

Our view on next week's key events

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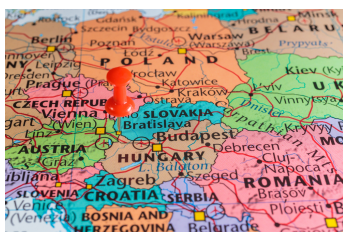
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✓ US: Optimistic economic data and upward inflation unlikely to sway the Fed

Better weather, positive vaccine news and the ongoing reopening of the US economy should mean we see a positive tone to economic data.

Business surveys should continue to point to robust growth which should also mean a further deterioration in the trade balance as strong domestic demand boosts imports, but with the global economy lagging behind, export growth will be softer. At the same time, we are likely to see a bit more of an inflationary impulse, especially given supply constraints in the economy. This backdrop amidst the Fed sticking to its guns in signalling policy tightening remains a long way off means further yield curve steepening is likely.

In Canada, another strong jobs report due to economic reopening will increase the chances of another quantitative easing tapering announcement in the next few months

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 5 April					
US	1445	Mar Markit Composite Final PMI	-		59.1
	1445	Mar Markit Services PMI Final	-		60.0
	1500	Feb Factory Orders (MoM%)	-	-0.5	2.6
	1500	Mar ISM Non-Manufacturing PMI	58.3	57.8	55.3
Japan	0130	Mar Services PMI	-		46.3
	0030	Feb All Household Spending (MoM/YoY%)	-		-7.3/-6.1
Tuesday 6 April					
Italy	0900	Jan Unemployment Rate	-		9.0
Australia	0530	Apr RBA Cash Rate	0.1		0.1
Norway	0900	Mar Manufacturing DNB PMI SA	-		56.1
Eurozone	1000	Feb Unemployment Rate	8.0		8.1
Wednesday 7 April					
US	1530	Feb International Trade \$	-72.0	-70.2	-68.2
	2000	Feb Consumer Credit	-	5.00	-1.31
Japan	0050	Feb Current Account NSA	-		646.8
Germany	0855	Mar Markit Services PMI	-		50.8
	0855	Mar Markit Composite Final PMI	-		56.8
France	0850	Mar Markit Services PMI	-		47.8
	0850	Mar Markit Composite PMI	-		49.5
UK	0930	Mar Markit/CIPS Services PMI Final	-		56.8
	0930	Mar Composite PMI Final	-		56.6
Italy	0845	Mar Markit/IHS Services PMI	-		48.8
	0845	Mar Composite PMI	-		51.4
Spain	0815	Mar Services PMI	-		43.1
Canada	1330	Feb Trade Balance C\$	-		1.41
Netherlands	0630	Mar CPI (MoM/YoY%, NSA)	-		0.9/1.8
Eurozone	0900	Mar Markit Services Final PMI	48.8		48.8
	0900	Mar Markit Composite Final PMI	52.5		52.5
Thursday 8 April					
Germany	0700	Feb Industrial Orders (MoM%)	-1.0		1.4
France	0745	Mar Reserve Assets Total	-		183152
	0745	Feb Trade Balance	-		-3.95
	0745	Feb Imports, EUR	-		44.17
	0745	Feb Exports, EUR	-		40.23
UK	0930	Mar Markit/CIPS Cons PMI	-		53.3
	0930	Mar All-Sector PMI	-		50.0
Norway	0700	Feb Manufacturing Output (MoM%)	-		2.5
Friday 9 April					
Germany	0700	Feb Industrial Output (MoM/YoY%)	0.0		-2.5/-3.8
	0700	Feb Exports	-0.5		1.4
	0700	Feb Imports	1.0		-4.7
	0700	Feb Trade Balance	-		22.2
France	0745	Feb Industrial Output (MoM%)	-		3.3
Canada	1330	Mar Unemployment Rate	7.8		8.2
New Zealand	0400	Mar Reserve Assets Total	-		18056
Norway	0700	Mar CPI (MoM/YoY%)	-/-		0.7/3.3
	0700	Mar Core Inflation (MoM/YoY%)	-/-		0.4/2.7

Source: ING, Refinitiv

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Asia week ahead: Australia and India's central banks to meet

Inflation data will dominate central banks thinking in Asia as two regional central banks meet next week and both are expected to stick to their current...



Source: Shutterstock

Inflation data to dominate

In next week's Asian calendar, inflation data stands out as four countries – China, Taiwan, the Philippines and Thailand release figures for March.

The Philippines will take the spotlight for its runaway inflation that has surged past the central bank's 2-4% target (ING forecast 4.9%, up from 4.7% in February) and is becoming the main contender against India's 5.1% inflation in February to be the highest in Asia. Like India, supply shocks to food and transport prices are pushing inflation higher, while demand-side price pressures

remain muted amidst rising Covid-19 cases and renewed lockdowns.

The Philippines will take the spotlight for its runaway inflation that has surged past the central bank's 2-4% target

The central banks can unfortunately not do much but raise inflation forecasts. The Bangko Sentral ng Pilipinas raised its forecast for 2021 to 4.2% from 4.0% but left policy rates unchanged. We expect the Reserve Bank of India to take the same course at the upcoming meeting next week on 7 April.

There isn't much inflation in China or Thailand, which will also release their inflation numbers next week. Taiwan's March trade figures are likely to take prominence over inflation as the latter remains under control. Released earlier this week, the Korean trade figures show sustained strong growth and we expect the same for Taiwan's exports – both powered by the global semiconductor cycle that's going full steam ahead amidst the ongoing chip shortage.

Downunder, the [Reserve Bank of Australia will hold its policy meeting on 6 April](#). Like the Fed, the Australian central bank is likely to stick to the dovish rhetoric and maintain its current stance until 2024, when it expects inflation to recover to the 2-3% policy target. Although such inflation expectations appear to be misplaced against the rapid rise in jobs recently. We share the consensus view that governor Phillip Lowe is going to keep the policy interest rate and yield curve targets at 0.1% next week.

Asia Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 5 April				
India	0600	Mar IHS Markit Manufacturing PMI	-	57.5
Indonesia	-	Feb Retail Sales Index (YoY%)	-	-16.4
Philippines	0130	Mar Manufacturing PMI SA	51.4	52.5
	-	Mar Forex Reserves USD	109.0	109.1
Singapore	0600	Feb Retail Sales (MoM/YoY%)	-3.4/1.5	-1.8/-6.1
	1400	Mar Manufacturing PMI	-	50.5
Thailand	-	Mar CPI Headline (YoY%)	-0.5	-1.2
	-	Mar CPI Core (YoY%)	0.0	0.0
Tuesday 6 April				
China	0245	Mar Caixin Services PMI	-	51.5
Philippines	0200	Mar CPI (YoY%)	4.9	4.7
South Korea	0000	Feb Current Account Bal NSA	-	7.1
Wednesday 7 April				
China	-	Mar FX Reserves (Monthly)	3215.0	3.2
India	0530	Cash Reserve Ratio	3.00	3.00
	0530	Repo Rate	4.00	4.00
	0530	Reverse Repo Rate	3.35	3.35
	0600	Mar IHS Markit Services PMI	-	55.3
Indonesia	-	Mar Forex Reserves	138.2	138.8
Singapore	1000	Mar Foreign Reserves USD	-	382.6
Taiwan	0920	Mar Foreign Exchange Reserve	540.0	543.3
Thursday 8 April				
Hong Kong	0130	Mar IHS Markit PMI	-	50.2
Philippines	0200	Feb Exports (YoY%)	3.9	-5.2
	0200	Feb Imports (YoY%)	11.6	-14.9
	0200	Feb Trade Balance	-2266.3	-2421.0
Taiwan	0900	Mar CPI (YoY%)	1.4	1.4
Taiwan	0900	Mar WPI (YoY%)	0.0	-0.4
Thailand	0400	Mar Consumer Confidence Idx	-	49.4
Friday 9 April				
China	0230	Mar CPI (YoY%)	0.0	-0.2
	0230	Mar PPI (YoY%)	4.7	1.7
Indonesia	-	Mar BI consumer confidence index	87.1	85.8
Malaysia	0500	Feb Industrial Output (YoY%)	4.8	1.2
Taiwan	0900	Mar Imports	11.0	5.7
	0900	Mar Exports	26.0	9.7
	0900	Mar Trade Balance	7.5	4.5

Source: ING, Refinitiv, *GMT

Key events in EMEA next week

Multiple data releases from Hungary and Russia, inflation numbers from Turkey, and a National Bank of Poland decision will be in focus next week



Source: Shutterstock

✓ Hungary: A packed week of data will see a range of effects as the pandemic lingers on

The short week ahead will be packed with data. February economic activity releases include retail sales and industrial production. In retail, we expect further weakness amid a third wave of Covid-19. Industrial production will rebound markedly as car manufacturers went back to work after the supply-related issues in January. Along with the expected strong industrial production, we see the Hungarian trade balance surplus expanding significantly. After the government announcement that this year's deficit target needs to move 1ppt higher to 7.5% of GDP, we expect pretty bad March data on the budget balance which led decision makers to that change. The most important data of all will be the March inflation readings. Fuel will push the headline reading to 3.7% YoY, while core elements will show some softening, moving the core CPI down to 3.9% YoY. From here, the direction of travel will be up.

✓ Russia: FX purchases and inflation to edge higher, and a lower than expected current account surplus

On Monday, the Finance Ministry will announce monthly FX purchases for April, which are likely to

exceed the March level of \$2.0bn, as oil prices pushed higher. This will most likely be neutral for the rouble but will serve as a reminder to the market of 'oil neutrality' and exposure to capita account risks.

March inflation on Tuesday may still stay at the February level of 5.7% year-on-year, but the chances for that are declining as the weekly data comes in. March readings north of 5.7% will put further upward pressure on our base case of two 25bp rate hikes in April and July.

The 1Q21 balance of payments, to be reported on Friday, will be a gauge of fundamental support to the rouble. We expect a current account surplus of US\$20bn, down from the initial expectations of \$25bn on higher than expected import growth and lower than expected export volumes. The capital account remains the least predictable factor to watch, as in addition to portfolio outflows for OFZ, which reached a monthly rate of around \$1bn in the last couple of months, corporates and households have restarted the accumulation of foreign assets at a rate of \$4-8bn per month, which is a more important constraint to the rouble's appreciation than the foreign policy themes that the market has been following recently.

Turkey: Inflation to continue its uptrend

March inflation will likely keep the annual figure on an uptrend, with a further increase to 16.3% (1.1% MoM change) from 15.6% a month ago, driven by the impact of exchange rate developments and base effects from last year despite the decision to put a ceiling on TRY gasoline prices.

EMEA Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 5 April				
Turkey	0800	Mar CPI (MoM/YoY%)	1.1/16.3	0.91/15.61
Brazil	0900	Mar IPC-Fipe Inflation Idx	-	0.23
Mexico	1530	Mar Markit Mfg PMI	-	44.2
Tuesday 6 April				
Russia	1700	Mar CPI (MoM/YoY%)	0.6/5.7	0.8/5.7
Brazil	1400	Mar Markit Services PMI	-	47.1
	1400	Mar Markit Composite PMI	-	49.6
Wednesday 7 April				
Poland	-	Apr NBP Base Rate	-	0.1
Spain	09:15	Mar Services PM	-	43.1
Czech Rep	0800	Feb Retail Sales (YoY%)	-	-9.0
	0915	Mar Unemployment Rate	-	4.3
Thursday 8 April				
Czech Rep	0800	Feb Industrial Output (YoY%)	-	0.9
	0800	Feb Trade Balance	-	24.6
Hungary	0800	Feb Industrial Output (YoY%)	0.7	-6.7
Mexico	1300	Mar Headline Inflation	-	0.63
	1300	Mar Core inflation	-	0.39
Friday 9 April				
Hungary	0800	Mar Core CPI (YoY%)	3.9	4.1
	0800	Mar CPI (MoM/YoY%, NSA)	0.8/3.7	0.7/3.1
	0800	Feb Retail Sales (YoY%)	-3.0	-1.8
	1000	Mar Budget Balance	-950	-539.7
Ukraine	-	Mar CPI (MoM%/YoY%)	-/-	1.0/7.5
Brazil	1300	Mar IPCA Inflation Index (MoM/YoY%)	-/-	0.86/5.2
Mexico	1300	Feb Industrial Output (MoM/YoY%)	-	0.2/-4.9
Russia	1400	1Q Current account (US\$bn)	20.0	5.5

Source: ING, Refinitiv

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