

## Our view on next week's events

Discover what ING analysts are looking for next week in our global economic calendars

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# Key events in developed markets next week

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## ✓ US: Potential fiscal stimulus incoming, ISM index and trade balance data

There are several Federal Reserve speakers due to speak next week along with the publication of the minutes to the September FOMC meeting.

All will reinforce the message that there is little prospect of an interest rate hike in the next couple of years with officials and the FOMC “dot plot” diagram suggesting it could be 2024 before we see an interest rate hike. There is a significant output gap that will keep medium-term pressures subdued while high unemployment levels and ongoing economic uncertainty relating to the path of Covid-19 and a potential vaccine are set to keep wage pressures subdued.

Fed officials are likely to suggest that the case for additional fiscal stimulus remains strong and we will be closely watching for any signs of an agreement after encouraging comments from Treasury Secretary Steve Mnuchin and House Speaker Nancy Pelosi of the prospect of a deal to boost the growth outlook.

As for the data, we have the non-manufacturing ISM index and it will drop marginally, but remain

in positive territory, which is similar to the manufacturing report. The trade balance is likely to deteriorate though given the worsening goods figures that have already been published. Nonetheless, the US is still likely to post 30%+ GDP growth in 3Q 2020.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 5 October</b>					
US	1500	Sep ISM Non-manufacturing	55.6	56.1	56.9
	1545	Fed's Evans Gives Luncheon Speech at NABE Meeting in Chicago			
Eurozone	0900	Sep F Markit Services PMI	-	-	47.6
	0900	Sep F Markit Composite PMI	-	-	50.1
	1000	Aug Retail Sales (MoM/YoY%)	-/-	-/-	-1.3/0.4
UK	0930	Sep F Markit/CIPS Services PMI	55.1	-	55.1
	0930	Sep F Markit/CIPS Composite PMI	55.7	-	55.7
Sweden	0730	Sep Swedbank/Silf Services PMI	-	-	56.6
Finland	-	Finnish Finance Ministry Publishes Economic Forecasts			
<b>Tuesday 6 October</b>					
US	1330	Aug Trade Balance (US\$bn)	-65.5	-64.9	-63.6
	1645	Fed's Harker Discusses Machine Learning			
	1750	Fed Chair Powell Addresses NABE Conference in Chicago			
	2300	Fed's Kaplan Takes Part in Talk with Bank of Mexico's Diaz			
Eurozone	1400	ECB President Lagarde Speaks in Video Conference			
	1630	ECB Chief Economist Lane Speaks at Event			
Germany	0700	Aug New Orders (MoM/YoY%)	6.0/-6.1	-/-	2.8/-7.3
Australia	0130	Aug Trade balance (A\$m)	5154	-	4607
	0430	RBA Cash Rate Target	0.25	-	0.25
<b>Wednesday 7 October</b>					
US	1900	Sep 16 FOMC Meeting Minutes			
	1800	Fed's Rosengren, Bostic, Kashkari Host Even on Racism and Econ			
	1900	Fed's Williams Moderates Henry Kissinger Discussion			
	1915	Fed's Kashkari, Bostic, Rosengren to Speak on Racism			
	2000	Fed's Williams Speaks on Flexible Average Inflation Targeting			
	2130	Fed's Evans Discusses the U.S. Economy and Monetary Policy			
Germany	0700	Aug Industrial Production (MoM/YoY%)	2.0/-8.0	-/-	1.2/-10.0
Italy	1000	Istat Releases the Monthly Economic Note			
	-	Bank of Italy Report on Balance-Sheet Aggregates			
Norway	0700	Aug Industrial Production (MoM/YoY%)	-/-	-/-	2.5/7.4
Sweden	1300	Riksbank's Skingsley Gives Speech			
<b>Thursday 8 October</b>					
Japan	0050	Aug C/A Balance, adjusted (Yen bn)	1200	-	964.2
Eurozone	0825	BOE's Bailey, ECB's Schnabel in Panel Discussion			
	0920	ECB's De Cos Speaks at Conference			
Germany	0700	Aug Trade Balance (€bn)	20	-	19.2
Norway	0700	Aug GDP Mainland (MoM%)	-	-	1.1
<b>Friday 9 October</b>					
Japan	0030	Aug Labor cash earnings (YoY%)	-1.2	-	-1.5
	0030	Aug Household spending (YoY%)	-2.5	-	-7.6
UK	0700	Aug Monthly GDP (MoM%)	3.0	-	6.6
Italy	1000	Bank of Italy Publishes Monthly Report 'Money and Banks'			
Canada	1330	Sep Net Change in Employment	175	-	245.8
	1330	Sep Unemployment Rate (%)	9.4	-	10.2
Australia	0130	RBA Financial Stability Review			
Norway	0700	Sept CPI (YoY%)	2.0	-	1.7
Austria	0930	WIFO Quarterly Economic Forecasts			

Source: ING, Bloomberg

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## Key events in EMEA and Latam next week

Production and retail sales data is expected to show a continued stagnation in the EMEA region. Keep an eye on inflation data from Russia and Turkey, as...



Source: Shutterstock

### ✓ Russia: Inflation rising, but foreign policy and fiscal consolidation remain unclear

The Russian Finance Ministry is likely to announce around \$1.1bn in regular FX sales for October, which should be added to the \$0.8bn of residual FX sales coming from a one-off transaction that took place earlier this year. This will mean an increase from \$0.7bn of total FX sales in September, but it remains unclear whether this would guarantee a strong recovery in the rouble given the upcoming SBER dividends (up to \$2.0-2.5bn could be attributable to foreign institutional investors) and the persistently negative foreign policy backdrop.

In other news, Russian CPI should keep crawling up to 3.7% year-on-year in September on the recovery in demand, the RUB depreciation, and a low base effect. At this point, it appears that even if the Russian key rate, currently at 4.25%, has some downside, any cuts before the year-end are unlikely. The two key unknowns that need to be addressed are foreign policy issues (part of which should be more clear after the US elections) and prospects of fiscal consolidation in Russia (finalisation of plans expected by December).

## ✔ Hungary: Recovery stagnation

The slowdown in the recovery is expected to continue in August. We see both the retail sector and industry continuing their upward trend, but the monthly improvement will be lower than what we saw in July. Retail sales will be supported by a very strong domestic holiday season, while industrial production will continue to regain capacity after the sudden stop caused by Covid. As the short-term work scheme ended in August, the budget could see some relief in September, showing a minor improvement before it gets worse again. What matters most, however, is the September CPI reading. Fuel prices increased, which will impact headline inflation but this will be the peak and in the fourth quarter we see a strong decline.

## ✔ Turkey: Inflation outlook under pressure

In September, we envisage monthly inflation to be at 1.1% month-on-month, translating into 11.9% on an annual basis - a slight increase from 11.8% a month ago. The resurgent FX volatility is likely to further weigh on an already challenging inflation outlook.

## ✔ Czech Republic: Industrial production to remain subdued, but slight growth in retail sales

Car production remained 5% lower YoY, so August industrial production is also likely to remain in mild contraction (YoY) as in July. Retail sales will continue to grow slightly, mainly non-food items, except car sales, which will most likely experience a double-digit YoY fall again as indicated by new registrations in August.

## ✔ Poland: Rates to stay on hold

We expect the MPC to keep interest rates unchanged this week, in line with the consensus. The Council has already delivered substantial easing, including an open-ended asset purchase programme. The MPC should maintain its dovish bias, despite some central banks in the region tightening policy to slow inflation and defend local currencies. The Polish zloty's weakness is likely welcomed by the Council, as it will be expected to foster exports. In past months, central bankers were concerned with the resilience of the zloty as a factor delaying the post-Covid recovery. We expect no additional rate cuts, as PLN has already eased considerably. Moreover, moving rates into a negative territory is unlikely to improve credit activity. If anything, investors should track the MPC's comments on inflation, which failed to decelerate markedly in the third quarter despite lacklustre demand. Markets are speculating over how much more quantitative easing is in the pipeline in the remainder of 2020 and 2021 but this week's meeting should provide little insight into that.

## EMEALatam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Saturday 3 October</b>					
Israel	-	Sep Foreign Currency Balance (US\$bn)	-	-	161.7
<b>Monday 5 October</b>					
Turkey	0800	Sep CPI (MoM/YoY%)	1.1/11.9	-/-	0.86/11.03
	0800	Sep Domestic PPI (MoM/YoY%)	-/-	-/-	2.35/11.53
Hungary	0800	Aug Retail Sales (YoY%)	1.6	-	0.4
Romania	0700	Aug Retail Sales (MoM/YoY%)	-/-	-/-	3.9/4.2
South Africa	0815	Sep HSBC PMI SA	-	-	45.3
<b>Tuesday 6 October</b>					
Russia	1700	Sep CPI (MoM/YoY%)	-0.1/3.7	-0.1/3.7	0.0/3.6
	1700	Sep CPI Core (YoY%)	-	3.2	3.1
Hungary	0800	Aug Industrial Production (MoM/YoY%)	4.2/-3.0	-/-	7.17/-7.71
	-	Sep Budget Balance (YTD)	-2000	-	-2261.3
Croatia	1000	Sep PPI (MoM/YoY%)	-/-	-/-	-0.5/-4.1
<b>Wednesday 7 October</b>					
Poland	1300	Sep Official Reserves Total	-	-	139112
	-	Base Rate (%)	0.1	-	0.1
	-	Monetary Policy Council Rate Meeting			
Czech Rep	0800	Aug Construction Output (YoY%)	-	-	-10.4
	0800	Aug Trade Balance (CZKmn)	-	-	13.4
	0800	Aug Industrial Output (YoY%)	-4.3	-	-4.9
	0900	Sep International Reserves (US\$bn)	-	-	159.1
Hungary	1300	Hungarian Central Bank's Minutes			
Kazakhstan	-	Sep International Reserves (US\$bn)	-	-	35.4
Serbia	1100	Sep HPMI (MoM/YoY%)	-	-	0.0/-1.3
South Africa	0600	Sep Gross Reserves (US\$bn)	-	-	55.8
	0700	Sep Net Open Foreign Currency Position (US\$bn)	-	-	50.5
	1030	Sep SACCI Business Confidence	-	-	82.8
<b>Thursday 8 October</b>					
Czech Rep	0800	Aug Retail Sales (YoY%)	-3.7	-	-1.1
	0800	Aug Retail Sales Excl. Motor Vehicles (YoY%)	1.8	-	3.00
Hungary	0800	Sep CPI (MoM/YoY%)	0.2/-	-/-	0.0/3.9
Serbia	1100	Repo rate (%)	1.25	-	1.25
Brazil	1300	Aug Retail Sales (YoY%)	6.1	4.6	5.5
Mexico	1200	Sep CPI (MoM/YoY%)	0.4/4.2	-	0.39/4.05
	1500	Central Bank Monetary Policy Minutes			
<b>Friday 9 October</b>					
Poland	1300	National Bank of Poland Publishes Minutes of Rate Meeting			
Ukraine	-	Sep CPI (MoM/YoY%)	-/-	-/-	-0.2/2.5
Romania	0700	Aug Avg Net Wages (YoY%)	-	-	8.1
	0700	2Q F GDP (SA, QoQ%)	-12.3	-	-12.26
	0700	2Q F GDP (YoY%)	-10.5	-	-10.47
Bulgaria	0900	Aug Industrial Production (MoM/YoY%)	-	-	2.3/-5.96
	0900	Aug Retail Sales (MoM/YoY%)	-/-	-/-	0.1/-17.5
Croatia	1000	Jul Trade Balance (HRK m)	-	-	-5248
Brazil	1300	Sep Inflation (IPCA) (MoM/YoY%)	0.46/2.95	0.52/3.02	0.24/2.44

Source: ING, Bloomberg

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# Asia week ahead: What is inflation worth these days?

Given that the low inflation trend is here to stay, markets are unlikely to be very concerned about it. Instead, trade figures are more likely to be an...



Source: Shutterstock

## ➔ Inflation data dominates

Korea, Taiwan, Thailand, and the Philippines, will report their inflation numbers for September. All should see inflation continuing to be subdued.

With the exception of India, inflation across the region has been low. And, whatever inflation there is, it's mainly in the food component. The supply disruption due to pandemic in some countries and floods or droughts in others explain elevated food inflation. Meanwhile, the ongoing recession has kept demand-side price pressures muted. We expect weak demand to continue to outweigh

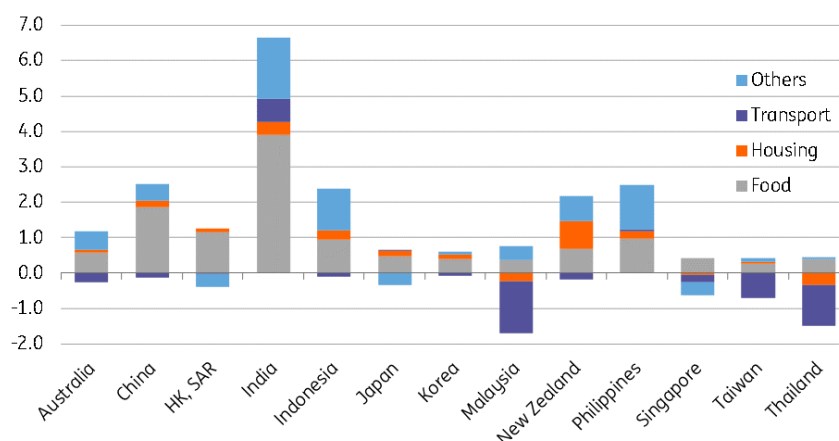


supply shocks to keep inflation low for some time to come.

Low inflation may be an argument for more monetary policy accommodation to revive growth. However, not many Asian central banks have that easing space anymore, especially those with policy rates already close to zero. The Reserve Bank of Australia, which is going to review its monetary policy next week, falls in this category.

We expect no change to the RBA cash rate from the current 0.25%.

## Year-to-date CPI Inflation in Asia - (% YoY)



Source: CEIC, ING

## ➔ What else is on the way

A surprisingly strong export surge in Korea in September supports our upbeat forecast for Taiwan's exports too. The electronics-led recovery is getting traction in these countries, though not everywhere in the region. The Philippines reports its August trade next week too and has yet to jump on this electronics wave given that more than half of the Philippines' exports are electronics.

Singapore's retail sales for August will shed light on private consumption recovery. Strong rebound in sales over June and July has clawed back the entire dip experienced during the Covid-19 lockdown in the previous two months. We don't think there was further headway in August.

On the contrary, some contraction is likely with the onset of the Hungry Ghost Festival in the middle of the month - the time when big-ticket purchases like cars are typically avoided.

## Asia Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
<b>Monday 5 October</b>				
Singapore	0600 Aug Retail sales value (MoM SA/YoY%)	-3.5/-10.5	-	27.4/-8.49
Taiwan	0130 Sep Nikkei Manufacturing PMI	52.5	-	52.2
Thailand	0430 Sep CPI (YoY%)	-0.4	-	-0.5
	0430 Sep Core-CPI (YoY%)	0.3	-	0.3
South Korea	0130 Sep Nikkei Manufacturing PMI	49.5	-	48.5
<b>Tuesday 6 October</b>				
India	0600 Sep Nikkei Services PMI	-	-	41.8
Philippines	0200 Sep CPI (YoY%)	2.3	-	2.4
South Korea	0000 Sep CPI (YoY%)	0.5	-	0.7
	0000 Sep CPI core (YoY%)	1.1	-	0.8
<b>Wednesday 7 October</b>				
China	- Sep Forex Reserves (US\$bn)	3183	-	3164.61
Hong Kong	0130 Sep Nikkei PMI	-	-	44
Malaysia	0800 Sep 30 Forex reserves- Month end (US\$bn)	-	-	104.8
Philippines	- Sep Forex reserves (US\$bn)	99.8	-	98954.89
Singapore	- 3Q A GDP (Q) (YoY%)	-	-	-13.2
	- 3Q A GDP (QoQ Annualised %)	-	-	-42.9
Taiwan	0900 Sep Exports (YoY%)	21.6	-	8.3
	0900 Sep Imports (YoY%)	9	-	8.5
<b>Thursday 8 October</b>				
Hong Kong	- Sep Forex Reserves (US\$bn)	-	-	450
South Korea	0000 Aug Current account balance (US\$bn)	7.2	-	7.5
Taiwan	0900 Sep WPI (YoY%)	-0.4	-	-9.09
	0900 Sep CPI (YoY%)	-9.1	-	-0.33
<b>Friday 9 October</b>				
Philippines	0200 Aug Exports (YoY%)	-16.5	-	-9.6
	0200 Aug Imports (YoY%)	-19.9	-	-24.4
	0200 Aug Trade balance (US\$mn)	-1933.1	-	-1827

Source: ING, Bloomberg, \*GMT

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