

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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Source: Shutterstock

US: fiscal stimulus talks collapsing doesn't bode well for recovery

The breakdown in talks on another broad fiscal package may result in a more wary set of comments from Federal Reserve officials this week. The potential of \$250 billion or so of targeted aid is obviously a positive, but it falls well short of the \$1.6-2.4 trillion stimulus that markets had been hoping for and the Federal Reserve had been pencilling into its thinking based on the minutes of the September FOMC meeting. FOMC members will reiterate the point that interest rates are not going to be moved up anytime soon and they could potentially do more quantitative easing. After all, there is a long way to go in the recovery and it is important to remember they cannot generate demand, they can only help to ensure the smooth functioning of markets and the flow of credit.

The data flow includes inflation numbers, which have surprised on the upside recently, but given the flatlining energy components, we look for fairly benign 0.2% month-on-month increases in both headline and core inflation. Friday then sees the release of retail sales, industrial production and consumer confidence. All three should post decent increases given manufacturing business survey numbers, car sales, credit and debit card transaction numbers, rising equity markets and the strengthening housing market. However, the labour market improvements are stalling and

income support from government benefits are waning, suggesting that the numbers may soften more as we head towards year-end.

UK data to show further pressure in the jobs market

The UK unemployment rate has stayed pretty stable over recent months, but that looks set to change. We expect another slow uptick for the three months to August, as the forthcoming end to the furlough scheme continues to add pressure. While we don't have great visibility on how many workers are still benefitting from the Job Retention Scheme, the latest ONS business survey suggests around 9% of employees are still fully or partially furloughed. A proportion of those are still likely to return to work over the coming weeks but it is also unfortunately likely that the unemployment rate could rise to 9 or 10% by the end of this year or early next, as a chunk of previously-furloughed workers are made redundant.

This, combined with the recent closure of hospitality in Scotland (with areas in England reportedly set to follow), will put further pressure on the Bank of England to add stimulus in November. We expect another expansion in the Bank's asset purchase target.

Eurozone: Recovery slowing?

The pace of the recovery continues to be watched very closely as parts of Europe start to introduce new restrictive measures to fight the new surge in Covid-19 cases. Industrial production for August will show whether the industrial recovery has maintained its pace or whether it has slowed down. As reopening effects are fading and German data already showed stagnation, we're not getting our hopes up for a strong August reading.

Developed Markets Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Saturday 10 October				
Italy	1030 Finance Minister Gualtieri speaks at Confindustria event			
Monday 12 October				
Japan	0050 Sep PPI (MoM/YoY%)	0.2/-0.3	-	0.2/-0.5
	0050 Aug Core machine orders (MoM/YoY%)	-4.0/-14.2	-/-	6.3/-16.2
UK	- BOE's Haskel (1500) and Bailey (1700) speaks.			
Sweden	0500 Sep PES Unemployment Rate	-	-	5.6
	0530 SEB Swedish Housing-Price Indicator			
Switzerland	0645 SECO October 2020 Economic Forecasts			
Tuesday 13 October				
US	1100 Sep NFIB Small Business Optimism	101	100.9	100.2
	1330 Sep CPI (MoM/YoY%)	0.2/1.4	0.2/1.4	0.4/1.3
	1330 Sep CPI ex. food and energy (MoM/YoY%)	0.2/1.7	0.2/1.7	0.4/1.7
Germany	0700 Sep F CPI (MoM/YoY%)	-0.2/-0.2	-/-	-0.2/-0.2
	1000 Oct ZEW Current Situation Index	-55	-	-66.2
UK	0700 Aug Weekly Earnings (3M avg)	-1	-	-1.0
	0700 Aug Weekly Earnings ex Bonus (3M avg)	0.2	-	0.2
	0700 Aug ILO Unemployment Rate (3M avg.)	4.4	-	4.1
	0700 Aug Employment Change (3M/3M)	-65	-	-12.0
Sweden	0830 Sep CPIF (YoY%)	0.8	-	0.7
	1600 Riksbank's Ingves Speaks on Future Payments			
Portugal	- Bank of Portugal Releases Data on Banks			
Wednesday 14 October				
US	1400 Fed's Clarida Speaks at Annual IIF Meeting			
	2000 Fed's Kaplan, Quarles Speak on Financial Supervision			
	2300 Fed's Kaplan to Hold Virtual Town Hall			
Japan	0530 Aug F Industrial production - Prel (MoM/YoY%)	-	-	1.7/-13.3
Eurozone	1000 Aug Industrial Production (WDA, (YoY%)%)	-7.3	-	-7.7
	1300 ECB Chief Economist Lane Speaks			
UK	1400 BOE's Haldane speaks			
Spain	0800 Sep F HICP (MoM/YoY%)	-/-	-/-	0.4/-0.6
Australia	2245 RBA's Lowe Gives Speech Online			
Sweden	0730 Riksbank's Floden in Panel Debate			
Thursday 15 October				
US	1600 Fed's Quarles Speaks at IIF Annual Meeting			
	2200 Fed's Kashkari Speaks on U.S. Economic Outlook			
Japan	0530 Aug Tertiary industry index (MoM%)	-	-	-0.5
UK	1400 BOE's Cunliffe speaks.			
Australia	0100 Oct CPI expectations (YoY%)	-	-	3.1
	0130 Sep Employment change ('000)	49	-	111
	0130 Sep Unemployment rate (%)	6.5	-	6.8
	0130 Sep Participation rate (%)	64.9	-	64.8
Norway	0900 Norges Bank 3Q Survey of Bank Lending			
Sweden	0830 Sep Unemployment Rate (%)	-	-	8.8
Friday 16 October				
US	1330 Sep Advance Retail Sales (MoM%)	0.8	0.7	0.6
	1330 Sep Retail Sales ex. Auto and Gas (MoM%)	0.5	0.4	0.7
	1415 Sep Industrial Production (MoM%)	0.8	0.7	0.4
	1500 Oct P U. of Mich. Sentiment Index	81.5	80.5	80.4
Eurozone	1000 Aug Trade Balance (€bn)	23053	-	20342.8
	1000 Sep F CPI (MoM/YoY%)	0.1/-0.3	-/-	0.1/-0.3
	1000 Sep F Core CPI (YoY%)	0.2	-	0.2
Italy	0900 Sep F HICP (YoY%)	-	-	-0.9
	1400 Bank of Italy Releases the Quarterly Economic Bulletin			
Sweden	- Riksbank's Ingves Participates in IMF's Virtual Autumn...			

Source: ING, Bloomberg

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Key events in EMEA and Latam next week

CPI data in Poland and the Czech Republic, as well as Russian industrial production will be the key releases to watch



Source: Shutterstock

✓ Russia: possible fiscal reduction and covid-19 resurgences are weighing on GDP

Russian industrial production should post a mild improvement in September, however, it will be largely a reflection of the favourable calendar effect (extra working day, supporting manufacturing data), rather than improvement in the mood, as shown by the recent deterioration in the PMI reading.

The stabilization and potential rollback in the fiscal support (also likely to be confirmed by the budget fulfilment data to be released next week) and uncertainties regarding consumer demand should limit the pace of the recovery.

This, combined with the recent resurgence of Covid-19 in Russia and increased fears of the second round of quarantine measures, is again putting pressure on our above consensus expectations of a modest 2-3% GDP drop for 2020.

✓ Poland: The story behind the CPI increase

This week we'll learn details of the CPI surprise this month. The was caused by a rise in the core which we estimate jumped 4.3% vs 4.0% YoY in August. This likely reflects recovering demand,

boosted by a generous fiscal package. Also, the rise in the core might be caused by education costs, a pick-up in airfare tickets (this category plummeted a month prior), or less reduced priced goods offered after the first wave of the pandemic.

The current account figure for August will also be published. We expect a further surplus. Unlike some other CEE countries, Poland relies far less on the automotive industry, which has remained relatively weak throughout the pandemic.

Czech Republic: CPI reaching significant highs

Despite the fact that CPI will most likely slightly fall in MoM terms in September, both due to typical seasonality in core prices and fuel prices, YoY dynamics will accelerate due to a low base from the last year, when food prices significantly fell.

This means that CPI might get already above 3.5%, but we expect below 3% CPI print since November. Still, this year's inflation is heading to the highest average print since 2012 (3.3%), which might be even slightly exceeded.

EMEALatam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 12 October					
Russia	1400	Aug Trade Balance (US\$bn)	-	5.2	4.3
Turkey	0800	Aug C/A (US\$bn)	-4	-	-1.8
	0800	Jul Unemployment Rate (%)	-	-	13.4
Czech Rep	0800	Sep CPI (MoM/YoY%)	-0.3/3.6	-/-	0.0/3.3
	0800	Aug Export Price Index (YoY%)	-	-	1.2
	0800	Aug Import Price Index (YoY%)	-	-	-1.4
Hungary	0800	Hungary's Matolcsy Speaks at Conference on Green Finance			
Romania	0700	Sep CPI (MoM/YoY%)	0.1/2.7	-/-	-0.05/2.68
	0700	Aug Trade Balance (€m)	-	-	-1323
Serbia	1100	Sep CPI (MoM/YoY%)	-0.1/2.3	-	-0.1/1.9
South Africa	1200	Aug Manufacturing Production (SA, MoM%)	-	-	7.6
	1200	Aug Manufacturing Prod. (MoM%)	-	-	-10.6
Mexico	1200	Aug Industrial Production (YoY%)	-9.5	-	-11.35
Tuesday 13 October					
Turkey	0800	Aug Industrial Production (MoM/YoY%)	-1.0	-/-	8.35/4.38
Croatia	1000	Aug Tourism arrivals (YoY%)	-	-	-48.1
South Africa	1030	Aug Mining Production (MoM/YoY%)	-	-	20.2/-9.1
	1030	Aug Mining Production Volume Index YoY	-	-	4.6
	1030	Aug Mining Gold Production (YoY%)	-	-	-10.2
Wednesday 14 October					
Poland	1300	Aug C/A (€mn)	1413	-	1590
	1300	Aug Trade Balance (€mn)	525	-	969
	1300	Aug Exports (€)	18082	-	19637
	1300	Aug Imports (€)	17557	-	18668
Czech Rep	0900	Aug C/A (CZKbn)	-	-	20.6
Romania	0700	Aug Industrial Production (MoM/YoY%)	-/-	-/-	3.3/-9.9
	0700	Aug Industrial Sales (MoM/YoY%)	-/-	-/-	11.0/-5.9
		- Aug C/A YTD (€m)	-	-	-4863
Bulgaria	0900	Sep CPI (MoM/YoY%)	0.1/1.6	-/-	0.0/1.2
South Africa	1200	Aug Retail Sales (MoM/YoY%)	-	-	-1.1/-9.0
Thursday 15 October					
Russia	1700	Sep Industrial Production (YoY%)	-5.9	-6.0	-7.2
Poland	0900	Sep F CPI (YoY%)	3.2	3.2	2.9
Kazakhstan		- Sep Industrial Production Yearly	-	-	-5.6
South Africa	1030	2Q Employees Nonagricultural Industries (QoQ/YoY%)	-/-	-/-	0.0/0.0
Israel	1630	Sep CPI (MoM/YoY%)	-/-	-/-	0.0/-0.79
Friday 16 October					
Russia	1700	Sep PPI (MoM/YoY%)	-	0.2/-0.2	-1.0/0.8
Poland	1300	Sep Core Inflation (YoY%)	4.3	4.3	4
Czech Rep	0800	Sep PPI (Industrial) (MoM/YoY%)	-	-	-0.3/-0.5

Source: ING, Bloomberg

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Asia week ahead: Spotlight on Singapore

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Asia Economic Calendar

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Saturday 10 October				
China	- Sep Money supply (M2) (YoY%)	10.4	10.4	10.4
China	- Sep Aggregate finance (Yuan bn)	3960		3580
China	- Sep New Yuan loans (Yuan bn)	1425		1280
Monday 12 October				
India	1300 Sep CPI (YoY%)	6.6	7.0	6.69
	1300 Aug Industrial production (YoY%)	-11	-7.0	-10.4
Malaysia	0500 Aug Industrial production (YoY%)	-2.1	-	1.2
Tuesday 13 October				
China	- Sep Exports (YoY%)	10.1	9.0	9.5
	- Sep Imports (YoY%)	0.7	-0.3	-2.1
	- Sep Trade Balance (US\$bn)	60	59.3	58.925
Indonesia	0820 BI policy decision (7-day reverse repo, %)	-	-	4.0
Wednesday 14 October				
India	0730 Sep WPI (YoY%)	0.9	-	0.16
South Korea	- 7-Day Repo Rate	0.5	-	0.5
Singapore	0100 MAS Monetary Policy Statement	No policy change expected		
	0100 3Q20 GDP - advance estimate (% QoQ SAAR/YoY)	26.2/-8.4		-42.9/-13.2
Thursday 15 October				
China	0230 Sep PPI (YoY%)	-1.5	-1.8	-2.0
	0230 Sep CPI (YoY%)	2.2	2.0	2.4
India	- Sep Trade deficit (US\$bn)	-6.5	-	-6.77
	- Sep Exports (YoY%)	-12	-	-12.66
	- Sep Imports (YoY%)	-22	-	-26.04
Indonesia	0500 Sep Trade balance (US\$m)	2530.5	-	2330
	0500 Sep Exports (YoY%)	-8.9	-	-8.36
	0500 Sep Imports (YoY%)	-26.1	-	-24.19
Philippines	- Aug OCW remittances (YoY%)	5.4	-	7.8
Friday 16 October				
Singapore	0130 Sep Non-oil domestic exports (MoM/YoY%)	-5.7/10.8	-/-	10.5/7.7
South Korea	0000 Sep Unemployment rate (% SA)	3.5	-	3.2

Source: ING, Bloomberg, *GMT

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