

Our view on next week's key events

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The Canadian economy has recovered all output lost during the pandemic, while employment is at all-time highs

US: Subdued consumer sentiment will limit upside for PMIs

The US data calendar is largely second-tier releases this coming week with the ISM services index the likely highlight. It has fallen sharply over the past three months from an all-time high of 68.4 in November to a 12-month low of 56.5 in February. The Omicron wave was likely responsible for the bulk of the decline, although the squeeze on spending power from surging inflation may also have hurt demand. We are hopeful of a corrective bounce in March, but with consumer sentiment remaining subdued and a growing sense that aggressive interest rate hikes are on their way, the upside for the ISM is likely to be limited.

We will also be closely following the minutes of the March Federal Open Market Committee meeting. The Federal Reserve raised interest rates 25bp and has since signalled more aggressive 50bp moves are firmly on the table at upcoming meetings. At the accompanying press conference, Chair Jerome Powell suggested that the Fed would soon announce plans to shrink its \$9tr balance sheet, and some details could emerge from the minutes.

Powell suggested that the run-off will be similar in structure to 2017-19, but could happen at a

faster pace. The Fed could potentially announce such action at the May meeting, but it could come later if it wants to see how a series of 50bp hikes are digested by markets. We suspect it will start how it ended the last round of quantitative tightening – by allowing \$50bn of maturing assets to run off their balance sheet each month. This could quickly be stepped up to \$100bn given the doubling in size of the balance sheet since the start of the pandemic.

Canada: Strong employment figures could boost rate hike expectations

In Canada, there is a growing likelihood that the central bank will follow up its initial 25bp rate hike in early March with a 50bp move in April. The Canadian economy has recovered all output lost during the pandemic while employment is at all-time highs and inflation is running at the fastest rate since 1991. This week's data flow includes the March jobs report and another gain is expected after February's post-lockdown surge. We will also get the quarterly Bank of Canada business outlook survey and a firm reading here given Canada's strong commodity production background amid surging prices could boost expectations for a 50bp hike on 13 April.

Developed Markets Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 4 April				
US	1500 Feb Factory Orders (MoM%)	-1.2	-0.6	1.4
Germany	0700 Feb Trade Balance	10.5		9.4
	0700 Feb Imports	1.2		-4.2
	0700 Feb Exports	0.8		-2.8
France	0745 Feb Industrial Output (MoM%)	-		1.6
Tuesday 5 April				
US	1330 Feb International Trade \$	-88.5	-88.2	-89.7
	1445 Mar Markit Services PMI Final	-		58.9
	1445 Mar Markit Composite Final PMI	-		58.5
	1500 Mar ISM Non-Manufacturing PMI	58.0	58.3	56.5
Germany	0855 Mar Markit Composite Final PMI	54.6		54.6
	0855 Mar Markit Services PMI	55.0		55.0
France	0850 Mar Markit Composite PMI	-		56.2
UK	0930 Mar Composite PMI Final	59.7		59.7
	0930 Mar Markit/CIPS Services PMI Final	61.0		61.0
Italy	0845 Mar Composite PMI	-		53.6
Spain	0815 Mar Services PMI	-		56.6
Canada	1330 Feb Trade Balance C\$	1.8		2.6
Netherlands	0530 Jan Trade Balance	-		3.909
Eurozone	0900 Mar Markit Composite Final PMI	-		54.5
	0900 Mar Markit Services Final PMI	-		54.8
Wednesday 6 April				
Germany	0700 Feb Industrial Orders (MoM%)	-0.9		1.8
UK	0930 Mar Markit/CIPS Cons PMI	59.1		59.1
Eurozone	1000 Feb Retail Sales (MoM%/YoY%)	-		0.2/7.8
Thursday 7 April				
US	1330 Cont Jobless Claims	1300	-	1307
	1330 Initial Jobless Claims	195	-	202
	2000 Feb Consumer Credit	-	15.0	6.8
Germany	0700 Feb Industrial Production (MoM%/YoY%)	-0.4		2.7/1.5
France	0745 Mar Reserve Assets Total	-		232616
Switzerland	0645 Mar Unemployment Rate Adjusted	-		2.2
Netherlands	0530 Mar CPI (MoM%/YoY%)	-/-		0.6/6.2
Friday 8 April				
Canada	1330 Mar Change in employment (000)	15.0	-	336.6
	1330 Mar Unemployment Rate	5.5		5.5
Norway	0700 Feb GDP Month Mainland	1.0		-0.9
Netherlands	0530 Feb Manufacturing Output (MoM%)	-		-1.2
Greece	1000 Mar HICP (YoY%)	6.7		6.3
	1000 Feb Industrial Output (YoY%)	-		-0.2

Source: Refinitiv, ING, *GMT

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Key events in EMEA next week

The Hungarian economy will show strong industrial output and retail sales figures, but high inflation remains the primary concern across emerging markets



Inflation in Turkey is rising on the back of commodity price pressures – particularly in energy and agricultural commodities

✔ Hungary: Solid growth in industry but inflation persists

Next week is going to bring us a very busy economic calendar in Hungary. Regarding economic activity, we see the February industry and retail sales performances to be strong based on big data and government transfers. Despite the sound growth in industry, trade balance deterioration will continue on the worsening terms of trade due to rising prices in the commodity complex. However, these data are referring to the past and hardly reflect the full economic impact of the Ukraine war. What will however reflect that is the March inflation print. We see headline inflation rising further both on a monthly and yearly basis. Despite anti-inflationary measures, the year-on-year headline figure could move above 9%, alongside core inflation. In our view, the core reading could surpass the headline reading for the first time since early 2021.

✔ Turkey: Continued upside price pressures

Despite there being some impact from VAT cuts on food products introduced in mid-February, annual inflation will maintain its uptrend to 60.4% (5.0% on a monthly basis) in March from 54.4% a month ago, given significant upside pressures on commodity prices – particularly in energy and agricultural commodities, in addition to the impact of FX pass-through, deteriorating expectations,

and pricing behaviour.

EMEA Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 4 April				
Turkey	0800 Mar CPI (MoM%/YoY%)	5.0/60.4	5.8/61.6	4.8/54.4
Brazil	0900 Mar IPC-Fipe Inflation Index	-		0.9
Tuesday 5 April				
Russia	0700 Mar Markit Services PMI	-		52.1
Czech Rep	0800 Feb Retail Sales (YoY%)	-		9.6
Hungary	0800 Feb Industrial Output (MoM%/YoY%)	3.1/5.1		1.9/8.9
Romania	1300 Mon Policy Rate	3.0	2.9	2.5
South Africa	0815 Mar Std Bank Whole Econ PMI	-		50.9
Brazil	1400 Mar Markit Composite PMI	-		53.5
	1400 Mar Markit Services PMI	-		54.7
Wednesday 6 April				
Russia	1700 Mar CPI (MoM%/YoY%)	8.4/17.5		1.2/9.2
Poland	- Apr NBP Base Rate	-		3.5
Czech Rep	0800 Feb Trade Balance	-		6.2
	0800 Feb Industrial Output (YoY%)	-		1
Hungary	0800 Feb Retail Sales (YoY%)	6.7		4.1
Thursday 7 April				
Hungary	0800 Feb Trade Balance P (€m)	-415		-196
Serbia	1100 Apr Benchmark Interest rate	1.5		1
Mexico	1300 Mar Core inflation	-		0.76
	1300 Mar Headline Inflation	-		0.83
Friday 8 April				
Russia	- Q4 GDP (YoY% quarterly revised)	-		-
Czech Rep	0900 Mar Unemployment Rate	-		3.5
Hungary	0800 Mar CPI (MoM%/YoY%)	1.4/9.1		1.1/8.3
	0800 Mar Core CPI (YoY%)	9.3		8.1
	1000 Mar Budget Balance	-755		-1585
Ukraine	- Mar CPI (MoM%/YoY%)	-		1.6/10.7
Brazil	- Mar IPCA Inflation Index (MoM%/YoY%)	-		1.0/10.5

Source: Refinitiv, ING, *GMT

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