

Our view on next week's events

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Source: Shutterstock

US: Housing market continues to drive growth

The data focus next week will be US housing numbers which will continue to show this sector as a key growth driver. Record low mortgage rates are driving the recovery while the prospect of a structural shift towards more homeworking is also helping to fuel buyer interest, particularly for second homes or vacation homes. After all, the average age of a US homebuyer is late 40s so they have good employment records and decent credit history. This is positive for other sectors in that it typically correlates with stronger spending on home furnishings and furniture/garden equipment and building supplies as buyers look to kit out their new property.

Other than that we will be looking at the number of Covid cases given rising anxiety at what is happening in Europe – more hospitalisations forcing the reintroduction of Covid containment measures – could happen on this side of the Atlantic too. We will also be listening for positive news on another fiscal stimulus, but given the proximity to the elections that isn't looking probable right now.

Initial claims numbers will also be a focus given the surprise rise last week, which underlines concerns about ongoing strains in the jobs market.

UK: Brexit and inflation back in focus

The European Council, as well as the UK's mid-October deal deadline, have now both been and gone.

But despite plenty of noise emerging (expect more next week...) from negotiations, the general feeling is that a deal is still more likely than not, albeit perhaps we might not see it until early-mid November. None of the core issues look totally insurmountable, but as ever it comes back to the politics, and in particular whether prime minister Boris Johnson can gain approval within his party for a compromise. The answer is most likely 'yes', although, despite the government's strong majority in the House of Commons, there have been increasing signs of dissent among Conservative MPs.

Separately, next week we'll get the latest inflation numbers which should bounce-back after the figures were distorted by the 'Eat Out to Help Out' discount scheme in August. Volatility aside, inflationary pressures are unlikely to grow over coming months given the deteriorating jobs market backdrop.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 18 October					
Eurozone	1405	ECB President Lagarde Speaks in a IMF Panel			
Monday 19 October					
Japan	0050	Sep Exports (YoY%)	-	-	-14.8
	0050	Sep Imports (YoY%)	-	-	-20.8
Eurozone	1345	ECB President Lagarde Gives Opening Remarks			
Sweden	0500	Valueguard HOX Sweden Home-Price Index			
Tuesday 20 October					
US	1400	Fed's Williams Makes Opening Remarks at Culture Event			
	1800	Fed's Evans Speaks to Detroit Economic Club			
Australia	0000	RBA's Kent Gives Online Speech			
	0130	RBA Minutes of Oct. Policy Meeting			
Wednesday 21 October					
US	1500	Fed's Mester Discusses Monetary Policy at Virtual Event			
	1830	New York Fed's Singh Discusses Fed Corporate Credit...			
	1900	U.S. Federal Reserve Releases Beige Book			
UK	0700	Sep CPI (MoM/YoY%)	0.4/0.5	-/-	-0.4/0.2
	0700	Sep Core CPI (YoY%)	1.1	-	0.9
	0700	Sep Public Finances (PSNCR)	-	-	25.7
	0700	Sep PSNB ex Banks (Ebn)	-	-	35.9
Canada	1330	Sep CPI (MoM/YoY%)	-/-	-/-	-0.1/0.1
Australia	2330	RBA's Debelle Gives Speech and Participates in Panel			
Thursday 22 October					
US	1500	Sep Existing Home Sales	6.4	6.2	6.0
Eurozone	1500	Oct A Consumer Confidence	-15.9	-	-13.9
New Zealand	2245	3Q CPI (Q) (QoQ/YoY%)	-	-	-0.5/1.5
Norway	0700	Aug Unemployment Rate AKU	-	-	5.2
Friday 23 October					
Japan	0030	Sep National CPI (YoY%)	-	-	0.2
	0030	Sep CPI ex-food, energy (YoY%)	-	-	-0.1
Eurozone	0900	Oct P Markit Manufacturing PMI	53.1	-	53.7
	0900	Oct P Markit Services PMI	47.8	-	48.0
	0900	Oct P Markit Composite PMI	50.1	-	50.4
UK	0700	Sep Retail Sales ex Auto Fuel (MoM%)	0.2	-	0.6
	0700	Sep Retail Sales (MoM%)	0.2	-/-	0.8
	0930	Oct P Markit/CIPS Manufacturing PMI	53.5	-	54.1
	0930	Oct P Markit/CIPS Services PMI	54	-	56.1
	0930	Oct P Markit/CIPS Composite PMI	54	-	56.5
Germany	-	GfK Consumer Sentiment	-1.2	-	-1.6
	-	Markit Mfg Flash PMI	55.8	-	56.4
	-	Markit Service Flash PMI	49.5	-	50.6
	-	Markit Comp Flash PMI	53.8	-	54.7

Source: ING, Bloomberg

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Key events in EMEA and Latam next week

Central bank meetings take place in Hungary, Russia, Ukraine and Turkey next week but most are expected to stay on hold



Source: Shutterstock

✓ Poland: W-shaped growth?

A lacklustre PMI reading suggests downward risk to our forecasts, suggesting the economy is no longer tracking the V-shaped recovery path. However, September figures should have limited market significance. The central bank has convinced investors that current figures will not impact its monetary policy.

The fourth quarter will be the real test for the economy. The mounting number of Covid-19 cases suggests more of a W-shaped growth path.

✓ Hungary: HUF underperformance could lead to a rate hike

The highlight in Hungary next week will be the October rate-setting meeting by the central bank, although we see this as a non-event for markets, with no change in rates and no change in tone. The latest downside surprise in inflation gives the National Bank of Hungary some comfort, but the recent underperformance in the forint increases the chances of another hike in the 1-week deposit rate.

✓ Russia: Rates should remain unchanged

The Bank of Russia is likely to keep the 4.25% key rate unchanged given the recent pick up in

inflationary pressures amid weakness in the rouble, but the medium-term signal should remain dovish.

The softening in demand, which is likely to be confirmed by next week's activity data, signals below-target CPI in 2021 and leaves room for a key rate cut to 3.5-4.0% in 2021 provided market conditions allow.

✓ Turkey: Rate hike expected as tightening continues

Following a surprise policy rate hike last month, the central bank has further raised its effective cost of funding rate to above 12%, continuing previous tightening measures to control inflation and support the currency.

In October, the Bank is likely to continue tightening by pulling the policy rate to 11.75%, translating into a 150 basis point hike. Such a move would also provide additional flexibility to further tighten liquidity and to raise the effective funding rate if required.

EMEALatam Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Sunday 18 October				
Israel	1100 2Q F GDP (QoQ Annualised %)	-	-	-29.0
Monday 19 October				
Poland	0900 Sep Avg Gross Wages (YoY%)	4.6	4.3	4.1
	0900 Sep Employment (YoY%)	-1	-1.1	-1.5
Tuesday 20 October				
Russia	1700 Sep Retail Sales (YoY%)	-2.5	-2.1	-2.7
	1700 Aug Real wages (YoY%)	1.4	1.5	2.3
Poland	0900 Sep Industrial Output (YoY%)	3.8	3.9	1.5
	0900 Sep PPI (MoM/YoY%)	-1.3	-1.4	-1.2
Hungary	1300 Policy Rate (%)	0.6	-	0.6
	1300 Overnight Deposit Rate (%)	-0.05	-	-0.05
Serbia	- Aug C/A (€mn)	-	-	-122.0
Croatia	1000 Sep Unemployment Rate (%)	-	-	9.0
	1000 Aug Real Wages (YoY%)	-	-	2.9
South Africa	0800 Aug Leading Indicator	-	-	99.9
Israel	- Oct 12Mth Inflation Forecast (%)	-	-	0.4
Wednesday 21 October				
Poland	0900 Sep Retail Sales (MoM/YoY%)	4	-	0.4
Hungary	- Hungary's Matolcsy Speaks at Conference on Green Finance			
South Africa	- Medium-Term Budget			
Israel	1100 Sep Trade Balance (US\$m)	-	-	-1884.1
Thursday 22 October				
Turkey	1200 Benchmark Repurchase Rate	11.75	-	10.25
Poland	1300 Sep M3 Money Supply (MoM/YoY%)	16	16.1	16.2
Ukraine	1200 Key Rate (%)	6	-	6.0
Friday 23 October				
Russia	1130 Key Rate (%)	4.25	4.25	4.25
	1300 Bank of Russia Governor Nabiullina holds news conference			
Poland	0900 Sep Unemployment Rate (%)	6.1	6.1	6.1
	- Sep Budget Level (YTD)	-	-	-13298.5
Kazakhstan	- Sep M3 Money Supply (MoM%)	-	-	0.1
Brazil	1330 Sep C/A Balance (\$mn)	-	-	3721.3
Mexico	1200 Aug Retail Sales (YoY%)	-	-	-12.5

Source: ING, Bloomberg

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Asia week ahead: 3Q GDP season kicks off

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Source: Shutterstock

➔ China 3Q report card

China's 3Q20 GDP report will be the highlight of next week. GDP will be out on Monday alongside September activity data on industrial production, retail sales, fixed-asset investment. The Peoples Bank of China also reviews its one- and five-year loan prime rates next week.

Higher manufacturing PMI in September heralded firmer industrial production, while strong industrial profits growth in recent months likely pulled fixed-asset investment growth back into positive territory in September. A surge in spending ahead of the long National Day holiday and the government's drive to promote cross-provincial tourism should support retail sales too. While

there was ample banking sector liquidity supporting the domestic economic activity, external demand also continued to improve, as data earlier this week showed.

All this suggests that the third-quarter GDP performance should be better than that of the second quarter, imparting upside risk to our house forecast of 2.5% YoY GDP growth in the last quarter (3.2% in 2Q). We don't see any reason why the PBOC should alter the current monetary policy setting.

➔ Export-led recovery

September CPI inflation and external trade figures crowd the calendar for the rest of the region. We don't think anybody cares about inflation, which has been negative or close to zero in much of the region, especially in the reporting countries next week -- Japan, Hong Kong, Malaysia and Singapore.

Japan and Thailand will release trade figures for September. We take a cue from firmer exports elsewhere in the region and look for the same in these two countries, though their export growths are yet to turn the corner into positive territory.

Taiwan's export orders will be a key indicator of electronics-led recovery coming into the final quarter of the year.

Asia Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 19 October				
China	0300 3Q GDP (YoY%)	2.5	5.5	3.2
	0300 Sep Industrial Production (YoY%)	5.6	5.8	5.6
	0300 Sep Retail Sales (YoY%)	0.4	1.9	0.5
	0300 Sep Fixed asset investment (YTD, YoY%)	0.8	0.9	-0.3
Tuesday 20 October				
China	0230 Sep New home prices (YoY%)	4.5	-	4.7
	0230 1-year Loan Prime Rate (%)	3.85	-	3.85
	0230 5-year Loan Prime Rate (%)	4.65	-	4.65
Taiwan	0900 Sep Export orders (YoY%)	12	-	13.59
South Korea	2200 Sep PPI (YoY%)	-	-	-0.5
Wednesday 21 October				
Malaysia	0500 Sep CPI (YoY%)	-1.3	-	-1.4
Thursday 22 October				
Hong Kong	0815 Sep CPI (YoY%)	-0.3	-	-0.4
Taiwan	0900 Sep Unemployment rate (%)	3.8	-	3.8
Malaysia	0800 Oct 15 Forex reserves- Month end (US\$bn)	-	-	105.0
Philippines	- Sep Budget balance (PHP bn)	-86.7	-	-40.074
Thailand	0430 Sep Exports (Cust est, YoY%)	-3	-	-7.94
	0430 Sep Imports (Cust est, YoY%)	-18	-	-19.7
	0430 Sep Trade surplus (Cust est, US\$bn)	4.1	-	4.3
Friday 23 October				
Singapore	0600 Sep CPI (YoY%)	-0.3	-	-0.4
	0600 Sep CPI core (YoY%)	-0.3	-	-0.3
Taiwan	0900 Sep Industrial production (YoY%)	6.1	-	4.7
	0920 Sep Money supply (M2) (YoY%)	-	-	6.69

Source: ING, Bloomberg, *GMT

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