

Key events in developed markets and EMEA next week

Next week we will get US jobs figures. We remain nervous about the outlook for jobs, but this will take time to be reflected in payroll numbers. In Hungary, we expect the fall in energy prices to affect the trade balance positively



US: If there's a May hike, it will be the last

Financial markets remain split on whether the Federal Reserve will hike interest rates one last time at the 3 May Federal Open Market Committee meeting. Officials have been non-committal so far, preferring to wait for the data and evidence on how the threat to financial stability from recent banking sector turmoil unfolds.

The key numbers coming up are next Friday's US jobs figures and the 12 April CPI report. While we remain nervous about the outlook for jobs given the rise in job lay-off announcements and the inevitable tightening of lending conditions resulting from banking stresses that will be a major headwind for struggling businesses, this will take time to be reflected in payroll numbers. Anything over 200,000 in terms of March payroll growth will likely boost expectations for a 25bp rate hike. We will also be watching car sales numbers and the ISM business surveys on the activity side, while comments from individual Fed officials will also be worthy of attention.

We are currently expecting a 25bp rate hike on 3 May, but think this will mark the top for the policy

rate. Tighter lending conditions, a deteriorating housing market and pessimism amongst American business leaders were already a concern for us. Banking troubles will only intensify the downside risk for all three of these. With the risk of a hard landing for the economy on the rise, this increases the chances that inflation will fall more quickly and allow the Fed to respond with interest rate cuts before the end of this year.

✓ **Poland: No room for monetary easing this year**

The Polish Monetary Policy Council is broadly expected to keep rates unchanged on Wednesday (the main policy rate is still at 6.75%). Even though the flash estimate pointed to the decline in annual CPI inflation in March, the momentum remained solid (1.1% month-on-month) and core inflation most likely increased further (12.3% year-on-year vs. 12.0% in February).

On Thursday, National Bank of Poland governor Adam Glapinski will deliver the monthly speech on economic developments in Poland. In the wake of the March CPI figure, the NBP governor's narrative of inflation rapidly falling from the plateau and declining to around 6% at the end of 2023 will be more difficult to defend. The market is pricing-in rate cuts before the end of 2023, but given prospects of sticky core inflation we see no room for monetary easing this year.

✓ **Turkey: Risk outlook still on the upside**

Cumulative inflation in the first two months of the year reached 10%, showing a continuation of the broad-based deterioration in price dynamics despite currency stability in recent months. Given this backdrop, we expect March inflation to be 2.5% month-on-month, leading to a further decline in the annual figure down to 50.8% from 55.2% a month ago due to the supportive base. Given deeply negative real interest rates, disinflation would be quite challenging, while risks to the outlook are on the upside given the significant deterioration in pricing behaviour, higher trend inflation and still elevated levels of cost-push pressures.

✓ **Hungary: February puts an end to a 19-month series of monthly deficits**

Next week brings a lot of economic activity data in Hungary. We don't want to waste too much time on PMI figures, as recently these have been extremely unreliable in forecasting industrial production. This puts us in a difficult position when estimating the February performance of industry. We think that the trend-like slide will continue in production, while seasonality will help somewhat. As a result, we see only a moderate decline on a yearly basis in the Hungarian industry. Despite this weak-ish performance, we believe in the positive effect of falling energy prices affecting the trade balance. Thus we expect a monthly surplus in February, ending a 19-month series of monthly deficits.

The volume of turnover in the retail sector will continue to shrink, in our view, reflecting the major reduction in purchasing power of households due to high-flying inflation. A positive surprise can't be ruled out based on dropping fuel prices, which might boost fuel consumption yet again.

✓ **Romania: on hold at 7.00%**

The Romanian National Bank (NBR) will announce its latest policy rate decision on 4 April. We believe the NBR will stay on course and keep the key rate unchanged at 7.00% both on 4 April and for the rest of 2023. However, with the 3-month Robor below the policy rate and apparent upside

pressures for the EUR/RON, a mildly hawkish tone could be employed. Given the recent developments in the FX market, we believe that there is a preference for tighter liquidity management. This could lead to a mild reversal in the current downside trend in market rates and a repositioning of the curve up to 1-year closer to the policy rate.

Key events in the developed markets next week

Country	Time Data/event	ING	Survey	Prev.
Monday 3 April				
US	1500 Mar ISM Manufacturing PMI	48.4	47.1	47.7
	1500 Mar ISM Manufacturing Prices Paid	51		51.3
Germany	0855 Mar S&P Global/BME Manufacturing PMI	44.4		44.4
UK	0930 Mar S&P Global/CIPS Manufacturing PMI Final	48		48
Italy	0845 Mar S&P Global/IHS Manufacturing PMI	52		52
Canada	1330 Mar Unemployment Rate	5		5
Switzerland	0730 Mar CPI (MoM%/YoY%)	-/-		0.7/3.4
Eurozone	0900 Mar S&P Global Manufacturing Final PMI	48.8		47.1
Tuesday 4 April				
US	1500 Feb Factory Orders (MoM%)	-1	-0.5	-1.6
Germany	0700 Feb Imports/Exports	1,0/-0,5		-3.4/2.1
	0700 Feb Trade Balance	14		16.7
Canada	1330 Feb Trade Balance (CAD bn)	-		1.92
Wednesday 5 April				
US	1315 Mar ADP National Employment	220	200	242
	1330 Feb International Trade (USD bn)	-69	-68.6	-68.3
	1445 Mar S&P Global Composite Final PMI	-		53.3
	1445 Mar S&P Global Services PMI Final	-		53.8
	1500 Mar ISM N-Manufacturing PMI	54.4	54.6	55.1
Germany	0700 Feb Industrial Orders (MoM%)	-0.5		1
	0855 Mar S&P Global Services PMI	53.8		53.9
	0855 Mar S&P Global Composite Final PMI	52.6		52.6
France	0745 Feb Industrial Output (MoM%)	-		-1.9
	0850 Mar S&P Global Composite PMI	-		54
UK	0930 Mar S&P Global/CIPS Services PMI Final	-		52.8
	0930 Mar Composite PMI Final	-		52.2
Italy	0845 Mar Composite PMI	-		52.2
Spain	0815 Mar Services PMI	-		56.7
Eurozone	0900 Mar S&P Global Services Final PMI	52.2		55.6
	0900 Mar S&P Global Composite Final PMI	51.9		54.1
Thursday 6 April				
US	1330 Initial Jobless Claim 000s	205		198
	1330 Continue Jobless Claim 000s	1700		1689
Germany	0700 Feb Industrial Output (MoM%/YoY%)	1.5		3.5/-1.2
UK	0930 Mar All-Sector PMI	-		53.2
	0930 Mar S&P Global/CIPS Cons PMI	-		54.6
Switzerland	0645 Mar Unemployment Rate Adjusted	-		1.9
Friday 7 April				
US	1330 Mar Non-Farm Payrolls	260	238	311
	1330 Mar Private Payrolls	240	213	265
	1330 Mar Unemployment Rate	3.6	3.6	3.6
	2000 Feb Consumer Credit	15		14.8
France	0745 Mar Reserve Assets Total	-		209146
	0745 Feb Trade Balance	-		-12.94
Netherlands	0530 Feb Manufacturing Output (MoM%)	-		-3.3

Source: Refinitiv, ING

Key events in EMEA next week

Country	Time	Data/event	ING Survey	Prev.
Monday 3 April				
Russia	0700 Mar	S&P Global Manufacturing PMI	-	53.6
Turkey	0800 Mar	CPI (MoM%/YoY%)	2.5/50.8	3.15/55.18
	0800 Mar	Manufacturing PMI	-	50.1
Poland	0800 Mar	S&P Global Manufacturing PMI	-	48.5
Czech Rep	0830 Mar	S&P Global PMI	-	44.3
	1400 Mar	Budget Balance	-	-119.7
Hungary	0800 Mar	Manufacturing PMI	56.9	56.5
Brazil	1400 Mar	S&P Global Manufacturing PMI	-	49.2
Mexico	1600 Mar	S&P Global Manufacturing PMI	-	51
Tuesday 4 April				
Romania	1400 Mar	Monetary Policy Rate	- 7	7
Brazil	0900 Mar	IPC-Fipe Inflation Index	-	0.43
Wednesday 5 April				
Russia	0700 Mar	S&P Global Services PMI	-	53.1
Poland	1300 Apr	NBP Base Rate	6.75	6.75
Czech Rep	0800 Feb	Retail Sales (YoY%)	-	-6.5
Hungary	0730 Feb	Industrial Output (YoY%)	-0.6	-0.2
South Africa	0815 Mar	Std Bank Whole Econ PMI	-	50.5
Brazil	1400 Mar	S&P Global Services PMI	-	49.8
	1400 Mar	S&P Global Composite PMI	-	49.7
Mexico	1200 Mar	Headline Inflation	-	0.56
	1200 Mar	Core inflation	-	0.61
Thursday 6 April				
Czech Rep	0800 Feb	Industrial Output (YoY%)	-	-1.4
	0900 Feb	Trade Balance	-	9.5
Hungary	0730 Feb	Retail Sales (YoY%)	-8.6	-4.5
	0730 Feb	P Trade Balance (EUR mn)	175	-165
Serbia	1100 Apr	Benchmark Interest rate	-	5.75
Friday 7 April				
Russia	1700 Q4	GDP (YoY% quarterly revised)	-	
Kazakhstan	1000 Mar	Base Interest Rate	-	16.75

Source: Refinitiv, ING

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