

Our view on next week's key events

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Article | 6 April 2018

Key events in developed markets next week

A busy week ahead with US core CPI set to return to the 2% target, a raft of Fed speakers including Powell and Eurozone trade and industrial production data

US core inflation set to hit target as cell phone quirk drops out

After a prolonged period of weakness, US core CPI looks set to return to the 2% target (or even slightly above) next week as a distortion related to cell phone data pricing drops out of the annual comparison. While this may sound slightly bizarre, a quality adjustment to the CPI basket made in March last year resulted in a sharp one-off drop in communication costs and this has been knocking 0.2-0.3ppt off most core inflation measures ever since.

We'll also be keeping an eye on clothing costs, which have been extremely volatile over the past few months. Aside from the fact, the US economy is strong; the fact that apparel prices have increased so much over the past couple of months is hard to square at a time when competition in this sector is intensifying. A sizable correction could put a temporary drag on the overall price picture - although if this does happen, we suspect it is largely noise.

Watch Fed comments for tariff thoughts

As the US and China increasingly exchange tit-for-tat tariffs, markets will be scrutinising Fed commentary over the next week to see how policymakers are viewing the latest developments. We hear from a range of Fed speakers, including Chair Powell, some of whom have struck a note of caution on trade. The Fed minutes will also be in focus, although admittedly, much of the recent trade escalation has come since the last meeting in mid-March.

With most of the tariffs yet to be officially implemented, we suspect the Fed will be more focused on the impact they are having on confidence, as well as financial conditions. On the latter, so far the impact has been relatively contained outside of the equity markets.

Will Governor Carney drop stronger hints at a May hike?

As far as markets are concerned, a May rate hike in the UK is more-or-less a done deal. Investors are pricing in roughly an 80% chance of a rise at the next meeting, and we tend to agree. Aside from the severe dip in the PMIs ([which was thanks to several bouts of snow](#)), data on wage growth has been moving further in the right direction. And the agreement of a transition period will bolster the Bank's view that the road to Brexit will be smooth (at least for now).

The begs the question of whether Governor Carney will look to signal a May rate hike more explicitly when he speaks in Canada next week. We wouldn't rule this out, but policymakers tend to avoid tying their hands unnecessarily and markets are in a very different place to last September, when the Bank felt it necessary to offer a near-unconditional commitment to a rate hike at the next meeting.

What will be the impact of the strengthening euro?

In the Eurozone, the focus will be on the impact of the strengthening of the euro as Bundesbank president Weidmann gives a speech on the topic on Thursday and trade data will come out on Friday, giving an indication of whether export growth is being dampened by the appreciated currency.

Eurozone industrial production on Thursday should bounce back as energy production is set to improve given the colder February. As sentiment figures have been slipping in the Eurozone, some hard data on production should provide insight into how strong Q1 has been.

Scandinavia focuses on inflation

In Scandinavia, this week's inflation figures will be key for currency and rates markets. We think Swedish headline inflation will bounce back to 2% for March, though core inflation remains well below at 0.6%. This will provide little comfort for the Riksbank, which is likely to have to revise down its inflation forecast again when it meets later in April. That means it will probably have to postpone its first interest rate hike (currently scheduled for Q3) to the end of the year.

Developed Markets Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|---------------------------|------|--|---------|-----------|---------|
| Friday 6 April | | | | | |
| US | 1330 | Mar Change in Nonfarm Payrolls ('000s) | 180 | 185 | 313 |
| | 1330 | Mar Unemployment Rate (%) | 4 | 4 | 4.1 |
| | 1330 | Mar Average Hourly Earnings (MoM/YoY%) | 0.3/2.7 | 0.3/2.7 | 0.1/2.6 |
| | 1330 | Mar Participation Rate | - | - | 63 |
| | 1830 | Fed Chairman Powell (1830) and Williams (2100) Speeches | | | |
| UK | 1615 | BoE Governor Carney Speaks at Climate Conference | | | |
| Spain | 1100 | Bank of Spain's Linde Speaks at Conference in Lisbon | | | |
| Canada | 1330 | Mar Net Change in Employment | - | 20 | 15.4 |
| | 1330 | Mar Unemployment Rate (%) | - | 5.8 | 5.8 |
| Norway | 1310 | Norway Central Bank Governor, Finance Minister Speak in London | | | |
| Saturday 7 April | | | | | |
| US | 1530 | Fed's Evans Speaks on the Economy and Monetary Policy | | | |
| Monday 9 April | | | | | |
| Japan | 0050 | Feb C/A Balance, adjusted (Yen bn) | - | 1364.3 | 2022.6 |
| | 0600 | Mar Consumer confidence index | - | 44.5 | 44.3 |
| Germany | 0700 | Feb Trade Balance (€bn) | - | - | 17.3 |
| Norway | 0700 | Feb Industrial Production (MoM%) | - | - | 3.4 |
| Sweden | 0730 | SEB Sweden Monthly Housing Price Indicator | | | |
| Portugal | 1100 | Portugal Reports International Trade Figures for February | | | |
| Tuesday 10 April | | | | | |
| US | 1100 | Mar NFIB Small Business Optimism | 106 | - | 107.6 |
| Eurozone | 1630 | ECB's Visco Speaks at Book Presentation in Rome | | | |
| Norway | 0700 | Mar CPI (MoM/YoY%) | 0.3/2.2 | -/- | 0.9/2.2 |
| | 0700 | Mar Core CPI (MoM/YoY%) | 0.5/1.5 | -/- | 0.8/1.4 |
| Portugal | - | Bank of Portugal Releases Data on Banks | | | |
| Wednesday 11 April | | | | | |
| US | 1330 | Mar CPI (MoM/YoY%) | 0.1/2.5 | 0.0/2.3 | 0.2/2.2 |
| | 1330 | Mar CPI ex. food and energy (MoM/YoY%) | 0.1/2.1 | -/- | 0.2/1.8 |
| | 1900 | FOMC releases minutes of last meeting | | | |
| Japan | 0050 | Feb Core machine orders (MoM/YoY%) | -/- | -3.1/-1.5 | 8.2/2.9 |
| | 0050 | Mar PPI (MoM/YoY%) | -/- | -0.1/2 | 0/2.5 |
| UK | 0930 | Feb Trade Balance (£m) | -2700 | -2800 | -3074 |
| | 0930 | Feb Industrial Production (MoM/YoY%) | 0.6/3.1 | 0.6/3.1 | 1.3/1.6 |
| Italy | 1000 | Bank of Italy Publishes Monthly Report 'Money and Banks' | | | |
| Sweden | 0700 | Mar Unemployment Rate (%) | - | - | 3.9 |
| Australia | 0445 | RBA Governor Lowe Speaks in Perth | | | |
| Thursday 12 April | | | | | |
| US | 2200 | Fed's Kashkari Speaks in Moderated Q&A in Minneapolis | | | |
| Japan | 0130 | Kuroda Speaks at Branch Managers Meeting | | | |
| Eurozone | 1000 | Feb Industrial Production (WDA, YoY%) | 5.6 | - | 2.7 |
| Germany | 1700 | Weidmann Gives Speech in Berlin on Strengthening the Euro | | | |
| UK | - | Mark Carney speaks at Canada Growth Summit in Toronto | | | |
| Australia | 0200 | Apr CPI expectations (YoY%) | - | - | 3.7 |
| | 0230 | Feb Home loans (MoM%) | - | 0.3 | -1.1 |
| Norway | 0830 | Norway Central Bank Governor Olsen Speaks in Stavanger | | | |
| | 1630 | Norway Central Bank Deputy Governor Nicolaisen Speaks in Oslo | | | |
| Sweden | 0830 | Mar CPI (MoM/YoY%) | 0.4/2.0 | -/- | 0.7/1.6 |
| | 0830 | Mar CPI ex-energy (MoM/YoY%) | 0.4/2.1 | -/- | 0.7/1.7 |
| | 0830 | Mar CPI ex-energy (MoM/YoY%) | 0.6/1.6 | -/- | 0.7/1.5 |
| Friday 13 April | | | | | |
| US | 1500 | Apr P U. of Mich. Sentiment Index | 100.5 | 101 | 101.4 |
| | 1330 | Fed's Bullard Speaks at Washington University in St. Louis | | | |
| | 1300 | Fed's Rosengren Speaks on Economic Outlook | | | |
| | 1400 | Fed's Bullard Speaks on Living Standards across U.S. Cities | | | |
| Eurozone | 1000 | Feb Trade Balance (€bn) | 21136 | - | 19936.2 |
| Germany | 0700 | Mar F CPI (MoM/YoY%) | -/- | -/- | 0.4/1.6 |
| Spain | 0800 | Mar F HICP (MoM/YoY%) | -/- | -/- | 1.2/1.3 |
| Australia | 0230 | RBA Financial Stability Review | | | |
| Norway | 1130 | Norway Central Bank Governor Olsen Speaks in Tromso | | | |

Source: ING, Bloomberg

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Asia week ahead: Trade war threats weighs on central banks

The fear of a global trade war weighs on Asian central bank policy tightening. We expect Singapore and Korea to keep policies on hold, while markets glean through China's trade data for the impact of the conflict



3.9%

Consensus 1Q18 GDP growth
year-on-year

➔ Singapore - MAS policy and 1Q18 GDP

The highlight of the week is the Monetary Authority of Singapore's (MAS) semi-annual statement, which will be accompanied by an advance estimate of GDP growth for 1Q18. The last MAS statement in October 2017, in which they referred to the phrase "a neutral policy stance is appropriate for an extended period" as the October 2016 guidance, triggered expectations of a

return to tightening.

The neutral MAS policy stance, or stable Singapore dollar nominal effective exchange rate (S\$-NEER) over the policy horizon, has been in place since April 2016. The consensus for the upcoming statement is tilted toward a return to the “modest and gradual” S\$-NEER appreciation path. However, we are sceptical because of the narrowly-driven growth, ultra-low inflation, and the threat of a global trade war.

The consensus for 1Q18 GDP growth is 3.9% year-on-year, up from 3.6% in 4Q17. So far the evidence of last year’s economic strength continuing this year has been mixed. The growth of non-oil domestic exports slowed sharply, whereas manufacturing bounced in 2018. Both NODX and manufacturing are narrowly driven by semiconductors, and similar contrast as the headline NODX and manufacturing growths is observed for semiconductor exports and manufacturing. The headline and core CPI inflation of 0.2% YoY and 1.5% respectively in the first two months was within the official forecast for 2018.

1.5% Policy rate
No change expected

➔ Korea - central bank meeting

Korea's central bank will meet next Thursday (12 April) and release its quarterly Economic Outlook report. No one expects any change in policy, so the focus will be on the central bank’s assessment of the economy going forward.

Steady exports and reduced geopolitical risk may have supported GDP growth around 3% in 1Q18 (data due 26 April), but inflation continued to grind lower. The central bank is concerned about strong currency hurting exports, while an intensified global trade wars pose further risk. As things stand, the chances of a 25bp Bank of Korea rate hike in 3Q18 are reduced.

24% China export growth in Jan-Feb
year-on-year

➔ China - data dump for March

China’s March data dump begins. The trade data matters more in the current environment of a heated trade conflict with the US. While it’s too early for data to reveal the impact of tariffs that are yet to be implemented, the hit to sentiment from the mere announcement of tariffs cannot be underestimated. Perhaps positively for now due to frontloading of shipments in anticipation of the actual implementation. China’s exports surged 24% YoY in the first two months of the year, led by strong growth in shipments to the US by 25%.

The hopes of this strength persisting rest on both sides coming to the table to resolve the tariff

issue.

Asia Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|---------------------------|------|--|--------|--------|-----------|
| Friday 6 April | | | | | |
| Malaysia | 0800 | Mar 30 Forex reserves- Month end (US\$bn) | - | - | 103.9 |
| Philippines | - | Mar Forex reserves (US\$bn) | - | - | 80431.6 |
| Singapore | - | 1Q A GDP (Q) (YoY%) | 3.9 | - | 3.6 |
| | - | 1Q A GDP (QoQ Annualised %) | -0.3 | - | 2.1 |
| Saturday 7 April | | | | | |
| China | - | Mar Forex Reserves (US\$bn) | 3147 | 3148.5 | 3134.48 |
| Sunday 8 April | | | | | |
| China | - | Boao Forum for Asia in Hainan, China (until 11/04) | | | |
| Monday 9 April | | | | | |
| Singapore | - | Singapore's MAS monetary policy decision (until 13/04) | | | |
| Taiwan | 0900 | Mar Exports (YoY%) | 6.5 | - | -1.2 |
| | 0900 | Mar Imports (YoY%) | 21.5 | - | 0.9 |
| | 0900 | Trade balance (US\$m) | 3900 | - | 2920 |
| Tuesday 10 April | | | | | |
| China | - | Mar Money supply (M2) (YoY%) | 8.9 | 8.9 | 8.8 |
| Philippines | 0200 | Feb Trade balance (US\$mn) | -2280 | - | -3317 |
| | 0200 | Feb Imports (YoY%) | 6.7 | - | 11.4 |
| | 0200 | Feb Exports (YoY%) | 12.7 | - | 0.5 |
| Taiwan | 0900 | Mar CPI (YoY%) | 2 | - | 2.19 |
| | 0900 | Mar WPI (YoY%) | 0 | - | -0.27 |
| Wednesday 11 April | | | | | |
| China | 0230 | Mar PPI (YoY%) | 3.9 | 3.2 | 3.7 |
| | 0230 | Mar CPI (YoY%) | 3 | 2.6 | 2.9 |
| Malaysia | 0500 | Feb Industrial production (YoY%) | 3.6 | - | 3 |
| Philippines | - | Feb Budget balance (PHP bn) | - | - | 10.2 |
| South Korea | 0000 | Mar Unemployment rate (% SA) | 3.6 | - | 3.6 |
| Thursday 12 April | | | | | |
| India | 1300 | Mar CPI (YoY%) | 4.4 | - | 4.44 |
| | 1300 | Feb Industrial production (YoY%) | 5.7 | - | 7.5 |
| | - | Mar Trade deficit (US\$bn) | -13200 | - | -11979.2 |
| | - | Mar Exports (YoY%) | -3.5 | - | 4.48 |
| | - | Mar Imports (YoY%) | 4.5 | - | 10.41 |
| Singapore | 0600 | Feb Retail sales value (MoM/YoY%) | -/- | -/- | -5.4/-8.4 |
| South Korea | - | 7-Day Repo Rate | 1.5 | - | 1.5 |
| Friday 13 April | | | | | |
| China | - | Mar Trade Balance (US\$bn) | 28.5 | 25 | 33.752 |
| | - | Mar Exports (YoY%) | 13 | 11.8 | 44.5 |
| | - | Mar Imports (YoY%) | 10.4 | 12.4 | 6.3 |

Source: ING, Bloomberg

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Key events in EMEA and LATAM next week

Election time in Hungary and a busy central bank week in EMEA, but who do we think will hike, cut or hold rates?

✓ Hungary: it's election time!

In Hungary, the key event is the general election on Sunday. We see Fidesz-KDNP winning the election by a simple majority, but the end result could be much closer than anyone's guesses, especially if the opposition finds success in its coordination withdrawing candidates. On the data front, the CPI release could bring some excitement. We expect inflation to pick up somewhat, however the latest CPI readings across Europe showed downside surprises and this might happen to Hungary too.

✓ Romania: looking for clues in the national bank's minutes

In Romania, we expect CPI to slow down from 4.7% to 4.6% YoY in March. The National Bank of Romania (NBR), had asymmetrical information at its latest meeting, including preliminary data on March CPI, which shifted the balance towards a no change decision, against the market consensus. We will be looking for more clues in the NBR minutes, due 11 April, but also for a change in the recent unanimous voting pattern.

✓ Serbia: inflation and FX outlook to cut rates

In Serbia, we hold a non-consensus view and look for a 25bp rate cut to 3% by the central bank as the inflation outlook is supportive and the FX market is relatively stable.

✓ Poland: low inflation environment to reaffirm dovish rhetoric

We expect the Monetary Policy Council to reaffirm their dovish rhetoric, especially after a very soft CPI inflation reading in March (flash estimate at 1.3% YoY, with core inflation close to 0.5% YoY). The National Bank of Poland's Governor Glapiński is likely to confirm that interest rates hikes are unnecessary in the low inflation environment. Eventual rate cuts should be also excluded.

✓ Czech Republic: rates temporarily on hold to avoid CZK appreciation

While the labour market will continue its favourable development with the unemployment rate falling further, March CPI is expected to remain below the Czech National Bank's (CNB) target. Despite the fact that fuel prices fell slightly in month-on-month terms (-0.8%) and that food prices most likely just stagnated, core inflation slightly increased, which should keep year-on-year

dynamics at 1.8%, as in the previous month. Lower inflation compared to its peak in October 2017 is driven mainly by base effects and lower food prices, not a game changer from the monetary policy perspective.

However, as we already mentioned in our [Czech National Bank preview](#), the CNB wants to sound dovish now, to avoid CZK appreciation driven by hike expectations, as tightening of monetary conditions via FX would leave limited room for interest rate tightening. Therefore we believe that inflation slightly below the target is convenient for the CNB and its communication strategy for the time being.

The CIS space: Russian inflation to uptick, National Bank of Ukraine to keep key rate on hold

In the CIS space, Russia's highlights will be inflation data for March, where we expect only a marginal pick-up in headline/core rates, and flash estimate of the C/A surplus which we expect at decent US\$27.3bn.

In Ukraine, the expected stabilisation of annual inflation near 13% will likely allow the National Bank of Ukraine to keep its key rate on-hold at 17%.

EMEA and Latam Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|---------------------------|------|--|-----------|-----------|-----------|
| Friday 6 April | | | | | |
| Russia | - | Mar CPI (YoY%) | 2.3 | 2.4 | 2.2 |
| | - | Mar Core CPI (MoM/YoY%) | 0.2/2.0 | 0.3/2 | 0.2/1.9 |
| Poland | 1300 | Mar Official Reserves Total | - | - | 116050.2 |
| Czech Rep | 0800 | Feb Construction Output (YoY%) | - | - | 33.6 |
| | 0800 | Feb Industrial Output (YoY%) | 4.2 | 5.9 | 5.5 |
| | 0800 | Feb Retail Sales (YoY%) | 5.5 | 5.6 | 5.7 |
| | 0800 | Feb Retail Sales Excl. Motor Vehicles (YoY%) | 7.4 | 7.6 | 8.2 |
| | 0900 | Mar International Reserves (US\$bn) | - | - | 150.9 |
| | 0800 | Czech National Bank Publishes Minutes From Board Meeting | | | |
| Hungary | 0800 | Feb Industrial Production (MoM/YoY%) | -0.3/3 | 0.9/4.65 | 1.5/6.7 |
| Bulgaria | - | Bulgaria Sovereign Debt to Be Rated by Moody's | | | |
| Croatia | 1000 | Feb F Retail Sales (YoY%) | - | - | 6.1 |
| Sunday 8 April | | | | | |
| Hungary | - | Hungary to hold general election | | | |
| Monday 9 April | | | | | |
| Czech Rep | 0800 | Feb Trade Balance (CZKmn) | 13 | 20 | 11.9 |
| Hungary | 0800 | Feb P Trade Balance (€mn) | - | - | 698 |
| | 1000 | Mar Budget Balance (YTD) | -907.6 | - | -526.6 |
| Kazakhstan | - | Mar International Reserves (US\$bn) | - | - | 31 |
| Croatia | 1000 | Jan Trade Balance (HRK m) | - | - | -3591.4 |
| South Africa | 0700 | Mar Gross Reserves (US\$bn) | - | - | 50.05 |
| | 0700 | Mar Net Open Foreign Currency Pos. (US\$bn) | - | - | 43.3 |
| Israel | - | Mar Foreign Currency Balance (US\$bn) | - | - | 116.3 |
| Mexico | 1400 | Mar CPI (MoM/YoY%) | 0.42/5.14 | -/- | 0.38/5.34 |
| Tuesday 10 April | | | | | |
| Russia | 1400 | 1Q P C/A (US\$mn) | 27300 | 28400 | 13698 |
| Poland | - | Monetary Policy Council Rate Meeting (until 11/04) | | | |
| Czech Rep | 0800 | Mar CPI (MoM/YoY%) | 0.1/1.8 | 0/1.7 | 0/1.8 |
| | 0800 | Mar Unemployment Rate (%) | 3.4 | 3.5 | 3.7 |
| Hungary | 0800 | Mar CPI (MoM/YoY%) | 0.1/2.0 | -/- | 0.2/1.9 |
| Ukraine | - | Mar CPI (MoM/YoY%) | 0.9/13 | 0.9/13.3 | 0.9/14 |
| Romania | 0700 | Feb Trade Balance (€m) | - | - | -775 |
| Bulgaria | 0900 | Feb Industrial Production (MoM/YoY%) | -/- | -/- | 0.3/3.55 |
| | 0900 | Feb Retail Sales (MoM/YoY%) | -/- | -/- | 0.2/4.4 |
| Serbia | 1100 | Mar HPPI (MoM/YoY%) | -/- | -/- | -0.4/-1.1 |
| South Africa | 1200 | Feb Manufacturing Production (SA, MoM%) | - | - | -1.6 |
| Brazil | 1300 | Mar Inflation (IPCA) (MoM/YoY%) | 0.18/2.77 | 0.12/2.71 | 0.32/2.84 |
| Wednesday 11 April | | | | | |
| Russia | 1400 | Feb Trade Balance (US\$bn) | 13 | 13.5 | 16.991 |
| Turkey | 0800 | Feb C/A (US\$mn) | -4.2 | - | -7.096 |
| Poland | - | Base Rate (%) | 1.5 | 1.5 | 1.5 |
| Hungary | 1300 | Hungarian Central Bank's Minutes | | | |
| Romania | 0700 | Feb Avg Net Wages (YoY%) | - | - | 8 |
| | 1300 | National Bank of Romania Publishes Minutes of Rate Meeting | | | |
| Croatia | 1000 | Mar PPI (MoM/YoY%) | -/- | -/- | -0.8/0.6 |
| South Africa | - | 1Q Consumer Confidence | - | - | -8 |
| Mexico | 1400 | Feb Industrial Production (YoY%) | 1.2 | - | 0.93 |
| Thursday 12 April | | | | | |
| Ukraine | 1200 | Apr 12 Key Rate (%) | - | 17 | 17 |
| Romania | 0700 | Feb Industrial Production (MoM/YoY%) | -/- | -/- | -2.8/8.7 |
| | 0700 | Feb Industrial Sales (MoM/YoY%) | -/- | -/- | 2.2/20.7 |
| | 0700 | Mar CPI (MoM/YoY%) | 0/4.6 | -/- | 0.3/4.72 |
| Serbia | 1100 | Mar CPI (MoM/YoY%) | -/- | -/- | 0.3/1.5 |
| | 1100 | Repo rate (%) | 3 | 3.25 | 3.25 |
| South Africa | 1030 | Feb Mining Production (MoM/YoY%) | -/- | -/- | 1.03/2.35 |
| | 1030 | Feb Mining Gold Production (YoY%) | - | - | -7.68 |
| | 1030 | Feb Mining Production Volume Index YoY | - | - | -13.55 |
| Brazil | 1300 | Feb Retail Sales (YoY%) | 4.1 | - | 3.2 |
| Mexico | 1900 | Overnight Rate | 7.5 | - | 7.5 |
| Friday 13 April | | | | | |
| Poland | 0900 | Mar F CPI (MoM/YoY%) | -0.1/1.3 | -/- | -0.1/1.3 |
| | 1300 | Feb C/A (€mn) | -529 | -412 | 2005 |
| | 1300 | Feb Trade Balance (€mn) | -543 | -468 | -204 |
| | 1300 | Feb Exports (€) | 16713 | 16688 | 16853 |
| | 1300 | Feb Imports (€) | 17256 | 17221 | 17057 |
| | 1300 | Mar Core CPI (MoM/YoY%) | 0.0/0.5 | 0.3/0.9 | 0/0.8 |
| | - | Poland Sovereign Debt to be rated by S&P | | | |
| Czech Rep | 0900 | Feb C/A (CZKbn) | - | - | 28.88 |
| Romania | - | Feb C/A YTD (€m) | - | - | 216 |
| Kazakhstan | - | Kazakhstan Sovereign Debt to be rated by Fitch | | | |
| Croatia | 1000 | Feb Tourism arrivals (YoY%) | - | - | 18.7 |

Source: ING, Bloomberg

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