

## Our view on next week's key events

Discover what ING analysts are looking for next week in our global economic calendars

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By James Smith



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By Valentin Tataru, Peter Virovacz and 2 others

## Key events in developed markets

Amid a quiet week in US markets, keep an eye out for fireworks from the dollar bloc central banks, as well as some particularly volatile UK growth numbers



Source: Shutterstock

### ✓ UK growth set to flatline as stockpiling effect unwinds

Next week's second quarter GDP report will be dominated by the unwinding impact of the pre-Brexit stockpiling frenzy of the first quarter. [Firms will need to rebuild stocks ahead](#) of the new October Brexit deadline, but in the meantime, many firms will have had little choice but to unwind the inventory they had previously built up. After all, stock is expensive to store (particularly given a lack of warehousing space in the UK) and comes with an opportunity cost. That's likely to see growth flatline through the second quarter, but even when stripping out this volatility, the underlying story doesn't look great. We'll be watching to see if business investment resumes its downward trend, while retail spending also looked fairly lacklustre through the spring. With Brexit noise set to intensity, we don't expect the Bank of England to move interest rates this year.

## Developed Markets Economic Calendar

| Country                   | Time | Data/event  | ING       | Survey | Prev.     |
|---------------------------|------|---|-----------|--------|-----------|
| <b>Monday 5 August</b>    |      |   |           |        |           |
| US                        | 1500 | Jul ISM Non-manufacturing                                 | 55.7      | 55.5   | 55.1      |
| Eurozone                  | 0900 | Jul F Markit Services PMI                                 | -         | -      | 53.3      |
|                           | 0900 | Jul F Markit Composite PMI                                | -         | -      | 51.5      |
| UK                        | 0930 | Jul Markit/CIPS Services PMI                              | 50.6      | -      | 50.2      |
|                           | 0930 | Jul Markit/CIPS Composite PMI                             | 50.1      | -      | 49.7      |
| Sweden                    | 0730 | Jul Swedbank/Silf Services PMI                            | -         | -      | 49.9      |
| <b>Tuesday 6 August</b>   |      |   |           |        |           |
| US                        | 1700 | Fed's Bullard Speaks on U.S. Economy in Washington        |           |        |           |
| Japan                     | 0030 | Jun Household spending (YoY%)                             | 2.5       | -      | 4.0       |
|                           | 0030 | Jun Labor cash earnings (YoY%)                            | -0.4      | -      | -0.5      |
|                           | 0600 | Jun P Leading economic index                              | -         | -      | 94.9      |
| Germany                   | 0700 | Jun New Orders (MoM/YoY%)                                 |           | -/-    | -2.2/-8.6 |
| Australia                 | 0230 | Jun Trade balance (A \$mn)                                | 5916      | -      | 5745      |
|                           | 0530 | RBA Cash Rate Target                                      | 1.00      | 1.00   | 1.00      |
| <b>Wednesday 7 August</b> |      |   |           |        |           |
| US                        | 0500 | Fed's Evans Holds Media Breakfast in Chicago              |           |        |           |
| Germany                   | 0700 | Jun Industrial Production (MoM/YoY%)                      |           | -/-    | 0.3/-3.7  |
| Italy                     | -    | Bank of Italy Report on Balance-Sheet Aggregates          |           |        |           |
| New Zealand               | 0200 | Interest Rate Decision                                    | 1.25      | 1.25   | 1.5       |
| <b>Thursday 8 August</b>  |      |   |           |        |           |
| Japan                     | 0050 | Jun C/A Balance, adjusted (Yen bn)                        | 1651      | -      | 1305.7    |
| Norway                    | 0700 | Jun Industrial Production (MoM/YoY%)                      | -/-       | -/-    | 0.6/-2.5  |
| <b>Friday 9 August</b>    |      |   |           |        |           |
| Japan                     | 0050 | 2Q P GDP (Annualised, QoQ%)                               | -0.3      | -      | 2.2       |
|                           | 0050 | 2Q P GDP deflator - advance (Q) (YoY%)                    | -         | -      | 0.1       |
| Germany                   | 0700 | Jun Trade Balance (€bn)                                   |           | -      | 20.6      |
| UK                        | 0930 | 2Q P GDP (QoQ/YoY%)                                       | 0.0/1.4   | -/-    | 0.5/1.8   |
|                           | 0930 | June GDP (MoM%)   | -0.1      |        |           |
|                           | 0930 | Jun Industrial Production (MoM/YoY%)                      | -0.8/-0.9 | -/-    | 1.4/0.9   |
| Canada                    | 0930 | Jun UK Services Index (MoM%)                              | 0.1       | -      | 0.0       |
|                           | 1330 | Jul Net Change in Employment                              | -         | -      | -2.2      |
| Australia                 | 1330 | Jul Unemployment Rate (%)                                 | -         | -      | 5.5       |
|                           | 0030 | RBA's Lowe Semi-Annual Testimony to Committee in Canberra |           |        |           |
| Norway                    | 0230 | RBA Statement on Monetary Policy                          |           |        |           |
|                           | 0700 | Jul CPI (MoM/YoY%)  | -1.9      | -/-    | 0.1/1.9   |

Source: ING, Bloomberg

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## Asia week ahead: Packing an easing punch

Central bank policy meetings dominate next week's Asian economic calendar. Some of them have signalled a pause in easing, some are continuing to cut...



Source: Shutterstock

### ➔ On hold RBA and RBI

Of five Asian central banks reviewing their monetary policy next week, two have signalled a pause in their easing cycles. The central banks of Australia (RBA) and India (RBI) fall into this category. The RBA has already cut rates in June and July.

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*...we will be closely monitoring how things evolve over the coming*

*months. Given the circumstances, the Board is prepared to adjust interest rates again if needed to get us closer to full employment and achieve the inflation target. RBA Governor Philip Lowe*

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We think data this week showing improved inflation in 2Q19 has taken the pressure off the RBA for a third cut. At 1.6%, inflation is still far from the RBA's 2.5% policy goal, though the bank is also waiting to give recent fiscal policy a chance to achieve the target.

Well ahead of the curve, India's RBI has eased in all three meetings so far this year, cutting by a total of 75 basis points. But according to Governor Shaktikanta Das, the bank has done even more than that. He considers the very shift to an easing stance at the June meeting, from a neutral position, to be worth an additional 25bp of stimulus on top of pumping the system with 'surplus liquidity'. We read this as a hint that the RBI has done enough.

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*Effectively, the rate cut has been 100 basis points if you take into account the change in stance. ... Parallel to that we have also ensured surplus liquidity in the system," RBI Governor Das*

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With the economy facing upward inflation pressure, albeit gradually for now, and growth remaining supported around 6%, still among the fastest in the world, we don't think the RBI will want to risk any policy errors by providing excessive stimulus. We don't mind being outside the consensus again this time, but we expect the RBI to remain on hold next week, while the consensus is looking for another 25bp cut.

[Australian 2Q19 CPI takes pressure off Reserve Bank](#)

## ➔ More easing by RBNZ and BSP

Among those likely to cut rates next week are central banks of New Zealand (RBNZ) and of the Philippines (BSP) – a second rate cut by both this year. We aren't alone; the consensus is also suggesting 25bp rate cuts by both banks. After cutting rates by 25bp in early May, the RBNZ paused at the late June meeting. The market-implied probability for another rate cut next week stands at 92%.

In the Philippines, the BSP policy announcement comes on the day the country's Statistics Authority unveils GDP figures for 2Q. We expect growth to have stayed below the 6-7% official target for 2019 in the last quarter (ING forecast 5.8% vs. 5.6% in 1Q). Having hiked by 175bp in 2018, the BSP has plenty of policy space to ease, as long as it's supported by falling inflation and stable exchange rates. And we have the best of both worlds - inflation has been falling steadily after peaking at 6.7% in Sep-Oct 2018, and the PHP has been among Asia's top performers this year. The July CPI data just days ahead of the BSP meeting will be timely information for policymakers.

[Philippines: The BSP Hawk-Dove meter](#)

**➔ BoT starting easing, hopefully**

The key question of the week is whether the Bank of Thailand sheds its hawkish bias and becomes part of the global easing wave. Our answer is ‘Yes’. However, that’s not quite evident from a still solid consensus for stable BoT policy.

With growth poised to slow further, 2019 is shaping up to be the worst year for the economy in the last five years. Inflation has been under control (latest 0.9% in the year through July) and the authorities are worried about runaway currency appreciation hurting the economy even more. The central bank’s latest measures to curb short-term inflows haven’t been effective. An aggressive policy rate cut could be helpful here, though judging from the consensus we might not get it. Here again, we don’t mind being the odd one out in our forecast of two 25bp BoT rate cuts this year.

[Thailand: Downgrading GDP growth forecast](#)

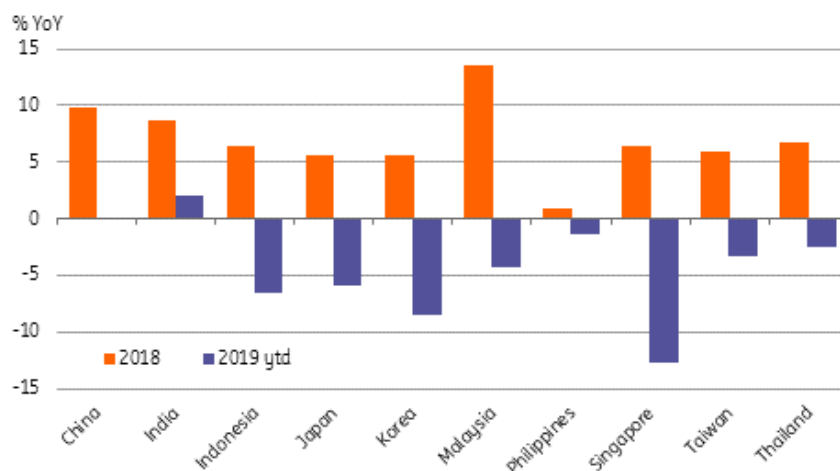
**➔ China data and more**

Of all the China data due next week, trade figures will be under the most scrutiny as we try to gauge the impact of trade wars. And just as in recent months, we aren’t expecting anything too bad just yet.

Despite the trade war, China’s exports remain an outperformer in Asia with virtually flat growth in the first half of the year compared to heavy declines in other parts of the region. Economies which are heavily reliant on electronics exports (Korea and Singapore) have been hit hard in the current export downturn. But a second surprising comeback of Taiwan’s exports (also largely electronics driven) could be a hopeful sign of a bottoming in the global electronics slump. Consistent with the consensus, we anticipate a second consecutive month of positive export growth for Taiwan.

[Taiwan: weak PMI not in line with strong GDP](#)

**Asian export performance**



Source: Bloomberg, ING

## Asia Economic Calendar

| Country                   | Time | Data/event                                | ING      | Survey  | Prev.     |
|---------------------------|------|---|----------|---------|-----------|
| <b>Monday 5 August</b>    |      |   |          |         |           |
| India                     | 0600 | Jul Nikkei Services PMI                   | 49.9     | -       | 49.6      |
| Indonesia                 | -    | 2Q GDP (QoQ/YoY%)                         | 5.1      | 4.2/5.0 | -0.5/5.1  |
| <b>Tuesday 6 August</b>   |      |   |          |         |           |
| Korea                     | 0000 | Jun Current account balance (US\$bn)      | 6.5      | -       | 4.9       |
| Philippines               | 0200 | Jul CPI (YoY%)                            | 2.4      | 2.4     | 2.7       |
| Taiwan                    | 0900 | Jul CPI (YoY%)                            | 0.9      | -       | 0.9       |
|                           | 0900 | Jul WPI (YoY%)                            | -1.9     | -       | -1.9      |
| <b>Wednesday 7 August</b> |      |   |          |         |           |
| China                     | -    | Jul Forex Reserves (US\$bn)               | 3110.8   | -       | 3119.2    |
| India                     | 0715 | RBI policy decision (repo rate, %)        | 5.75     | 5.50    | 5.75      |
| Malaysia                  | 0800 | Jul 31 Forex reserves- Month end (US\$bn) | -        | -       | 103.3     |
| Philippines               | 0200 | Jun Exports (YoY%)                        | 1.1      | -       | 1.0       |
|                           | 0200 | Jun Imports (YoY%)                        | -2.6     | -       | -5.4      |
|                           | 0200 | Jun Trade balance (US\$mn)                | -3255    | -       | -3275     |
|                           | -    | Jul Forex reserves (US\$bn)               | -        | -       | 85770.8   |
| Taiwan                    | 0900 | Jul Exports (YoY%)                        | 1.9      | -       | 0.5       |
|                           | 0900 | Jul Imports (YoY%)                        | 1.5      | -       | 6.6       |
|                           | 0900 | Jul Trade Balance (US\$bn)                | 2.4      | -       | 3.6       |
| Thailand                  | 0805 | Benchmark Interest Rate                   | 1.5      | 1.75    | 1.75      |
| <b>Thursday 8 August</b>  |      |   |          |         |           |
| China                     | -    | Jul Trade Balance (US\$bn)                | 37.0     | -       | 51.0      |
|                           | -    | Jul Exports (YoY%)                        | -2.6     | -       | -1.3      |
|                           | -    | Jul Imports (YoY%)                        | -8.1     | -       | -7.3      |
| Philippines               | 0300 | 2Q GDP (QoQ SA/ YoY%)                     | -/5.8    | -       | 1.0/5.6   |
|                           | 0900 | Overnight Borrowing Rate                  | 4.25     | -       | 4.5       |
| Singapore                 | 0600 | Jun Retail sales value (MoM SA/ YoY%)     | 1.2/-2.2 | -       | -2.2/-2.1 |
| <b>Friday 9 August</b>    |      |   |          |         |           |
| China                     | 0230 | Jul CPI (YoY%)                            | 2.7      | -       | 2.7       |
|                           | 0230 | Jul PPI (YoY%)                            | -0.1     | -       | 0.0       |
|                           | -    | Jul Money supply (M2) (YoY%)              | -        | -       | 8.5       |
| India                     | 1300 | Jun Industrial production (YoY%)          | -        | -       | 3.1       |
| Malaysia                  | 0500 | Jun Industrial production (YoY%)          | 5.5      | -       | 4.0       |

Source: ING, Bloomberg, \*GMT

## Key events in EMEA and Latam next week

It's a data-packed week in EMEA. Russian CPI could signal a rate cut in September while in Romania, the central bank is likely to stay on hold



Source: Shutterstock

### ✓ Romania: Expect a hold

We expect the National Bank of Romania (NBR) to stay on hold at 2.50% on Monday and maintain its reference to “strict control over money market liquidity”. If inflation prints below 2% a couple more times we could see a return to local policy easing, with the deposit facility becoming the de-facto policy rate.

### ✓ Hungary: A ray of sunshine among the clouds

Despite the rather gloomy outlook in manufacturing globally, we expect Hungary to remain a bright spot. Although we expect a seasonal drop in June, due to a low base, we expect year-on-year industrial production growth to accelerate. This view is supported by the still optimistic PMI reading, which suggests further expansion and previous strong growth in new orders. While industry is important from an activity point of view, the highlight of the week will be the CPI data release. We expect a mild acceleration in inflation mainly due to services and an increase in tobacco prices due to the change in excise duty. The latter means that core inflation ex-tax might remain on a decelerating path.





## Russia: Downward inflation to push for a cut in September

The weekly deflation seen in the last week of July (the first time for Russia in two years) supports our expectations of a further slowdown in CPI from 4.7% YoY in June to 4.6% YoY in July, or even slightly lower. The main driver seems to be the favourable situation on the global and local agricultural market. We continue to expect a further gradual CPI deceleration to 4.0% YoY by year-end, below the central bank's target range of 4.2-4.7% ([see here for more details](#)). The downward CPI trend should prompt the Bank of Russia (CBR) to make another 25 basis point rate cut to 7.00% in September, accompanied by an improvement in the year-end forecast.

At the same time, we doubt the CBR will be more aggressive, especially in the mid-term, as the slowdown in CPI is driven mainly by cost factors, rather than weak local demand. In fact, GDP growth should pick up somewhat from 0.5% YoY in 1Q19 to 0.8% YoY in 2Q19, and a further pick up is possible in 2H19 thanks to the planned acceleration in budget spending on National Projects, mainly reflecting CAPEX on infrastructure.

### Czech Republic: A slight downside bias?

While industrial production surprised on the upside in April and May, the June figure will be more negative, driven by the calendar bias (one less day working day), but also by a year-on-year fall in car production. Retail sales might slightly improve after a somewhat weaker May driven by some one-off factors, but new car registrations fell by 15.5% in June according to preliminary figures, so retail sales including the car segment will be weak again. The unemployment rate is likely to increase slightly, which is the usual seasonal pattern during summer months.

### Turkey: A pause in the inflation downtrend

Following a stronger than expected downtrend in inflation, there will be a pause, as electricity price hikes and other administrative price adjustments, as well as the removal of tax incentives on automobiles and some durable consumer goods, will likely push annual inflation to 16.9% (1.6% MoM) in July from 15.7% a month ago. Inflation will drop very rapidly in September and reverse thereafter because of large base effects.

## EMEA and Latam Economic Calendar

| Country                   | Time | Data/event                                      | ING      | Survey   | Prev.    |
|---------------------------|------|---|----------|----------|----------|
| <b>Monday 5 August</b>    |      |   |          |          |          |
| Turkey                    | 0800 | Jul CPI (MoM/YoY%)                              | 1.6/16.9 | 2.0/17.5 | 0.0/15.7 |
|                           | 0800 | Jul Core CPI (YoY%)                             | -        | -        | 14.9     |
|                           | 0800 | Jul Domestic PPI (MoM/YoY%)                     | -/-      | -/-      | 0.1/25.0 |
| Romania                   | -    | Repo rate (%)                                   | 2.50     | -        | 2.50     |
| South Africa              | 0815 | Jul HSBC PMI SA                                 | -        | -        | 49.7     |
| <b>Tuesday 6 August</b>   |      |   |          |          |          |
| Russia                    | -    | Jul CPI Core (YoY%)                             | -        | 4.6      | 4.6      |
|                           | -    | Jul CPI (MoM/YoY%)                              | 0.2/4.6  | 0.3/4.7  | 0.0/4.7  |
| Czech Rep                 | 0800 | Jun Industrial Output (YoY%)                    | -3.3     | -        | 3.2      |
|                           | 0800 | Jun Construction Output (YoY%)                  | -        | -        | 0.2      |
|                           | 0800 | Jun Trade Balance (CZKmn)                       |          | -        | 24.4     |
| Brazil                    | 1200 | COPOM Meeting Minutes                           |          |          |          |
| <b>Wednesday 7 August</b> |      |   |          |          |          |
| Poland                    | 1300 | Jul Official Reserves Total                     | -        | -        | 117801.2 |
| Czech Rep                 | 0800 | Jun Retail Sales (YoY%)                         | 1.1      | -        | 2.3      |
|                           | 0800 | Jun Retail Sales Excl. Motor Vehicles (YoY%)    |          | -        | 2.7      |
|                           | 0900 | Jul International Reserves (US\$bn)             | -        | -        | 146      |
| Hungary                   | 0800 | Jun Industrial Production (MoM/YoY%)            | -0.3/6.7 | -/-      | 1.4/6.1  |
|                           | 1300 | Hungarian Central Bank's Minutes                |          |          |          |
| Romania                   | 0700 | Jun Avg Net Wages (YoY%)                        | -        | -        | 14.7     |
| Serbia                    | 1100 | Jul HPI (MoM/YoY%)                              | -/-      | -/-      | -0.5/0.6 |
| Croatia                   | 1000 | Jul PPI (MoM/YoY%)                              | -        | -        | -1.2/0.4 |
| South Africa              | 0700 | Jul Gross Reserves (US\$bn)                     | -        | -        | 49.8     |
|                           | 0700 | Jul Net Open Foreign Currency Position (US\$bn) | -        | -        | 43.9     |
|                           | 1030 | Jul SACCI Business Confidence                   | -        | -        | 93.3     |
| Israel                    | -    | Jul Foreign Currency Balance (US\$bn)           | -        | -        | 120.1    |
| <b>Thursday 8 August</b>  |      |   |          |          |          |
| Czech Rep                 | 0800 | Jul Unemployment Rate (%)                       | 2.7      | -        | 2.6      |
| Hungary                   | 0800 | Jul CPI (MoM/YoY%)                              | 0.3/3.5  | -/-      | -0.2/3.4 |
|                           | 1000 | Jul Budget Balance (YTD)                        | -640     | -        | -390     |
| Kazakhstan                | -    | Jul International Reserves (US\$bn)             | -        | -        | 28.2     |
| Bulgaria                  | 0900 | Jun Industrial Production (YoY%)                | -        | -        | 0.6      |
|                           | 0900 | Jun Industrial Production (MoM/YoY%)            | -/-      | -/-      | 0.0/0.4  |
|                           | 0900 | Jun Retail Sales (MoM%)                         | -        | -        | -0.2     |
| Serbia                    | 1100 | Repo rate (%)                                   | 2.75     | -        | 2.75     |
| South Africa              | 1030 | Jun Mining Production (MoM/YoY%)                | -        | -        | 3.0/-1.5 |
|                           | 1200 | Jun Manufacturing Production (SA, MoM%)         | -        | -        | -1.5     |
| Brazil                    | 1300 | Jul Inflation (IPCA) (MoM/YoY%)                 | 0.2/3.2  | 0.2/3.2  | 0.0/3.4  |
|                           | 1300 | Jun Retail Sales (YoY%)                         | -1.5     | -        | 1.0      |
| Mexico                    | 1200 | Jul CPI (MoM/YoY%)                              | 0.4/3.8  | -        | 0.1/4.0  |
| <b>Friday 9 August</b>    |      |   |          |          |          |
| Russia                    | -    | 2Q A GDP (YoY%)                                 | 0.8      | 0.8      | 0.5      |
| Turkey                    | 0800 | Jun Current Account (US\$bn)                    | -0.2     | -        | 0.2      |
| Ukraine                   | -    | Jul CPI (MoM/YoY%)                              | -/-      | -/-      | -0.5/9   |
| Romania                   | 0700 | Jun Trade Balance (€m)                          | -        | -        | -1481.6  |
| Croatia                   | 1000 | May Trade Balance (HRK m)                       |          |          | -7582.7  |
|                           | 1000 | Jun Tourism arrivals (YoY%)                     |          |          | -4.5     |
| Mexico                    | 1200 | Jun Industrial Production (YoY%)                | -2.8     | -        | -3.4     |

Source: ING, Bloomberg

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