

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

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By Peter Virovacz

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Source: Shutterstock

US: Uncertainty could increase next week with the jobs report

The rising number of Covid-19 cases globally, election uncertainty and the lack of a new fiscal support package have all weighed on US equities as investors become more cautious on the outlook for growth and corporate profitability. This sense of unease could build next week with some key data, most notably next Friday's September jobs report.

Employment plunged 22.16mn between February and April, but the re-opening of the economy from May has seen more than 10.6mn of those jobs recouped. The market is looking for another increase in September, but of "only" 900k, meaning employment would remain more than 10.5mn lower than February even after five months of gains.

We look for payrolls growth of 850k with the unemployment rate only moving slightly lower as job gains are offset by a rising participation rate

Evidence from high-frequency data, such as payrolls tracking figures from Homebase suggests a plateauing in private sector employment while purchasing managers' indices suggest only modest gains. Set against this we know that last month's employment gain of 1.37mn included 240k government Census workers who were chasing people up to fill in their forms. There is going to be a partial unwind in the September report which will subtract from the headline figure. At the same time, initial and continuing claims remain highly elevated, underlining the strains in the jobs market – remember initial claims remain 200k above the peak level experienced during the Global Financial Crisis. We, therefore, look for payrolls growth of 850k with the unemployment rate only moving slightly lower as job gains are offset by a rising participation rate.

We would just caution that there could be some additional downside risk from the confusion over in-person and remote schooling. With many parents having to stay at home as remote schooling continues in many parts of the country this could further constrain jobs growth.

Other data includes the ISM report, which should rise modestly based on regional manufacturing reports while we also get GDP revisions, August personal income and spending and consumer confidence.

Eurozone: Inflation and unemployment to see little improvement

For the ECB, next week could be an interesting one.

The eurozone will see data released on inflation, which turned negative last month. We don't expect September data to show a turnaround, and it could well be that inflation remains negative for some time to come. Also important is the unemployment rate, which has been creeping up over recent months as furlough schemes have kept mass layoffs in check. We expect moderate increases to continue in the months ahead.

UK: Brexit talks resume as cautious optimism returns

The chances of the UK and the EU agreeing to a trade deal this year seem roughly 50:50.

The publication of the Internal Markets Bill (IMB) two weeks ago, that threatens to override parts of the withdrawal agreement, has cast serious doubt over the process. Yet as talks resume next week, there's some renewed optimism that a breakthrough can still be achieved. The EU's response to the IMB has been measured – Brussels has signalled it could take legal action, but it has been careful not to break-away from negotiations.

The wider political climate – rising Covid-19 cases in the UK, growing support for Scottish independence, among others – are also reportedly pushing the UK government towards reaching an agreement. Still, it's clear the UK won't do a deal at any price, and an agreement would still require a British climb-down on state aid.

It's still not clear that this is the price the government is prepared to pay.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 28 September					
US	1900	Fed's Mester Participates in Economic Equality Webinar			
Japan	0600	Jul F Leading economic index	-	-	86.9
Norway	0700	Aug Retail Sales (Ex. Motor Vehicles, SA, MoM%)	-	-	0.6
Sweden	0830	Aug Retail sales (Ex. Fuel, MoM/YoY%)	-	-	0.71/3.89
Tuesday 29 September					
US	1500	Sep Consumer Confidence	94.0	90.0	84.8
	1325	Fed's Williams Discusses Labor Countdown			
	1415	Fed's Williams Speaks at U.S. Treasury Market Conference			
	1430	Fed's Harker Discusses Machine Learning			
	1800	Fed's Williams Takes Part in a Fireside Chat			
Japan	0050	BOJ Summary of Opinions			
Eurozone	1000	Sep Economic Confidence	88.4	-	87.7
Germany	1300	Sep P CPI (MoM/YoY%)	1.0	-/-	-0.1/0.0
Spain	0800	Sep P HICP (MoM/YoY%)	-/-	-/-	0.0/-0.6
Norway	0730	Norway Bond Issuance Plan for 4Q			
Sweden	0800	Sep Economic Tendency Indicator	-	-	87.0
	0800	Ingves speech on current monetary policy			
Wednesday 30 September					
US	1315	Sep ADP Employment Change (000's)	750.0	650.0	428.4
	1330	2Q T GDP (QoQ Annualised %)	-31.7	-31.6	-31.7
	1600	Fed's Kashkari Discusses Covid and the Economy			
Japan	0050	Aug Retail trade (MoM/YoY%)	-/-	-/-13.5	-3.4/-15.5
	0050	Aug Retail trade (YoY%)	-	-2.9	-2.9
	0050	Aug P Industrial production - Prel (MoM%)	-	1.1	8.7
Eurozone	1000	Sep Flash CPI (YoY%)	-0.3	-	-0.2
	1000	Sep P CPI (MoM/YoY%)	0.2	-/-	-0.4/0.4
	0820	ECB's Lagarde Speaks at ECB and Its Watchers Conference			
Germany	0855	Sep Unemployment Change (000's)	-	-	-9.0
	0855	Sep Unemployment Rate (%)	6.5	-	6.4
UK	0700	2Q F GDP (QoQ/YoY%)	-/-	-/-	20.4/-21.7
Italy	1000	Sep P HICP (YoY%)	-	-	-0.5
		- Bank of Italy to Release 2Q Credit Conditions and Risk			
Canada	1330	Jul GDP (MoM/YoY%)	-/-	2.8/-	6.5/-7.8
Norway	0700	Aug Credit Indicator (YoY%)	-	-	4.6
Sweden	0815	NIER Forecast Update			
	1615	Riksbank's Jansson Participates in a Panel			
Thursday 1 October					
US	1500	Sep ISM Manufacturing	56.5	55.5	56.0
	1600	Fed's Williams Moderates Discussion with Merck's Frazier			
	1600	Fed's Williams gives welcoming remarks at Fintech Conference			
Japan	0050	3Q Tankan Manufacturing Index	-	-23.0	-34.0
	0050	3Q Tankan Non-manufacturing Index	-	-9.0	-17.0
Eurozone	1000	Aug Unemployment Rate (%)	8.0	-	7.9
Norway	0900	Sep DNB/NIMA Manufacturing PMI	-	-	46.1
Sweden	0815	NIER Wage Report 2020			
	0830	Riksbank Publishes Minutes From Sept. 21 Meeting			
Friday 2 October					
US	1330	Sep Change in Nonfarm Payrolls ('000s)	850.0	900.0	1371.0
	1330	Sep Unemployment Rate (%)	8.2	8.2	8.4
	1330	Sep Average Hourly Earnings (MoM/YoY%)	0.2/4.8	0.2/4.8	0.4/4.7
	1330	Sep Participation Rate	62.0	-	61.7
	1500	Sep F U. of Mich. Sentiment Index	79.0	79.2	78.9
	1400	Fed's Harker Discusses an Inclusive Workforce Recovery			
Japan	0050	Sep Monetary base (JPY tr)	-	-	582.9
	0600	Sep Consumer confidence index	-	-	29.3
Australia	0230	Aug Retail sales (MoM%)	-	-6.5	3.2
Norway	0900	Sep Unemployment Rate	-	-	4.3

Source: ING, Bloomberg

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Asia week ahead: Chinese holiday may reduce market volatility

Plenty of activity data and central bank meetings should keep markets busy, though the National Day Golden Week holiday in China may provide some respite...



Source: Shutterstock

➔ Manufacturing data dominates

The usual end- and start-of-the-month activity releases dominate the calendar at the crossover from September to October and a typical focus around this time is on purchasing manager indices.

As we see from advance September PMI releases in developed countries, manufacturing has likely gained some more traction while services continued to suffer.

China's PMIs are usually more market-moving than those in the rest of Asia. We expect a slightly

higher manufacturing index but a lower services PMI than August readings, though both indices should stay comfortably in growth territory. Meanwhile, China's industrial profits data for August due over the weekend will be another clue to manufacturing recovery.

Judging from upbeat August exports and industrial production (up 9.5% YoY and 5.6% YoY, respectively), profits growth remain strong. If so, firms should continue to expand production, in our view. But, as they gear up for the long National Day holiday (1-8 October), the local markets might overlook this data flow.

Korea's export data for September - the first from the region, will be a leading indicator for the rest of Asia's export recovery. The upturn of the semiconductor cycle bodes well for Asia's electronics heavyweights, such as Korea, and the same goes for Malaysia, which reports August trade data next week.

Hong Kong's retail sales and Indonesia's CPI inflation will tell us more about the consumption recovery, as high unemployment continues to weigh on consumer spending.

Central bank policy non-events

The central banks of India and the Philippines will meet next week and announce their decisions on Thursday, 1 October.

We believe the Reserve Bank of India's easing cycle has ended. With inflation running well above the 6% policy limit, the central bank has no scope to ease policy any further. The RBI paused after 115bp in rate cuts from March to May. This, together with rampant liquidity measures, has pushed the real interest rate to negative and flooded the system with liquidity. Yet, bank lending growth remains on a steady downward grind. As such, additional stimulus isn't going to be of much use for the economy. Confidence has to return first.

Likewise for the Bangko Sentral ng Pilipinas, whose chief Benjamin Diokno sees the monetary accommodation provided so far, including a total of 175bp of policy rate cuts this year, as sufficient for the next two years.

Asia Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Sunday 27 September				
China	0230 Aug Industrial profits (YTD, YoY%)	13.9	-	19.6
Monday 28 September				
Malaysia	0500 Aug Exports (YoY%)	6.5	-	3.1
	0500 Aug Imports (YoY%)	-6	-	-8.7
	0500 Aug Trade balance (RM bn)	20.6	-	25.2
South Korea	2200 Oct BOK Business Survey Index, mfg	-	-	68.0
	2200 Oct BOK Business Survey Index, non-mfg	-	-	69.0
Tuesday 29 September				
South Korea	0000 Aug Industrial production (MoM/YoY%)	-/-	-/-	1.6/-2.5
Wednesday 30 September				
China	0200 Sep Manufacturing PMI	51.4	51.5	51.0
	0200 Sep Non-manufacturing PMI	54.8	-	55.2
	0245 Sep Caixin Manufacturing PMI	53.3	53.0	53.1
India	- Aug Fiscal deficit (INR crore)	-	-	158986
Hong Kong	0930 Aug Retail sales value (YoY%)	-20.1	-22.8	-23.1
	0930 Aug Retail sales volume (YoY%)	-21	-	-23.9
Thailand	0430 Aug Manufacturing index (YoY%)	-10.6	-	-14.7
Thursday 1 October				
India	0600 Sep Nikkei Manufacturing PMI	-	-	52
	0715 RBI policy decision (repo rate, %)	4	4	4
Indonesia	0500 Sep CPI core (YoY%)	-	-	2.03
	0500 Sep CPI (YoY%)	1.4	-	1.32
Philippines	0130 Sep Nikkei Manufacturing PMI	48.9	-	47.3
	0900 Overnight Borrowing Rate	2.25	-	2.25
South Korea	0100 Sep Imports (YoY%)	-	-	-15.8
	0100 Sep Exports (YoY%)	-	-	-10.1
	0100 Sep Trade balance (US\$mn)	-	-	3838
Friday 2 October				
Singapore	1400 Sep Purchasing Managers Index	-	-	50.1

Source: ING, Bloomberg, *GMT

Key events in EMEA and Latam next week

Manufacturing is expected to improve in Hungary and the Czech Republic, but keep an eye on unemployment, inflation and GDP data releases throughout EMEA



Source: Shutterstock

✓ Hungary: Unemployment and wage growth to remain steady

Labour market data should be the highlight in Hungary next week.

We expect the unemployment rate to remain steady around the recent level based on preliminary data from the Statistical Office. The July wage growth will remain in the double-digit territory supported by a 10% wage increase for teachers.

We see further improvement in the manufacturing sector represented by the September PMI data, especially after the significant surprise upside German reading.

✓ Czech Republic: Expect PMIs to rise

Given the increase in manufacturing PMI in the Eurozone and Germany in September, Czech PMI might finally move above the 50-point threshold, though confidence in industry slightly declined in September according to the Czech statistical office.

We will also see new budget data for September and official August credit dynamics, which should confirm solid housing loans dynamics, as some preliminary figures suggest.

EMEALatam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 28 September					
South Africa	1030	Aug PPI (MoM/YoY%)	-	-	1.2/1.9
Mexico	1200	Aug Unemployment Rate SA (%)	4.0	-	3.3
Tuesday 29 September					
Hungary	0800	Aug Unemployment Rate (%)	4.8	-	4.8
Kazakhstan	-	2Q F C/A (US\$mn)	-	-	94.6
South Africa	1030	2Q Unemployment Rate (%)	-	35.0	30.1
Wednesday 30 September					
Russia	1400	2Q F C/A (US\$mn)	-	-	600.0
Turkey	0800	Aug Trade Balance (US\$bn)	-6.3	-	-2.7
Hungary	0800	Jul Avg Gross Wages (YoY%)	15.5	-	15.6
	0800	Aug PPI (MoM/YoY%)	0.5/3.3	-/-	0.7/3.4
Kazakhstan	-	2Q F GDP YTD YoY	-	-	-1.8
Serbia	1100	Aug Retail Sales (YoY%)	-	-	4.7
	1100	Aug Industrial Production (YoY%)	-	-	0.4
	1100	Aug Trade Balance (€m)	-	-	-504.2
Croatia	1000	Aug Retail Sales (YoY%)	-	-	-6.7
	1000	Aug Industrial Production (SA, YoY%)	-	-	-1.6
	-	Aug M1 Money Supply (HRKmn)	-	-	153989
	-	2Q C/A balance	-	-	-1468.1
South Africa	0700	Aug M3 Money Supply (YoY%)	-	-	10.5
	0700	Aug Private Sector Credit (YoY%)	-	-	5.1
	0900	Aug CPI (MoM/YoY%)	-/-	-/-	1.3/3.2
	0900	Aug Core CPI (MoM%, NSA)	-	-	0.7
	1300	Aug Trade Balance (ZARbn)	-	-	37.4
	1300	Aug National Budget Balance (ZARbn)	-	-	-134.5
Brazil	1300	Jul Unemployment Rate (%)	13.5	-	13.3
Thursday 1 October					
Russia	0700	Sep Markit Manufacturing PMI	-	-	51.1
Turkey	0800	Sep Markit/ISO Manufacturing PMI	-	-	54.3
Poland	0800	Sep Markit Manufacturing PMI	-	-	50.6
	0900	Sep P CPI (MoM/YoY%)	-/-	-/-	-0.1/2.9
Czech Rep	0830	Sep Markit Manufacturing PMI	51	-	49.1
	1300	Sep Budget Balance (CZKbn)	-	-	-230.3
Hungary	0800	Sep Manufacturing PMI	54.1	-	52.8
Romania	0700	Aug Unemployment Rate Total 15 - 74 Years Old SA	-	-	5.4
	0700	Aug PPI (MoM/YoY%)	-/-	-/-	0.5/-0.8
	-	Sep FX Reserves (€bn, Net)	-	-	41265
Kazakhstan	-	Sep CPI (MoM/YoY%)	-/-	-/-	0.1/7.0
	-	Sep PPI (MoM/YoY%)	-/-	-/-	6.0/-8.4
South Africa	1000	Sep Kagiso PMI	-	-	57.3
	1200	Aug Electricity Production (YoY%)	-	-	-4.5
	1200	Aug Electricity Consumption (YoY%)	-	-	-3.5
	-	Sep NAAMSA Vehicle Sales (YoY%)	-	-	-26.3
Friday 2 October					
Russia	1700	2Q F GDP (YoY%)	-8	-	-8.0
Czech Rep	0800	2Q F GDP (QoQ/YoY%)	-/-	-/-	-8.7/-11.0
	0800	CNB minutes	-	-	-
Hungary	0800	Jul F Trade Balance (€mn)	262	-	261.8
Brazil	1300	Aug Industrial Production (YoY%)	-1.1	-	-3.0

Source: ING, Bloomberg

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