

## Key events in developed markets and EMEA next week

Next week in the US, the last major reports will be released ahead of the September FOMC meeting. The general theme is likely to be higher inflation than seen as of late. All eyes will also be on UK wage data, which will be key for locking in another rate hike from the Bank of England. In Poland, we expect to see CPI to drop below 9%



### **US: The general theme likely to be higher inflation**

It is a very big week for US data as the last major reports ahead of the Federal Reserve's September FOMC meeting come in. Consumer and producer price inflation, retail sales and industrial production are all due, with the general theme likely to be higher inflation than seen of late versus weaker activity relative to recent trends. Nonetheless, Federal Reserve officials are seemingly of the mindset that they will likely pause interest rate hikes again and re-evaluate in November with just 2bp of policy tightening priced for later this month.

For inflation, we look for fairly big jumps in August's month-on-month headline readings with upside risk relative to consensus predictions. Higher gasoline prices will be the main upside driver, but we also see the threat of a rebound in airfares and medical care costs, plus higher insurance prices. These factors are likely to also contribute to core CPI coming in at 0.3% MoM rather than the 0.2% figures we have seen in the previous two months. Slowing housing rents will be evident, but it may not be enough to offset as much as the market expects. Nonetheless, the year-on-year rate

of core inflation will slow to perhaps 4.4%. We are hopeful we could get down to 4% YoY in the September report and not too far away from 3.5% in October. We would characterise these relatively firm MoM inflation prints as a temporary blip in what is likely to be an intensifying disinflationary trend.

Indeed, it was interesting to see the Fed's Beige Book characterise recent consumer spending strength as being led by tourism expenditure, which had been "surging". But the general sense was that this would be "the last stage of pent-up demand for leisure travel from the pandemic era". Moreover, other spending was softer, "especially on non-essential items". This may well show up in the retail sales report. We already know that auto volume sales fell quite heavily too, but remember this is a value figure and that higher prices, particularly for gasoline, will help keep overall retail sales just about in positive territory. But with savings being rapidly exhausted and credit card delinquencies on the rise, there are concerns that weaker numbers are coming – particularly with student loan repayments restarting, which will add to financial stresses on the household sector.

Rounding out the reports, we expect industrial production to be much softer than the 1% jump seen last month. Manufacturing surveys continue to point to contraction, and weakness in the component could offset a bit of firmness in utilities and mining/drilling activities.

## **Key UK wage data to help lock-in September BoE rate hike**

There's mounting evidence from surveys that price pressures in the UK are easing, the jobs market is cooling, and growth is slowing. But the Bank of England has made it abundantly clear that it's waiting for the actual data to show those trends too, and next week we'll get crucial wage and jobs data.

Private sector wage growth currently stands at 8.2% and is likely to stay there when we get fresh data next week. But there's an outside risk that we see this nudge slightly lower on the basis that separate data from firms' payrolls indicated that median pay actually fell in level terms during August. This data is released a month ahead of the more traditional average weekly earnings numbers. We'd expect that to be coupled with a further modest rise in the unemployment rate, as well as a renewed fall in vacancies. The ratio of unfilled job openings to unemployed workers is coming down quickly and closing in on pre-Covid levels.

All of that seems sufficient for the BoE to hike again in September, especially if services inflation nudges higher in data due the day before the rate announcement. But we remain comfortable with our call for a November pause and that September's hike is likely to be the last.

Separately, we'll get growth data for July, and we expect a modest contraction in economic output. June saw surprisingly strong growth, including a huge increase in manufacturing production. That surge, which was highly unusual (outside of the Covid period), seems like an anomaly and we expect some retracement in July.

## **Poland: CPI expected to decline below 9%**

**Current account (July): €1598mn**

Poland's current account has been improving markedly over the recent months amid improving trade balance. The 12-month cumulative current account balance turned positive (+0.1% of GDP)

in June, whereas in late 2022 it was approaching 3.5% of GDP. While export growth has been slowing in nominal terms over recent months, imports have started declining as the surge in imported energy commodities abated. We expect another current account surplus (€1598mn) in July as exports (+1.7% YoY) outpaced imports (-5.8% YoY). The outlook for the rest of the year is less positive, as poor conditions in German manufacturing are likely to weigh on Poland's export prospects. On the other hand, external positions may benefit if the current weakening of the PLN is continued.

### CPI (August): 10.1% YoY

The StatOffice should confirm its flash estimate of August CPI inflation at 10.1% YoY. While headline inflation remained at double-digit levels, price growth has continued moderating. The decline in inflation seen last month can mostly be attributed to developments in food and beverages prices (down by 1% MoM), lower annual growth of house energy and further moderation of core inflation. Our current estimates point to CPI inflation decline below 9% YoY.

## Key events in developed markets next week

Country	Time Data/event	ING	Survey	Prev.
<b>Monday 11 September</b>				
Italy	0900 Jul Industrial Output (MoM%/YoY%)	-0.6/-	/	0.5/-0.8
Norway	0700 Aug CPI (MoM%/YoY%)	-/-	/	0.4/5.4
	0700 Aug Core Inflation (MoM%/YoY%)	-/-	/	0.9/6.4
Netherlands	0530 Jul Trade Balance	-		12.284
<b>Tuesday 12 September</b>				
US	1100 Aug NFIB small business optimism	92.2	91.3	91.9
UK	0700 Jul ILO Unemployment Rate	4.4		4.2
	0700 Jul Employment Change	-245		-66
	0700 Avg Weekly Earnings ex bonus (3M/YoY%)	7.8		7.8
Spain	0800 Aug CPI (MoM%/YoY%)	-/-	/	0.5/2.6
Norway	0700 Jul GDP Mainland (MoM%)	-		0
Netherlands	0530 Aug CPI (YoY% NSA)	-		4.6
<b>Wednesday 13 September</b>				
US	1330 Aug Core CPI (MoM%/YoY%)	0.3/4.4	0.2/4.3	0.2/4.7
	1330 Aug CPI (MoM%/YoY%)	0.6/3.6	0.5/3.6	0.2/3.2
UK	0700 Jul GDP Estimate (MoM%)	-0.2	/	0.5
Eurozone	1000 Jul Industrial Production (MoM%/YoY%)	-/-	/	0.5/-1.2
<b>Thursday 14 September</b>				
US	1330 Aug Retail Sales (MoM%)	0.1	0.1	0.7
	1330 Initial Jobless Claims (000s)	225		216
	1330 Continuing Jobless Claims (000s)	1690		1679
	1330 PPI (MoM%/YoY%)	0.6	0.4	0.3
Sweden	0700 Aug CPIF (MoM%/YoY%)	-/-	/	-0.2/6.4
Eurozone	1315 Sep ECB Refinancing rate	4.50	4.25	4.25
	1315 Sep ECB Deposit rate	4.00	3.75	3.75
<b>Friday 15 September</b>				
US	1415 Aug Industrial Production (MoM%)	0.1	0.1	1.0
	1500 Sep University of Michigan Sentiment Prelim	69.0	69.4	69.5
	1500 Sep University of Michigan Conditions Prelim	-		75.7
	1500 Sep University of Michigan Expectations Prelim	-		65.5
France	0745 Aug CPI (YoY%) NSA	-		4.8
Italy	1000 Jul Global Trade Balance	-		7.718
Eurozone	1000 Jul Total Trade Balance SA	-		12.5

Source: Refinitiv, ING

## Key events in EMEA next week

Country	Time Data/event	ING	Survey	Prev.
<b>Monday 11 September</b>				
Russia	1400 Jul Foreign Trade	-		8.411
Turkey	0800 Jul Current Account Balance	-4.5		0.674
Turkey	0800 Jul Unemployment Rate	-		9
Turkey	0800 Jul Industrial Production (MoM/YoY%)	-		1.55/0.64
Czech Rep	0800 Aug CPI (MoM%/YoY%)	-/-	/	0.5/8.8
Mexico	1300 Jul Industrial Output (YoY%)	-		3.7
	1300 Jul Industrial Output (MoM%)	-		0.6
<b>Tuesday 12 September</b>				
Serbia	1100 Aug CPI (MoM%/YoY%)	0,2/11,4	/	-0.1/12.5
Brazil	1300 Aug IPCA Inflation Index (MoM%/YoY%)	-/-	/	0.12/3.99
<b>Wednesday 13 September</b>				
Poland	1300 Jul Current Account	1598		2431
Czech Rep	0900 Jul Current Account Balance	-		-58.58
Hungary	0730 Jul Industrial Output Final	-		-2.6
Romania	0700 Aug CPI (YoY%)	8.75		9.44
<b>Thursday 14 September</b>				
Ukraine	1200 1 Central bank interest rate	-		22
	: Jul Trade Balance YTD	-		-11.04
Kazakhstan	1300 Aug Industrial Production (MoM%)	-		-5.3
<b>Friday 15 September</b>				
Russia	1130 Sep Central bank key rate	13.00	12.00	12.00
Turkey	0900 Aug Budget Balance	-		48.57
Poland	0900 Aug CPI (MoM%/YoY%)	-/-	/	0/10.1
Croatia	1000 Aug CPI (YoY%) NSA	7.2		7.3
	1000 Aug CPI (MoM%) NSA	0		0.2
Brazil	1300 Jul Retail sales (MoM%/YoY%)	-/-	/	0/1.3

Source: Refinitiv, ING

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