

Our view on next week's events

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Key events in EMEA and Latam next week

Central Bank decision from Turkey, real economy data releases, retail sales and industrial output are all likely to reflect continued uncertainty in the EMEA



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✓ Turkey: Rates likely to remain on hold for now

Despite supportive impact of domestic demand compression, exchange rate developments point to continuing challenges for the inflation outlook.

After recent TRY weakness, upside risks on the outlook has been intensifying. Accordingly, lira OIS rates currently price some upward rate adjustment until the year end. While raising effective cost of funding, the central bank will likely make no imminent policy rate change in the near term including August MPC and prefer to see the impact of ongoing tightening via liquidity provisioning.

✓ Russia: Mixed data releases next week means the speed of recovery remains uncertain

Russian industrial output in July was under pressure of adverse calendar effect (extra day-off due to the vote on the constitution) and the recent weakness in the intermediary and investment-driven sectors evident already in June.

Meanwhile, the pick-up in budget spending from 26% YoY in 1H20 to 37% YoY in July, mainly thanks to the 46% YoY spike in state support to the business, can result in industrial output actually

outperforming our below-consensus forecast of -11.8% YoY. The retail trade should continue recovery amid state support to income and lack of international travel.

At the same time, the likely deterioration in the income trend remains a challenge, likely limiting the pace of recovery in 2H20 even after a relatively shallow 8.5% YoY GDP drop in 2Q20.

✓ Poland: Real economy figures to be largely negative

This week we'll get a few real economy figures for July.

Due to less favourable calendar effects than in the previous month, we should see negative YoY dynamics across the board. Still, the recovery continues and leading indicators, such as PMI suggest we may see some positive surprises. While Covid-19 cases are on the rise, Poland has not re-introduced nearly as harsh measures as during the full lockdown in 2Q.

EMEALatam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 16 August					
Israel	1100	2Q A GDP (QoQ Annualised %)	-	-25.2	-6.9
Monday 17 August					
Russia	1700	Jul Industrial Production (YoY%)	-11.8	-7.8	-9.4
Poland	1300	Jul Core Inflation (MoM/YoY%)	4.2	-/-	0.7/4.1
Czech Rep	0800	Jul PPI (Industrial) (MoM/YoY%)	-	-	-0.1/-0.3
Bulgaria	0900	Jul CPI (MoM/YoY%)	0.5/1.3	-/-	-0.4/1.6
South Africa	-	2Q Unemployment Rate (%)	-	35	30.1
Tuesday 18 August					
Russia	1700	Jul PPI (MoM/YoY%)	-	1.1/-4.2	6.1/-8.3
Wednesday 19 August					
Poland	0900	Jul Avg Gross Wages (MoM/YoY%)	-/-2.9	-/-2.9	3.2/3.6
	0900	Jul Employment (MoM/YoY%)	-/-2.6	-/-3.0	0.2/-3.3
Serbia	-	Jun C/A (€mn)	-	-	-53.7
Israel	-	Aug 12Mth Inflation Forecast (%)	-	-	0.5
Thursday 20 August					
Russia	1400	Jul Retail Sales (YoY%)	-4.8	-4.5	-7.7
	1400	Jun Real wages (YoY%)	-3.2	0.1	1.0
Turkey	1200	Benchmark Repurchase Rate	8.25	-	8.25
Poland	0900	Jul Industrial Output (MoM/YoY%)	-/-3.0	-/-0.0	13.9/0.5
	0900	Jul PPI (MoM/YoY%)	-/-0.6	-/-0.2	0.4/-0.8
Croatia	1000	Jul Unemployment Rate (%)	-	-	9.1
	1000	Jun Real Wages (YoY%)	-	-	0.8
Israel	1100	Jun Industrial Production (SA, MoM%)	-	-	0.2
Friday 21 August					
Poland	0900	Jul Real Retail Sales (YoY%)	-2.0	-3.6	-1.3
Mexico	1200	Jun Retail Sales (YoY%)	-15.0	-	-23.7

Source: ING, Bloomberg

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Key events in developed markets next week

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Source: Shutterstock

✓ US: Building on the recovery

While we wait to see if politicians have the willpower to agree a new fiscal package that can help support the economy in its next phase of recovery we continue to watch high-frequency data on jobs and credit and debit card transaction that currently suggest employment growth and consumer spending stalled through mid-July into early August. This suggests we should be braced for some disappointment in the August jobs and retail sales reports that are published on 4 and 16 September respectively.

For the upcoming week, it is all about housing data, which should look good. We know mortgage applications are strong thanks to low mortgage rates with anecdotal evidence suggesting demand is led by older buyers looking for a second or vacation home. This story has been in play for around four months now and should help fuel transactions, which in turn has historically been well correlated with consumer spending on related sectors such as furniture, home furnishings, garden equipment and building supplies.

Meanwhile, the minutes to the July Federal Reserve meeting may reveal a little bit more on the potential for yield curve control, which will be of interest to market players given the recent bout of yield curve steepening. There may be some discussion in the context of the Fed's long-awaited

strategy review of monetary policy where they are increasingly expected to be more tolerant of periods of above-target inflation in order to provide some compensation for significant periods of undershooting.

An announcement on this could come in September.

Eurozone: PMI data to reflect the extent of the rebound

Next week will give another snapshot at the state of the Eurozone recovery. The PMI should give a good sense of where things are headed and especially if the recent fast pace of the rebound has been maintained through August. Some slowing is to be expected, but so far the Eurozone has seen encouraging numbers come out that indicate that the start of the rebound has at least been strong.

UK retail sales to stay around pre-virus levels in July, although this may not reflect a wider 'V shape' recovery

It didn't take long for UK retail sales to return to their pre-crisis levels, although there are reasons to question whether they imply a broader 'V-shape' recovery in spending.

High-frequency payment data cited by the Bank of England shows that delayable spending has fallen again through July, which we think indicates some of the initial rebound reflected unsustainable pent-up demand. Retail sales are also only one part of the consumer spending story, and social spending (pubs, restaurants etc) has been much slower to recovery as individuals remain cautious about the safety risks of returning to old haunts. Of course in the medium-term, the concerning signs of rising unemployment also pose a clear risk to spending, particularly given that the rise in joblessness is likely to be initially concentrated among lower-paid workers.

We expect retail sales to be essentially flat in July (relative to the big gains seen over the past two months). Separately, we may see another mild uptick in the PMI readings, although as we've noted previously, these may not be the best barometers of GDP performance in these current volatile times.

Norges Bank set to maintain cautious optimism

In contrast to many other global central banks, Norges Bank struck a fairly upbeat tone at its last meeting in June, upgrading its GDP forecast and loosely pencilling in a rate hike into its projection for 2022. Since then, neither oil prices nor the trade-weighted NOK have changed materially enough to shift that view when the committee meets next week.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 17 August					
Japan	0050	2Q P GDP (Annualised, QoQ%)	-22.7	-27.0	-2.2
	0050	2Q P GDP deflator - advance (Q) (YoY%)	-	1.9	0.9
	0530	Jun F Industrial production - Prel (MoM/YoY%)	-/-	-/-	2.7/-17.7
Tuesday 18 August					
US	1330	Jul Housing starts (000s)	1270	1230	1186
Australia	0230	RBA Minutes of Aug. Policy Meeting			
Norway	0900	Norway Sovereign Wealth Fund 2H Report			
Wednesday 19 August					
US	1900	Jul 29 FOMC Meeting Minutes			
Japan	0050	Jul Exports (YoY%)	-14.3	-	-26.2
	0050	Jul Imports (YoY%)	-17.3	-	-14.4
	0050	Jun Core machine orders (MoM%/YoY)	1.2/-15.8	-/-	1.7/-16.3
Eurozone	1000	Jul F CPI (YoY%)	0.4	-	0.4
	1000	Jul F CPI (MoM/YoY%)	-0.3/1.2	-/-	-0.3/1.2
UK	0700	Jul CPI (MoM/YoY%)	0.0/0.6	-/-	0.1/0.6
	0700	Jul Core CPI (YoY%)	1.1	-	1.4
Canada	1330	Jul CPI (MoM/YoY%)	-/-	-/-	0.8/0.7
Portugal	1100	Portugal Reports Industrial Production Price Index			
Thursday 20 August					
US	1800	Fed's Daly Discusses the New Future of Work			
Canada	1330	ADP Releases Payroll Data			
Norway	0900	Deposit Rates	0.0	-	0.0
Sweden	0830	Jul Unemployment Rate (%)	-	-	9.8
	1530	Riksbank's Skingsley Gives Speech on Current Monetary Policy			
Friday 21 August					
US	1500	Jul Existing Home Sales	5.4	5.2	4.7
Japan	0030	Jul National CPI (YoY%)	-	-	0.1
	0030	Jul CPI ex-food, energy (YoY%)	-	-	0.4
Eurozone	0900	Aug P Markit Manufacturing PMI	53.0	-	51.8
	0900	Aug P Markit Services PMI	55.5	-	54.7
	0900	Aug P Markit Composite PMI	55.6	-	54.9
	1500	Aug A Consumer Confidence	-	-	-15.0
UK	0700	Jul Public Finances (PSNCR)	-	-	44.0
	0700	Jul PSNB ex Banks (Ebn)	-	-	35.5
	0700	Jul Retail Sales ex Auto Fuel (MoM/YoY%)	1.0/2.3	-/-	13.5/1.7
	0700	Jul Retail Sales (MoM/YoY%)	1.5/-0.5	-/-	13.9/-1.6
	0930	Aug P Markit/CIPS Manufacturing PMI	54.0	-	53.3
	0930	Aug P Markit/CIPS Services PMI	57.0	-	56.5
	0930	Aug P Markit/CIPS Composite PMI	56.7	-	57.0
Australia	0230	ABS Australia Preliminary July Retail Sales			
Sweden	0830	Sweden 2Q Residential Construction			

Source: ING, Bloomberg

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Asia week ahead: Japan's GDP and central bank meetings

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Source: Shutterstock

Japan's second quarter GDP report card

The data calendar for Japan is loaded next week, with the 2Q20 GDP release the main highlight.

2Q20 GDP is expected to contract by more than 20% (saar), much worse than the -2.2% recorded in 1Q. Japan trade data for July will also be released, and will also point to contraction as the global economy continues to run soft due to the pandemic.

Central bank meetings: Hitting the pause button for now

A couple of central banks will be meeting next week, but all of them are expected to take a pause.

The People's Bank of China will likely keep policy unchanged with monetary authorities actually tightening via open market operations for most of July and August.

Indonesia's central bank is scheduled to meet with Governor Warjiyo probably pausing after a recent rate cut to help provide some stability for the IDR.

The Philippine central bank is also widely expected to keep rates steady after Governor Diokno signalled no rate cuts to come in the next two quarters.

Inflation: Subdued as economic engines grind to a halt

CPI inflation will be released for Japan, Malaysia and Hong Kong with all likely to remain subdued as economic activity remains constrained by social distancing, labour market uncertainty and poor consumer sentiment.

Malaysia will likely report another month of negative inflation (July inflation at -1.8%) while Hong Kong and Japan inflation should remain below 1%

Rest of Asia: Thailand in recession, trade data still reflecting global slowdown

Thailand's 2Q GDP should confirm a recession with the economy forecasted to contract by 12.8% after the -1.8% 1Q GDP report.

Trade data for the region rounds out data releases for the coming week and will likely reflect the ongoing weakness in the global economy. Indonesia's exports may revert to negative territory after the surprise expansion in June while trade figures out from Japan and the Philippines should remain weak in year-on-year terms due to depressed global demand.

Asia Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 17 August				
Philippines	- Jun OCW remittances (YoY%)	-18.7	-	-19.3
Singapore	0130 Jul Non-oil domestic exports (MoM/YoY%)	0.6/4.1	-/-	0.5/16.1
Thailand	0330 2Q GDP (QoQ/YoY%)	-10.9/-12.8	-/-	-2.2/-1.8
Tuesday 18 August				
Indonesia	0500 Jul Trade balance (US\$m)	-409.1	-	1267
	0500 Jul Exports (YoY%)	-13.9	-	2.3
	0500 Jul Imports (YoY%)	-11.6	-	-6.4
Wednesday 19 August				
Indonesia	0820 Aug 19 BI policy decision (7-day reverse repo,	4	-	4.0
Thursday 20 August				
India	1230 India RBI Minutes			
Philippines	0900 Overnight Borrowing Rate	2.25	-	2.25
Taiwan	0900 Jul Export orders (YoY%)	7	-	6.5
	0920 2Q Current account balance (US\$bn)	19.8	-	18160
South Korea	2200 Jul PPI (YoY%)	-0.7	-	-0.9
Friday 21 August				
Malaysia	0500 Jul CPI (YoY%)	-1.8	-	-1.9
	0800 Aug 14 Forex reserves- Month end (US\$bn)	-	-	104.2

Source: ING, Bloomberg, *GMT

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