling coalition.

- Congo's president prepares to step down but not walk away

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