

## 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: Continued supply chain issues expected to affect retail sales and industrial production figures

Inflation figures have reaffirmed our view that price pressures are elevated and will remain so for many quarters to come. We doubt headline inflation will fall below 5% before the end of this year with rising housing costs and strong pipeline corporate price pressures set to offset declines seen in some of the high profile components such as used car and hotel prices. Following the strong July jobs report we are now hearing more Federal Reserve officials making the case for an early taper of QE asset purchases and we expect to hear more on this at the August Jackson Hole symposium. We are now increasingly thinking we could get a September announcement on slowing monthly asset purchases from the current \$120bn per month rate, with an October start date. We suspect it will be a much swifter taper than seen last time with it possibly concluded by late 1Q 2022 or early 2Q.

There are no major Fed speakers scheduled for next week (Fed Chair Jerome Powell is making an appearance, but not discussing monetary policy). We do have the minutes to the July FOMC meeting, which may discuss some aspects of the potential taper plans. The latest jobs and inflation figures have accelerated the debate so the focus will be more on the composition of any taper

rather than the timing.

As for the data, the market focus will be on retail sales and industrial production. Headline sales are likely to be dragged lower by another steep decline in auto sales. This reflects supply chain strains that are hurting auto production rather than demand for vehicles, which remains very strong – there are lots of disappointed potential buyers out there. Outside of autos we expect retail sales growth to be flat, but we have to remember that the reopening means that people now have more opportunity to spend on travel, leisure and services, which aren't reflected in retail sales in any meaningful way. Consequently, we increasingly expect to see a compositional shift in how people spend money, which will likely see retail sales underperform broader consumer spending after the reverse was true through the depths of the pandemic.

Industrial production should post a decent increase with manufacturing likely rebounding after June's decline. Nonetheless, those supply chain issues we keep talking about will continue to exert a strong headwind for growth in this sector. We will also get some decent housing figures, which should point to firm construction spending in the economy.

## UK: What to expect from a busy week of data

- **Jobs (Tues):** The reopening has triggered a sharp rise in job adverts, and recent payroll data suggests that's led to a decent employment bounce over the past couple of months. Expect the unemployment rate to tick slightly lower again, though unlike the Bank of England, we still think a modest rise in the jobless rate is likely later this year when wage support ends ([read more](#)).
- **Inflation (Weds):** Headline CPI is going to bounce around this summer, and July's data is likely to be no exception. The reopenings at the same time last year lifted prices, which likely weren't matched this July, and that means a lower annual rate of inflation. Next month we'll be comparing to last August's 'Eat Out to Help Out' which slashed restaurant prices, so unsurprisingly we'll see a sharp CPI bounce back when that data comes through. Much of this is of course noise, but the central story is that headline inflation is set to reach 3.5-4% later this year, the highest since 2012. But for the Bank of England, the more relevant question is what happens in 2022 and beyond, and we suspect CPI will ease back towards target by around this time next year.
- **Retail sales:** Shopping is one relative bright spot in the UK economy right now, and retail sales are comfortably above pre-virus levels. But it'll be interesting to see if the arrival of the Delta variant had much of an impact through July. Certainly, aggregate spending data from debit/credit cards has ticked a bit lower over recent weeks, and there has been a slight decrease in the number of people reporting they're visiting shops in person since mid-June, according to an ONS survey. We expect a mild decline in retail spending in July.

## Norway: Norges Bank to continue cementing itself as the hawkish outlier

At its June meeting, Norges Bank continued to buck the general cautious G10 central bank trend, and pencilled four rate hikes into its projections by the end of 2022. Two of those are due to happen this year, and there's no obvious reason for policymakers to have changed their mind since that last meeting. While the Delta variant has pushed Covid-19 cases higher in Norway, vaccination rates are high and like elsewhere in Europe, the talk is still about ending rather than reintroducing restrictions. The trade-weighted krone is also noticeably weaker than policymakers had been

factoring in last time, which in isolation is a hawkish factor for Norges Bank, which tends to set policy fairly mechanically. When it has tightened in the past, the central bank has developed a habit of telling us at the preceding meeting. We'd therefore expect an explicit mention that rates will rise in September, when we get the latest policy statement next week.

## Developed Markets Economic Calendar

| Country                    | Time | Data/event                              | ING Survey |          | Prev.     |
|----------------------------|------|---|------------|----------|-----------|
| <b>Monday 16 August</b>    |      |   |            |          |           |
| Norway                     | 0700 | Jul Trade Balance                       | -          |          | 25.0      |
| Eurozone                   | 1100 | Jul Reserve Assets Total                | -          |          | 869.05    |
| <b>Tuesday 17 August</b>   |      |   |            |          |           |
| US                         | 1330 | Jul Retail Sales (MoM%)                 | -0.5       | -0.2     | 0.6       |
|                            | 1330 | Jul Retail Sales - control group (MoM%) | -0.2       | -0.1     | 1.1       |
|                            | 1415 | Jul Industrial Production (MoM%)        | 0.4        | 0.5      | 0.4       |
| UK                         | 0700 | Jun ILO Unemployment Rate               | 4.7        |          | 4.8       |
|                            | 0700 | Jun Employment Change                   | 45         |          | 25.0      |
| Netherlands                | 0830 | Q2 GDP Prelim SA (QoQ%/YoY%)            | -/-        |          | -0.8/-2.4 |
|                            | 0830 | Jun Trade Balance                       | -          |          | 4.81      |
| Eurozone                   | 1000 | Q2 GDP Flash Estimate (QoQ%/YoY%)       | -/-        | 2.0/13.7 | 2.0/13.7  |
| <b>Wednesday 18 August</b> |      |   |            |          |           |
| US                         | 1330 | Jul Housing Starts (000)                | 1625       | 1605     | 1643      |
|                            | 1900 | Jul 28 FOMC minutes                     | -          |          | -         |
| UK                         | 0700 | Jul Core CPI (MoM%/YoY%)                | 0.0/1.9    |          | 0.5/2.3   |
|                            | 0700 | Jul CPI (MoM%/YoY%)                     | 0.1/2.1    |          | 0.5/2.5   |
| Canada                     | 1330 | Jul CPI Inflation (MoM%/YoY%)           | -/-        |          | 0.3/3.1   |
|                            | 1330 | Jul Core CPI (MoM%/YoY%)                | -/-        |          | 0.3/2.7   |
| Portugal                   | -    | Jun Current Account Balance             | -          |          | -2.02     |
| Eurozone                   | 1000 | Jul CPI (YoY%)                          | -          | 2.2      | 2.2       |
| <b>Thursday 19 August</b>  |      |   |            |          |           |
| Norway                     | 0900 | Key Policy Rate                         | 0.0        |          | 0.0       |
| Eurozone                   | 0900 | Jun Current Account SA - EUR            | -          |          | 11.71     |
| US                         | 1330 | Initial Jobless Clm                     | -          |          | -         |
|                            | 1330 | Cont Jobless Clm                        | -          |          | -         |
| <b>Friday 20 August</b>    |      |   |            |          |           |
| UK                         | 0700 | Jul Retail Sales (MoM%/YoY%)            | -0.2/5.9   |          | 0.5/9.7   |
| Canada                     | 1330 | Jun Retail Sales (MoM%)                 | -          |          | -2.1      |
| Norway                     | 0700 | Q2 GDP Growth Mainland                  | 1.5        |          | -1.0      |
|                            | 0700 | Jun GDP Mainland                        | 1.0        |          | 1.8       |

Source: Refinitiv, ING, \*GMT

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## Key events in EMEA next week

The economic recovery is well underway across Eastern Europe, with year-on-year figures bouncing back after steep declines last year. In Hungary,...



Source: Shutterstock

### ✓ Hungary: Bounce back expected to be shown in GDP growth figures

Based on high-frequency data, we expect the economy to grow by 2% quarterly, translating into a record high of 17.6% year-on-year GDP growth.

However, the yearly performance will tell us more about how deep the crisis was than how strong the pick-up is. If the economy actually registers the GDP growth we forecast, it would also mean that the volume of GDP will be back at the pre-crisis level.

The main driver will be the services sector as the Hungarian economy started its gradual reopening in April. Besides services, we see positive performances from both industry and construction despite the input and labour shortages. Given the supportive fiscal measures, we see a positive impact on the budget too.



## Poland: Manufacturing and retail sales figures expected to decline

Manufacturing in Poland was the fastest to recover from the pandemic shock compared to other sectors.

Consequently, the increased base from last year will now strongly drag down YoY figures. Additionally, July results are expected to be under pressure due to the continued disruptions in supply chains and a gradual shift in demand from goods towards previously unavailable services.

Retail sales for June showed that the opening effect had already materialised in May. Now goods retailers have to compete with services that consumers missed out on during the lockdown. Thus, we expect some further decline in the YoY figure for retail sales. Although, Google mobility data shows sales levels in July should be similar to those in June. Hence, our forecast is a bit more optimistic than the market consensus.

## EMEA Economic Calendar

| Country                    | Time | Data/event                     | ING      | Survey | Prev.    |
|----------------------------|------|--------------------------------|----------|--------|----------|
| <b>Monday 16 August</b>    |      |                                |          |        |          |
| Russia                     | -    | Jul Budget Fulfilment          | -        |        | 0.7      |
| Turkey                     | 0900 | Jul Budget Balance             | -        |        | -25.03   |
| Poland                     | 1300 | Jul Net Inflation (YoY%)       | -        |        | 3.5      |
| Croatia                    | 1000 | Jul CPI (MoM%/YoY%)            | 0.0/2.5  |        | 0.0/2.0  |
| <b>Tuesday 17 August</b>   |      |                                |          |        |          |
| Hungary                    | 0800 | Q2 GDP Flash (QoQ%/YoY%)       | 2.0/17.6 |        | 2.0/-2.1 |
| Romania                    | 0700 | Q2 GDP Flash (YoY%)            | 15.1     |        | -0.2     |
| <b>Wednesday 18 August</b> |      |                                |          |        |          |
| Poland                     | 0900 | Jul Employment Change (YoY%)   | 1.8      | 2.0    | 2.8      |
|                            | 0900 | Jul Wage Change (YoY%)         | 8.2      | 8.6    | 9.8      |
| Russia                     | 1700 | Jul PPI (MoM%/YoY%)            | -/-      |        | 2.9/31.1 |
| South Africa               | 0900 | Jul CPI (MoM%/YoY%)            | -/-      |        | 0.2/4.9  |
|                            | 0900 | Jul Core inflation (MoM%/YoY%) | -/-      |        | 0.3/3.2  |
|                            | 1200 | Jun Retail Sales (YoY%)        | -        |        | 15.8     |
| <b>Thursday 19 August</b>  |      |                                |          |        |          |
| Poland                     | 0900 | Jul Industrial Output (YoY%)   | 10.8     | 11     | 18.4     |
| <b>Friday 20 August</b>    |      |                                |          |        |          |
| Poland                     | 0900 | Jul Retail Sales (YoY%)        | 6.2      | 4.9    | 13.0     |

Source: Refinitiv, ING, \*GMT

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# Asia week ahead: Early hints of 3Q21 performance

July activity indicators will provide a glimpse into the third quarter performance for Asian economies while the Covid-19 pandemic continues to weigh on...



Source: Shutterstock

## ➔ More 2Q GDP reports

Japan and Thailand are the next Asian economies to unveil their 2Q21 report cards next week. Resurgent Covid-19 cases and tighter restrictions to break the infection chain have probably stalled the recovery in both these economies in the last quarter.

Having contracted by 1% quarter-on-quarter in 1Q21, Japan is on the verge of falling into recession (ING 2Q forecast 0%). The same applies to the Thai economy, which at 0.2% QoQ barely grew in 1Q and likely contracted as much as -2.7% QoQ in 2Q. Despite this, low base effects swung their year-

on-year growth rates back into positive territory after more than a year of negative readings.

We don't think the markets will pay much attention to this backdated GDP data. Instead, the focus will be on the evolving growth trajectory, which is going to be severely impacted by the ongoing pandemic. Rising political risks evident from the latest anti-government protests could be an added drag on the Thai economy for the rest of the year.

## ➔ Where is growth headed in 3Q?

The calendar is also packed with July economic releases from around the region. These will shed light on the path of GDP growth in the current quarter.

China reports the remainder of its July activity data, namely industrial production, retail sales and fixed asset investment. This data should capture the impact of devastating floods in the central Chinese province of Zhengzhou (also referred to as Henan). We expect a more pronounced impact on retail sales than manufacturing activity as the latter remains supported by strong export demand. Meanwhile, the government's orders to businesses to turn investment plans into concrete action should speed up fixed-asset investment growth.

Taiwan's export orders data for July will be scrutinised for clues about the potential course of the global semiconductor cycle, which has been running at full speed recently. Chip shortages and higher prices may have weighed on Taiwan's semiconductor exports this year. Even so, an all-time high of \$23.5 billion of electronics exports in July suggests that orders remain strong, though there is probably a price effect embedded in this figure, and volumes are likely flatter.

Singapore's July non-oil domestic exports (NODX) data could reflect the latest upgrade of the government's 2021 GDP growth outlook to 6%-7% from 4%-6%. Singapore has been a beneficiary of the global semiconductor upswing. And judging by the strong July exports from Korea and Taiwan, NODX likely remained strong last month; our forecast is 1.8% month-on-month and 14.0% year-on-year growth.

Australia's July jobs report probably won't have too much bearing on Reserve Bank of Australia (RBA) monetary policy expectations. The central bank is still set to slightly reduce its current bond purchase programme when it expires in September ([see our latest note on this](#)). We expect a further dip in the jobless rate to 4.8% from 4.9% in June.

[Australia: No change to monetary policy stance](#)

## ➔ What does this mean for policy?

As well as the RBA, we also have the central banks of China and Indonesia reviewing their policy settings next week. As growth continues to take a hit from the pandemic and transitory inflation spikes have now passed, easy policy stances remain the norm for central banks in much of Asia. The People's Bank of China has validated this with a 50 basis-point cut in banks' Reserve Requirement Ratio (RRR) in July ([more on that here](#)). That said, we anticipate no change to the PBoC's 1-year or 5-year Prime Lending Rates next week.

Bank Indonesia may cite the recently released 2Q GDP report of over 7% YoY growth as an argument to leave interest rates on hold as the authorities continue to pursue currency stability. It remains to be seen whether this growth momentum continues ahead. We are sceptical ([read more](#)



[here](#)).

[China: Broad-based RRR cut sends bad signal](#)

[Indonesia: 2Q GDP surprises on the upside but momentum not likely to last](#)

## Asia Economic Calendar

| Country                    | Time | Data/event                             | ING Survey |      | Prev.    |
|----------------------------|------|--|------------|------|----------|
| <b>Monday 16 August</b>    |      |  |            |      |          |
| Japan                      | 0050 | Q2 GDP (QoQ%)                          | 0          | 0.2  | -1.0     |
| China                      | 0300 | Jul Industrial Output (YoY%)           | 8.2        |      | 8.3      |
|                            | 300  | Jul Fixed Asset Investments (YTD YoY%) | 12.8       |      | 12.6     |
|                            | 0300 | Jul Retail Sales (YoY%)                | 12.12      |      | 12.1     |
| India                      | 0730 | Jul WPI Inflation (YoY%)               | 11.5       | 11.3 | 12.07    |
|                            | 1230 | Jul Trade Deficit Govt - USD           | 11.1       | 11.2 | 11.23    |
|                            | 1230 | Jul Imports - USD                      | 59         |      | 46.4     |
|                            | 1230 | Jul Exports - USD                      | 48         |      | 35.2     |
| Indonesia                  | 0500 | Jul Consumer Confidence Index          | -          |      | 107.4    |
| Thailand                   | 0330 | Q2 GDP Growth (QoQ%/YoY%)              | -2.7/4.7   |      | 0.2/-2.6 |
| <b>Tuesday 17 August</b>   |      |  |            |      |          |
| Singapore                  | 0130 | Non-oil domestic exports (MoM/YoY%)    | 1.8/14.0   |      | 6.0/15.9 |
| <b>Wednesday 18 August</b> |      |  |            |      |          |
| Japan                      | 0050 | Jul Exports (YoY%)                     | 50.7       |      | 48.6     |
|                            | 0050 | Jul Imports (YoY%)                     | 34.1       |      | 32.7     |
|                            | 0050 | Adj Jul Trade Balance Total - Yen      | 780        |      | -90.2    |
| Indonesia                  | 0500 | Jul Trade Balance (Bln of \$)          | 1.76       |      | 1.32     |
|                            | 0500 | Jul Exports Growth (YoY%)              | 29.9       |      | 54.5     |
|                            | 0500 | Jul Imports Growth (YoY%)              | 53.6       |      | 60.1     |
| <b>Thursday 19 August</b>  |      |  |            |      |          |
| Australia                  | 0230 | Jul Unemployment Rate                  | 4.8        |      | 4.9      |
| Indonesia                  | 0800 | Aug 7-Day Reverse Repo                 | 3.5        |      | 3.5      |
| <b>Friday 20 August</b>    |      |  |            |      |          |
| Japan                      | 0030 | Jul CPI (MoM%)                         | 0.1        |      | 0.2      |
| China                      | 0230 | Aug Loan Prime Rate 1Y                 | 3.85       |      | 3.85     |
|                            | 0230 | Aug Loan Prime Rate 5Y                 | 4.65       |      | 4.65     |
| Taiwan                     | -    | Export orders                          | 26.7       |      | 31.1     |

Source: Refinitiv, ING, \*GMT

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