

Key events in developed markets and EMEA next week

The highlight in markets next week will be the US jobs report. We expect a cooling to 210,00 jobs in April. Over in Poland, all eyes will be on CPI inflation where we expect a bounce back to 2.4%. Following a stagnant fourth quarter, we expect GDP growth to be positive in Hungary during the first quarter, while inflation in Turkey is forecast to rise to 69.3%



US: Friday's jobs report the highlight

Markets have pushed the pricing for the first rate cut from the Federal Reserve back to December. This is a remarkable swing given it was only three months ago that the market was fully discounting 175bp of rate cuts this year starting at the March FOMC meeting. Nonetheless, with inflation running far too hot, the economy growing robustly and adding jobs in significant numbers there is no prospect of the Fed easing monetary policy in the near future with the upcoming 1 May FOMC meeting being a complete non-event. At the time of writing, the market is pricing just a 2.6% chance of a rate cut next week. The accompanying press conference will also see Fed Chair Jerome Powell sound less dovish with him set to reiterate his comments from 16 April that “if higher inflation does persist we can maintain the current level of restriction for as long as needed.”

In terms of the data, the highlight will be Friday's jobs report. Having added 829,000 jobs in the first

three months of the year the pace of hiring is expected to slow in the second quarter. Business surveys point to a substantial slowing, with the ISM employment components having sub-50 readings indicating a contraction and the NFIB small hiring survey suggesting something around the 50,000 mark. However, local government hiring is firm and there is a wariness that official data continues to be stronger than private sector surveys. Hence we look for non-farm payrolls to slow from 303,000 in March to 210,000 in April and for the unemployment rate to remain at 3.8%. Nonetheless, we will get ADP employment numbers and other survey updates that will help firm up expectations through the week.

Other numbers to look out for include the ISM manufacturing and service sector purchasing managers' indices. They are currently at levels historically consistent with GDP growth closer to 0.5% year-on-year rather than the 3% YoY reported by 1Q GDP. We aren't expecting any meaningful improvement next week. Also, watch out for the 1Q employment cost index for signs that inflation pressures emanating from the jobs markets continue to cool.

✓ **Poland: CPI inflation to bounce back to 2.4% in April**

Flash CPI (Apr): 2.4 % YoY

We forecast that CPI inflation bounced back slightly in April (2.4% YoY vs. 2.0% YoY in March) and was close to the National Bank of Poland's target of 2.5% (+/- 1pp). Core inflation excluding food and energy prices moderated to 4.0% YoY from 4.6% YoY. House energy and fuel prices were still slightly cheaper than in April 2023. The main driver of higher CPI inflation is an upswing in food prices. Although wholesale prices did not increase markedly, the VAT on food was restored in April. In an environment of price wars among large retail chains, the higher tax was not fully passed onto the consumer, but still, food prices increased markedly in monthly terms, after two months of declines.

✓ **Hungary: Positive growth expected in the first quarter**

Next week's key data point will be the (preliminary) first quarter GDP print in Hungary. There is a high degree of uncertainty surrounding the performance of the agriculture and services sectors, as there is (usually) a lack of high-frequency data on these sectors. On the other hand, based on last year's performance, we expect agriculture to make a negative contribution to GDP growth, while we expect some recovery in services due to rising household purchasing power. Otherwise, we see industry more or less stagnating, coupled with a surprisingly strong first quarter in construction due to technical factors. All in all, we see the Hungarian economy moving from stagnation to positive growth in 1Q, both on a quarterly and annual basis. As for the second quarter, the first indicator will be the fresh manufacturing PMI print, where we forecast an expansionary reading, albeit lower than in March.

✓ **Turkey: Annual inflation to rise to 69.3%**

Given the worsening in price dynamics, as evidenced by the elevated trend inflation and high exchange rate pass-through in addition to the sensitivity of forward-looking expectations to past inflation, we expect the annual figure to rise to 69.3% in April (with a 2.9% MoM reading) vs 68.5% a month ago. Going forward, whether the central bank's unexpected and strong rate hike, large set of macro-prudential measures, and liquidity tightening will be enough to return inflation to its forecast range will be closely followed by the market.

Key events in developed markets next week

Country	Time Data/event	ING	Survey	Prev.
Monday 29 April				
Germany	1300 Apr CPI Prelim (MoM%/YoY%)	-/-	/	0.4/2.2
Spain	0800 Apr CPI (MoM%/YoY%) Flash	-		0.8/3.2
Sweden	0700 Q1 GDP (QoQ%/YoY%)	-/-	/	-0.1/-0.2
Eurozone	1000 Apr Business Climate	-		-0.3
	1000 Apr Economic Sentiment	97.2		96.3
	1000 Apr Consumer Confidence Final	-14.7		-14.7
Tuesday 30 April				
US	1400 Feb CaseShiller 20 (MoM%/YoY%)	0.1/6.7	0.1/-	0.1/6.6
	1445 Apr Chicago PMI	45	45	41.4
	1500 Apr Consumer Confidence	104.5	104.1	104.7
Germany	0700 Mar Retail Sales (MoM%/YoY%)	-/-	/	-1.9/-2.7
	0855 Apr Unemployment Rate	-		5.9
	0900 Q1 GDP Flash (QoQ%/YoY%)	-		-0.3/-0.4
France	0630 Q1 GDP Preliminary (QoQ%/YoY%)	-/-	/	0.1/0.7
	0745 Apr CPI Prelim (MoM%/YoY%)	-		0.2/2.4
Italy	0900 Q1 GDP Prelim (QoQ%/YoY%)	-/-	/	0.2/0.6
	1000 Apr CPI Prelim (MoM%/YoY%)	-/-	/	1.2/1.2
Canada	1330 Feb GDP (MoM%)	-		0.6
Portugal	1100 Apr CPI Flash (YoY%)	-		2.3
Eurozone	1000 Apr CPI Flash (YoY%)	2.4		2.4
	1000 Apr Core CPI Flash (YoY%)	2.8		2.9
	1000 Q1 GDP Flash Prelim (QoQ%/YoY%)	0.1		0.0/0.1
Wednesday 1 May				
US	1315 Apr ADP National Employment	175	190	184
	1500 Apr ISM Manufacturing PMI	50.3	50.1	50.3
	1500 Apr ISM Manufacturing Prices Paid	55.0		55.8
	1500 Mar JOLTS job openings (000s)	8500	8725	8756
	1900 Fed Funds Target Rate ceiling (%)	5.5	5.5	5.5
	1900 Fed Interest On Excess Reserves	5.4	5.4	5.4
UK	0930 Apr S&P Global/CIPS Manufacturing PMI Final	-		48.7
Thursday 2 May				
US	1330 Mar International Trade \$	-68.5	-67.5	-68.9
	1500 Mar Factory Orders (MoM%)	2	1.7	1.4
	1330 Initial Jobless Claims	215	-	207
	1330 Continuing Jobless Claims	1800	-	1781
Germany	0855 Apr S&P Global/BME Manufacturing PMI	-		42.2
Italy	0845 Apr S&P Global/IHS Manufacturing PMI	-		50.4
Canada	1330 Mar Trade Balance C\$	-		1.39
Switzerland	0730 Apr CPI (MoM%/YoY%)	-/-	/	0/1
Eurozone	0900 Apr S&P Global Manufacturing PMI Final	45.6		45.6
Friday 3 May				
US	1330 Apr Non-Farm Payrolls	210	250	303
	1330 Apr Private Payrolls	180	200	232
	1330 Apr Unemployment Rate	3.8	3.8	3.8
	1500 Apr ISM Services PMI	52	52	51.4
France	0745 Mar Industrial Output (MoM%)	-		0.2
UK	0930 Apr S&P Global/CIPS Serv PMI Final	54.9		54.9
	0930 Apr Composite PMI Final	54.0		54.0
Italy	0900 Mar Unemployment Rate	-		7.5
Norway	0900 Key Policy Rate	4.5		4.5
Eurozone	1000 Mar Unemployment Rate	6.5		6.5

Source: Refinitiv, ING

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 29 April					
Turkey	0800	Apr Economic Confidence Ind.	-		100
Tuesday 30 April					
Turkey	0800	Mar Trade Balance	-7.5		-6.77
Poland	0900	Inflation Rate (MoM%/YoY%) Prelim	1.1/2.4		0.2/2.0
Czech Rep	0800	Q1 GDP (YoY%) Prelim	-		0.2
	0800	Q1 GDP (QoQ%) Prelim	-		0.4
Hungary	0730	Q1 GDP (YoY%) Prelim	0.7		0.0
	0730	Q1 GDP (QoQ%) Prelim	0.3		0.0
South Africa	0700	Mar M3 Money Supply (YoY%)	-		5.71
	0700	Mar Pvt Sector Credit Ext.	-		3.32
	1300	Mar Trade Balance (Incl. Region)	-		14.04
Thursday 2 May					
Russia	0700	Apr S&P Global Manufacturing PMI	-		55.7
Turkey	0800	Apr Manufacturing PMI	-		50
Poland	0800	Apr S&P Global Manufacturing PMI	48.2		48
Czech Rep	0830	Apr S&P Global PMI	-		46.2
	1300	Apr Budget Balance	-		-105
	1330	CNB Repo Rate	-		5.75
Hungary	0730	Feb Trade Balance Final	1652		1652
	0800	Apr Manufacturing PMI	51.2		52.3
Friday 3 May					
Turkey	0800	Apr CPI (MoM%/YoY%)	2.9/69.3	/	3.16/68.5

Source: Refinitiv, ING

Authors

James Knightley

Chief International Economist

james.knightley@ing.com

Adam Antoniuk

Senior Economist

adam.antoniuk@ing.pl

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING

does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.