

Our view on next week's key events

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Key events in developed markets next week

An important week in the US will see Fed Chair Jerome Powell testifying before Congress, as well as the release of February's jobs report following a blowout in January. In the eurozone, we expect a small uptick in February retail sales, while the scope for UK tax cuts looks limited ahead of the Spring Budget. The Bank of Canada is expected to hold rates at 5%



Source: Shutterstock

✓ US: Fed Chair Jerome Powell testifying before Congress

It's a big week for markets, with Federal Reserve Chair Jerome Powell testifying before Congress on the state of the economy and the situation regarding monetary policy. As with his recent commentary, he will likely indicate a willingness to eventually start moving monetary policy away from restrictive territory towards a more neutral footing, but officials need to see data to justify such action. With GDP growth coming in hot, the jobs market remaining tight and inflation running too fast there is little prospect of an imminent interest rate cut.

In terms of economic data, the focus will be Friday's February jobs report after January's blow out 353,000 increase and upward revisions to November and December. We will be able to firm up our forecasts as we go through the week and see what the ISM and NFIB business organisations say about what their members are experiencing, but for now we are provisionally penciling in something around the 200k mark. This is despite anecdotal evidence of rising job lay-offs at major

employers, which we think will dampen the data in coming months. Average hourly earnings will correct lower after a big jump related to fewer hours worked for salaried professionals in January – relating to bad weather limiting some employees' ability to get into work. We also expect the unemployment rate to rise a tenth of a percentage point to 3.8%.

✔ Eurozone: Small uptick in February retail sales expected

Not many interesting eurozone data points will be out next week to accompany the European Central Bank meeting, but retail sales data for January on Wednesday will give a sense of how the economy started the year. A big December decline in sales showed that Europeans were thrifty for the holiday season this year, but this fits a broader trend of weak spending on goods since late 2021. We expect a small uptick in January but nothing that can be seen as the start of a recovery.

✔ UK: Scope for UK tax cuts looks limited ahead of Spring Budget

UK Chancellor Jeremy Hunt has made it abundantly clear that he intends to cut taxes in the Spring Budget on 6 March. But with markets more cautious about the extent of Bank of England rate cuts, the chancellor will have less money to play with than he'd hoped just a few weeks ago. We think Hunt's "headroom" will still have increased from £13bn to £18bn, on account of slightly lower market rates compared to at the time of November's Autumn Statement. That headroom is money that could in theory be given away, while still meeting the main fiscal rule of debt falling as a share of GDP in five years' time.

The situation is tight. Reports suggest the chancellor will scale back his planned pre-election tax cuts and the package of support will be less substantial than back in November. The alternative is to bake in even tighter spending plans for future years to try and eek out further room for tax cuts, but this looks highly challenging.

[Read more in our full Spring Budget preview](#)

✔ Canada: Policy rate to remain at 5%

We expect the Bank of Canada to leave the policy rate at 5% at the upcoming meeting on 6 January. The BoC is sounding a little less hawkish, but with officials not expecting inflation to return to the 2% target until next year, it's unlikely to signal that it is relaxed enough to ease monetary policy soon. As with the Fed, we are looking at June as the likely starting point for interest rate cuts.

Key events in developed markets

Country	Time	Data/event	ING	Survey	Prev.
Monday 4 March					
Switzerland	0730	Feb CPI (MoM%/YoY%)	-/-	/	0.2/1.3
Tuesday 5 March					
US	1445	Feb S&P Global Composite PMI Final	-		51.4
	1445	Feb S&P Global Services PMI Final	-		51.3
	1500	Jan Factory Orders (MoM%)	-		0.2
	1500	Feb ISM N-Manufacturing PMI	52.5	53	53.4
Germany	0855	Feb S&P Global Services PMI	48.2		48.2
	0855	Feb S&P Global Composite PMI Final	46.1		46.1
France	0745	Jan Industrial Output (MoM%)	-		1.1
	0850	Feb S&P Global Composite PMI	-		47.7
UK	0930	Feb S&P Global/CIPS Serv PMI Final	54.3		54.3
	0930	Feb Composite PMI Final	53.3		53.3
Italy	0845	Feb Composite PMI	-		50.7
	0900	Q4 GDP Final (QoQ%/YoY%)	-/-	/	0.2/0.5
Spain	0815	Feb Services PMI	-		52.1
Eurozone	0900	Feb S&P Global Services PMI Final	50		50
	0900	Feb S&P Global Composite PMI Final	48.9		48.9
Wednesday 6 March					
US	1315	Feb ADP National Employment	200	150	107
	1500	Fed Chair Powell testifies before Congress			
	1500	Jan JOLTS job openings (000s)	8800		9026
	1900	Federal Reserve Beige Book			
Germany	0700	Jan Exports	1.5		-4.6
	0700	Jan Imports	2		-6.7
	0700	Jan Trade Balance	19		22.2
UK	1200	Chancellor announces Spring Budget			
Canada	1445	BoC Rate Decision	5	5	5
Eurozone	1000	Jan Retail Sales (MoM%/YoY%)	0.5/-0.8	/	-1.1/-0.8
Thursday 7 March					
US	1330	Jan International Trade \$	-	-61.7	-62.2
	2000	Jan Consumer Credit	-	10	1.56
	1330	Initial Jobless Claims (000s)	220	-	215
	1330	Continuing Jobless Claims (000s)	4500	-	1915
	1500	Fed Chair Powell testifies before Congress			
	1700	4Q change in household wealth (\$bn)	2100		-1312
	2000	Jan consumer credit (\$bn)	8.5	10	1.561
Germany	0700	Jan Industrial Orders (MoM%)	-4		8.9
France	0745	Feb Reserve Assets Total	-		226483
Canada	1330	Jan Trade Balance C\$	-		-0.31
Switzerland	0645	Feb Unemployment Rate Adjusted	-		2.2
Eurozone	1315	Mar ECB Refinancing rate	4.5		4.5
	1315	Mar ECB Deposit rate	4		4
Friday 8 March					
US	1330	Feb Non-Farm Payrolls	200	180	353
	1330	Feb Private Payrolls	150	145	317
	1330	Feb unemployment rate (%)	3.8	3.7	3.7
	1330	Feb avg hourly earnings (MoM%)	0.2	0.2	0.6
Germany	0700	Jan Industrial Output (MoM%/YoY%)	1.0/-4.3	/	-1.6/-3.13
France	0745	Jan Trade Balance	-		-6.8
Canada	1330	Feb Unemployment Rate	5.8	5.8	5.7
	1330	Feb net change in employment (000)	20.0	31.0	37.3
Netherlands	0530	Jan Manufacturing Output (MoM%)	-		6.8
Greece	1000	Jan Industrial Output (YoY%)	-		4.3
	1000	Feb CPI (YoY%)	-		3.1
Eurozone	1000	Q4 GDP Revised (QoQ%/YoY%)	0.0/0.1	/	0.0/0.1

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Asia Week Ahead: China's Two Sessions meeting and Australian GDP numbers out next week

The coming week features China's Two Sessions meeting while also featuring GDP from Australia and South Korea



China to hold its Two Sessions meetings

The government will hold its annual Two Sessions meetings next week. The key thing to watch will be the government work report on 5 March, where the annual economic targets will be given, as well as the overall policy direction for the year.

We expect the growth target to be maintained at around 5% and for a more supportive fiscal policy stance to be signalled via a fiscal deficit to GDP target of around 3.5%. Markets will also watch closely to see if there is any adjustment to the “proactive fiscal policy” and “prudent monetary policy” terms which have been in place for the past few years.

In terms of data, we will also have China's trade and inflation numbers out next week. We expect a strong rebound in imports but relatively slower export growth in January-February. We also expect

inflation to trend higher in February. High-frequency data has shown that food prices rose during the Lunar New Year holiday, which should help push CPI inflation back to positive levels.

Australia GDP out next week

We have a 0.2% quarter-on-quarter forecast for 4Q23 GDP, but we have just had a positive private capex figure for the quarter so the risks to this forecast are already skewed to the upside. The contribution to GDP from net exports is released on 5 March, the day before the GDP release, which may also support an upgrade to the forecast, subject to assumptions about inventories, which we think will unwind this quarter after they lifted growth in 3Q23.

South Korea activity data

Manufacturing activity in South Korea should have improved further in January, driven by robust demand for chips and cars. The positive PMI result is expected to boost confidence that manufacturing will continue to drive overall GDP growth this quarter.

Meanwhile, consumer prices are expected to heat up again and temporarily rise to 3% year-on-year. The Lunar New Year holiday should have pushed up fresh food and gasoline prices.

There is no Bank of Korea meeting in March, but sticky inflation should remain the central bank's main concern for the time being.

Tokyo inflation and services data from Japan

Tokyo CPI inflation is expected to rebound sharply, distorted by last year's government energy support programme. Stripping out base effects, fresh food and energy prices are likely to be the main drivers.

Meanwhile, we expect the services PMI to soften a bit as service activity seems to have lost momentum recently, however, it should remain well above the key 50 threshold. We expect labour cash earnings to improve on the back of a meaningful rise in bonus payments, while contract earnings should rise steadily by about 2.0%.

Taiwan trade could rebound

Inflation and trade data will be published next week. Inflation is likely to rebound in February to 2.7% YoY reflecting the New Year effect, but this is unlikely to affect the monetary policy trajectory as inflation should moderate in future months.

February trade data should continue to look relatively strong on a year-on-year basis given the recovery of export orders to positive levels, and a very weak base from 2023, but will likely moderate from January.

Philippines inflation to remain within target

February inflation is set for release next week and we expect headline inflation to remain well within the central bank's inflation target. Favourable base effects as well as slower inflation for most food items outside rice will likely keep headline inflation below 3% YoY.

Bangko Sentral ng Pilipinas (BSP) is expected to look past this recent drop in inflation although

Governor Eli Remolona has hinted at potential easing in the latter half of the year.

Key events in Asia next week

Country	Time Data/event	ING	Survey	Prev.
Monday 4 March				
South Korea	0030 Feb IHS S&P Global Manufacturing PMI	51.5		51.2
	2300 Q4 GDP Growth (QoQ%/YoY%)	0.6/2.2	/	0.6/2.2
	2300 Jan Industrial Output (YoY%)	9	9.3	6.2
	2300 Jan Industrial Output Growth	0.8	1	0.6
Tuesday 5 March				
Japan	0030 Feb Services PMI	52.5		52.5
Australia	0030 Q4 Current Account Balance SA	-		-0.2
China	0145 Feb Caixin Services PMI	-		52.7
India	0500 Feb IHS S&P Global Services PMI	-		61.8
Philippines	0100 Feb CPI (MoM%/YoY%)	0.1/2.9	/	0.6/2.8
	0100 Feb Core CPI (YoY%)	3.4		3.8
Singapore	0500 Jan Retail Sales (MoM%/YoY%)	-2.8/8.5	/	-1.5/-0.4
Taiwan	0820 Feb Foreign Exchange Reserve	-		569.54
South Korea	2300 Feb CPI Growth (MoM%/YoY%)	0.4/ 3.0	0.4/2.9	0.4/2.8
Wednesday 6 March				
Australia	0030 Q4 Real GDP (QoQ%/YoY%)	0.2/1.5	/	0.2/2.1
Thursday 7 March				
Japan	2330 Jan All Household Spending (MoM%/YoY%)	-		-0.9/-2.5
China	0300 Jan-Feb Exports	1.1		2.3
	0300 Jan-Feb Imports	8.3		0.2
	0300 Jan-Feb Trade Balance	76.6		75.34
	0800 Feb FX Reserves (Monthly)	-		3.219
Indonesia	0400 Feb Forex Reserves	144.8		145.1
Philippines	- Feb Forex Reserves USD	103.1		103.4
Singapore	0900 Feb Foreign Reserves USD	357.6		357.8
Taiwan	0800 Feb CPI (YoY%)	-		1.79
South Korea	2300 Jan Current Account Balance	5		7.41
Friday 8 March				
Taiwan	0800 Feb Imports	-		19
	0800 Feb Exports	-		18.1
	0800 Feb Trade Balance	-		2.49

Source: Refinitiv, ING

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Key events in EMEA next week

Next week sees a flurry of key data releases in Hungary, including a breakdown of fourth-quarter GDP as well as fresh inflation and fiscal data towards the end of the week. Over in Turkey, we forecast annual inflation to come in at 65.5% in February



Source: Shutterstock

✓ Hungary: Industry and construction to lead weakness across fourth quarter GDP data

Next week will be very busy in Hungary in terms of data releases. We will see the details behind the very weak GDP data in the fourth quarter. We expect weakness across the board, led by industry and construction. After that, the focus will turn to 2024, when the Statistical Office will release the first data on economic activity for this year.

Industrial production may fall again on a monthly basis as supply chain disruptions from the Red Sea conflict hit some manufacturers in January. Retail sales may improve on food and non-food sales, while fuel consumption is expected to fall sharply as consumers brought forward consumption due to the excise duty hike in January. Given the weakness in the manufacturing sector, we are likely to see another monthly deficit in the trade balance after the downside surprise in December.

Finally, we close the week with fresh inflation and fiscal data. The excise duty hike will be reflected in February's price data and will have a significant upward impact on the month-on-month

inflation rate, which we see at 0.7%. As a result, the year-on-year figure will only be marginally lower compared to January due to the high base. In the budget, we see a monthly deficit due to seasonality.

✓ Turkey: We expect February annual inflation to come in at 65.5%

We expect Turkey's annual figure to come in at 65.5% in February (with 3.6% MoM reading) vs 64.9% a month ago. A limited slowdown in domestic demand which allows producers to pass their cost increases, implications of the minimum wage and public salary adjustments, and the rigidity in services inflation will likely be factors that weigh on the inflation outlook. February and March inflation turnouts will be key for the rate outlook as the Central Bank of Turkey has left the door open for further rate hikes in the case of a significant deterioration in the inflation outlook.

Key events in EMEA next week

Country	Time	Data/event	ING Survey	Prev.
Monday 4 March				
Turkey	0700	Feb CPI (MoM%/YoY%)	3.6/65.5	/ 6.7/64.86
Tuesday 5 March				
Russia	0600	Feb S&P Global Services PMI	-	55.8
Czech Rep	0800	Q4 Gross wages (YoY%)	-	-0.8
Hungary	0730	Q4 GDP Final (YoY%)	0.0	0.0
South Africa	0715	Feb Std Bank Whole Econ PMI	-	49.2
	0930	Q4 GDP (YoY%)	-	-0.7
Wednesday 6 March				
Poland	1300	Mar NBP Base Rate	5.75	5.75
Hungary	0730	Jan Industrial Output (YoY%)	-5.4	-13.7
	0730	Jan Retail Sales (YoY%)	0.3	-0.2
	0730	Jan Trade Balance	-250	-188
Thursday 7 March				
Serbia	1100	Mar Benchmark Interest rate	6.5	6.5
South Africa	0900	Q4 Current Account	-	-19.3
Friday 8 March				
Czech Rep	0800	Jan Trade Balance	-	3.5
	0800	Feb Unemployment Rate	-	4
Hungary	0730	Feb Core CPI (YoY%)	5.4	6.1
	0730	Feb CPI (YoY%)	3.7	3.8
	0730	Feb CPI MM NSA	0.7	0.7
	1000	Feb Budget Balance	-450	54.4
Ukraine	1330	Feb CPI (MoM%/YoY%)	-/-	/ 0.4/4.7

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