

## Our view on next week's key events

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

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# Key events in developed markets next week

Will the ECB change its communication and forward guidance to comfort the hawks? Is the UK making progress on a post-Brexit transition period?

## **US: why are we forecasting four Fed interest rate hikes?**

Following an upbeat US economic assessment from new Federal Reserve Chair, Jay Powell, markets are now fully pricing in three rate hikes this year with around a 30% chance that the Fed will end up hiking on four occasions. Given we think that the economy will expand 3% in 2018 and that inflation could hit 3% this summer, we are forecasting four interest rate increases. We will have more Fed officials speaking this week and the general tone will help us gauge the likelihood that the Fed will also pencil in four moves when they update their own forecasts accompanying the 21 March FOMC meeting.

This week's data is likely to be supportive of such a change with wage growth looking more robust and employment gains remaining firm. Business surveys are also set to remain at historically strong levels, supporting an increasingly positive assessment on the economic outlook. Nonetheless, the topic of "twin deficits" is becoming more of a focus with the prospect of a \$1trillion fiscal deficit next year following President Trump's tax cuts and looser budget. We will get the January trade data this week and this may provide a little comfort with stronger external demand, a weaker dollar and rising domestic oil output all helpful.

## **Eurozone: will the ECB change its communication and forward guidance to comfort the hawks?**

In the Eurozone, the big topic at the ECB meeting will be whether the ECB will change its communication and forward guidance to comfort the hawks and to cautiously prepare markets for an end to QE. The only way to do this would be to drop the easing bias on QE from the ECB's introductory statement.

As regards Germany, obviously Sunday's result of the SPD vote could have a bigger impact on markets than next week's macro data.

## **UK: is progress being made on a post-Brexit transition period?**

With the countdown to the 22/23 March European Leaders summit fully underway, the focus in the UK will be on whether progress is being made towards an agreement on a post-Brexit

transition period. A deal looks feasible, particularly given both sides accept urgent action is needed to prevent firms from executing worst-case contingency plans. The UK has reportedly backed down on the issue of citizens' rights during the transition, but there are still differences in opinion on how long the period should last, as well as whether the UK will be able to benefit from existing trade deals with non-EU countries during the transition.

## **Norway: weak inflation could mar the sunny outlook of Norge's Bank**

In Norway February inflation figures will be published on Friday. After a very weak January print, we expect inflation to have remained fairly low in February. That will make things a bit tricky for Norges Bank when it meets to set policy on March 15th. Other data indicate the Norwegian economy is picking up, but weak inflation would mar the central bank's sunny outlook.

## **Developed Markets Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 2 March</b>					
US	1500	Feb F U. of Mich. Sentiment Index	99	99.5	99.9
Eurozone	0810	ECB's Mersch speaks in Prague			
UK	0000	Carney Speaks at Economics Conference in Edinburgh			
	-	U.K. Prime Minister May Speaks on Britain and EU Post Brexit			
Italy	0900	4Q F GDP (QoQ/YoY%)	0.3/1.6	0.3/1.6	0.3/1.6
Canada	1330	Dec GDP (MoM/YoY%)	-/-	0.1/3.3	0.4/3.5
	1330	4Q GDP (Annualised, QoQ%)	-	2	1.706
Norway	0900	Feb Unemployment Rate (%)	2.5	2.5	2.6
<b>Monday 5 March</b>					
US	1500	Feb ISM Non-manufacturing	58.7	58.5	59.9
Eurozone	0900	Feb F Markit Services PMI	56.7	-	56.7
	0900	Feb F Markit Composite PMI	57.5	-	57.5
	1000	Jan Retail Sales (MoM/YoY%)	0.8/3.1	-/-	-1.1/1.9
UK	0930	Feb Markit/CIPS Services PMI	53	-	53
	0930	Feb Markit/CIPS Composite PMI	53.5	-	53.5
New Zeal.	0100	Treasury Publishes Monthly Economic Indicators			
Sweden	0800	Ingves, Thedeén, Lindblad Speak at Conference			
	0730	Feb Swedbank/Silf Services PMI	-	-	61.3
Switzerland	0625	SNB to Publish Definitive FY Figures for 2017			
<b>Tuesday 6 March</b>					
US	1230	Fed's Dudley Speaks at U.S. Virgin Islands			
	2230	Fed's Brainard to Speak in New York			
Australia	0030	Jan Retail sales (MoM%)	0.6	-	-0.5
	0330	RBA Cash Rate Target	1.5	1.5	1.5
	2140	RBA Governor Lowe Gives Speech in Sydney			
<b>Wednesday 7 March</b>					
US	1315	Feb ADP Employment Change ('000's)	175	187.5	233.5
	1330	Jan Trade Balance (US\$bn)	-52	-52.35	-53.118
	0130	Fed's Kaplan (0130), Dudley (1300) and Bostic (1300) give speeches			
	1900	U.S. Federal Reserve Releases Beige Book			
Japan	0500	Jan P Leading economic index	-	-	107.4
	2350	Jan C/A Balance, adjusted (Yen bn)	1880	-	1479.6
	2350	4Q F GDP (Annualised, QoQ%)	0.6	-	0.5
	2350	4Q F GDP deflator - advance (Q) (YoY%)	-	-	0
Eurozone	1000	4Q F GDP (QoQ/YoY%)	0.6/2.7	-/-	0.6/2.7
Canada	1500	Bank of Canada Policy Rate	1.25	1.25	1.25
Australia	0030	4Q GDP (QoQ/YoY%)	0.5/2.4	-/-	0.6/2.8
<b>Thursday 8 March</b>					
Eurozone	1245	ECB Main Refinancing Rate	0	-	0
	1245	ECB Marginal Lending Facility	0.25	-	0.25
	1245	ECB Deposit Facility Rate	-0.4	-	-0.4
Germany	0700	Jan New Orders (YoY%)	6.8	-	7.2
Canada	2050	Bank of Canada Deputy Governor Tim Lane Speech			
Australia	0030	Jan Trade balance (A\$m)	-50	-	-1358
Sweden	0700	Riksbank Holds Open Forum			
Norway	0700	Jan Industrial Production (MoM/YoY%)	-	-	-0.4/0.3
<b>Friday 9 March</b>					
US	1330	Feb Change in Nonfarm Payrolls ('000s)	180	190	200
	1330	Feb Unemployment Rate (%)	4	4	4.1
	1330	Feb Average Hourly Earnings (MoM/YoY%)	0.3/2.9	0.3/2.9	0.3/2.9
	1330	Feb Participation Rate	62.7	-	62.7
	1745	Fed's Evans Speaks on Monetary Policy			
Japan	0000	Jan Labor cash earnings (YoY%)	0.5	-	0.9
	-	Mar 9 BoJ 10-year yield target (%)	-	-	0
	-	Policy Rate	-0.1	-	-0.1
	-	BOJ Monetary Policy Statement			
Germany	0700	Jan Trade Balance (€bn)	19.8	-	18.1
	0700	Jan Industrial Production (MoM%)	1.8	-	-0.6
UK	0930	Jan Trade Balance (£m)	-3500	-	-4896
	0930	Jan Industrial Production (MoM/YoY%)	1.5/1.9	-/-	-1.3/0
	0930	Jan Manufacturing Production (MoM/YoY%)	0.2/2.8	0.2/2.8	0.3/1.4
Italy	1000	Bank of Italy Publishes Monthly Report 'Money and Banks'			
Canada	1330	Feb Net Change in Employment	-	-	-88
	1330	Feb Unemployment Rate (%)	-	-	5.9
Norway	0700	Feb CPI (MoM/YoY%)	0.5/1.7	-/-	-0.1/1.6
	0700	Feb Core CPI (MoM/YoY%)	0.6/1.2	-/-	-0.8/1.1

Source: ING, Bloomberg

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## Key events in EMEA and LATAM next week

Will the National Bank of Serbia cut rates? What is happening with inflation in the Czech Republic?

### Hungary: activity indicators to accelerate

In Hungary, we expect the activity indicators to resonate with the quite impressive soft indicators, thus both retail sales turnover and industrial production might accelerate. Headline inflation will remain subdued, showing a slight drop on the back of base effects of fuel prices and targeted VAT cuts are expected to take more of an effect. As regards to the Fitch decision on 9 March, it might be too early to see any change despite the positive outlook, especially since we are close to the general election.

### Czech Republic: inflation to decelerate

The Czech Statistical Office revised its CPI basket weights in 2018 using the new classification ECOICO. These changes were slightly proinflationary (almost 0.1ppt) mainly due to increasing weights of imputed rents, i.e. a higher contribution of rapidly growing residential properties in Czech inflation. However, due to base effects and stronger CZK, inflation should further decelerate meaning it might hit the 2% target, though estimates are now slightly less robust due to the CPI basket changes. This should be inflation's bottom value as we expect further acceleration from March.

Average wages for fourth quarter 2017 should be affected by a November increase in wages of state employees and will approach 8% year-on-year in nominal terms (5.5% in real terms). The same figures are expected by the CNB and Ministry of Finance.

### Poland: MPC meeting to trim interest rate expectations

Wednesday's MPC meeting should trim interest rate expectations for 2019 – we expect the National Bank of Poland (NBP) to lower inflation projections for 2018, as forecasted in November, a core inflation pick up is not materializing. Secondly recent comments and minutes from the February meeting present a limited propensity for policy tightening even amongst hawkish members.

### Serbia: will the National Bank of Serbia cut rates?

In Serbia, we expect the central bank to cut the key rate by 25bp to 3.25% given the new National Bank of Serbia (NBS) inflation outlook. The move was somewhat telegraphed by the governor Tabakovic at the presentation of the Inflation Report with the new inflation forecast, being quoted by Bloomberg saying that “inflationary pressures point to the need to cut the benchmark rate” as

inflation is expected to stay near the lower end of the target band. Recent Dinar strength which prompted NBS FX interventions to curb it should ease NBS concerns of exchange rate depreciation with subsequent pass-through into inflation. We believe that any RSD weakness should be short lived as the monetary policy outlook is supportive for inflows into local currency sovereign debt.

### **Turkey: recovery in the inflation outlook**

Easing base effects that have been in play since December will continue to contribute to the recovery in the inflation outlook. Accordingly, we expect the annual figure to decline further in February to 10.1% year-on-year (0.6% month-on-month) from 10.35% a month ago. Also, given the lack of major improvements in core inflation so far and the Central Bank of Turkey's (CBT) signal to not alter the policy line until a sustainable single-digit inflation is achieved, we think that the CBT is likely to maintain their current stance in the near term as long as TRY remains stable. We expect the CBT to keep all rates unchanged again in March. Already at the limit of the liquidity policy with the effective cost of funding aligned with the late liquidity window, we do not see the bank changing the liquidity conditions this month either.

## **EMEA and LATAM Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 2 March</b>					
Czech Rep	0800	4Q P GDP (QoQ/YoY%)	0.6/5.2	0.5/5.1	0.5/5.1
Hungary	0800	Dec F Trade Balance (€mn)	502	-	502
Romania	0700	Jan PPI (MoM/YoY%)	-/-	-/-	0.2/3.7
-	-	Romania Sovereign Debt to be rated by S&P and Moody's			
<b>Monday 5 March</b>					
Turkey	0700	Feb CPI (MoM/YoY%)	0.6/10.1	-/-	1.02/10.4
	0700	Feb Domestic PPI (MoM/YoY%)	-/-	-/-	0.99/12.1
	0700	Feb Core CPI (YoY%)	-	-	12.18
Hungary	0800	Jan Retail Sales (YoY%)	6.1	-	6.1
	0700	Hungary's C. Bank Publishes February Mortgage Note Purchases			
Romania	0700	Jan Retail Sales (MoM/YoY%)	-/-	-/-	1.3/13.4
Croatia	-	Jan P Retail Sales (YoY%)	-	-	1.4
South Africa	0715	Feb HSBC PMI SA	-	-	49
<b>Tuesday 6 March</b>					
Russia	-	Feb CPI (YoY%)	-	-	0.3/2.2
	-	Feb Core CPI (MoM/YoY%)	-/-	-/-	0.2/1.9
Poland	-	Monetary Policy Council Rate Meeting (until 07/03)			
Hungary	0800	4Q F GDP (SWDA, QoQ/YoY%)	1.3/4.4	-/-	1.3/4.4
South Africa	0930	4Q GDP (SAAR-QoQ/YoY%)	-/-	-/-	2/0.8
Brazil	1200	Jan Industrial Production (YoY%)	3.6	-	4.3
<b>Wednesday 7 March</b>					
Turkey	1100	Benchmark Repurchase Rate	8	-	8
	1100	Overnight Lending Rate	9.25	-	9.25
	1100	Overnight Borrowing Rate	7.25	-	7.25
	1100	Late Liquidity Window Rate	12.75	-	12.75
Poland	1300	Feb Official Reserves Total	-	-	117540
	-	Base Rate (%)	1.5	1.5	1.5
Czech Rep	0900	Feb International Reserves (US\$bn)	-	-	151.7
Hungary	0800	Jan Industrial Production (MoM/YoY%)	1.5/5.8	-/-	1.2/4.5
	1000	Feb Budget Balance (YTD)	-220	-	-192.8
Ukraine	-	Feb CPI (MoM/YoY%)	-/-	-/14	1.5/14.1
Romania	0700	4Q P GDP (SA, QoQ/YoY%)	-/-	-/-	0.6/-
Bulgaria	0900	4Q F GDP (QoQ/YoY%)	-/-	-/-	0.8/3.6
Serbia	1100	Feb HPPI (MoM/YoY%)	-/-	-/-	-0.3/-0.2
South Africa	0600	Feb Gross Reserves (US\$bn)	-	-	50.5
	0600	Feb Net Open Foreign Currency Position (US\$bn)	-	-	43.59
	0930	Feb SACCI Business Confidence	-	-	99.7
Israel	-	Feb Foreign Currency Balance (US\$bn)	-	-	117.6
<b>Thursday 8 March</b>					
Czech Rep	0800	Feb Unemployment Rate (%)	3.7	3.7	3.9
Hungary	0800	Feb CPI (MoM/YoY%)	0.3/2.0	-/-	0.3/2.1
Serbia	1100	Repo rate (%)	3.25	-	3.5
Croatia	1000	Dec Trade Balance (HRK m)	-	-	-3439.4
Mexico	1400	Feb CPI (MoM/YoY%)	0.47/5.4	-/-	0.5/5.55
<b>Friday 9 March</b>					
Czech Rep	0800	Jan Trade Balance (CZKmn)	21	-	-2.203
	0800	Feb CPI (MoM/YoY%)	0.2/2.0	0.1/1.9	0.6/2.2
	0800	4Q average wages	5.5	5.3	4.2
Hungary	-	Hungary Sovereign Debt to be rated by Fitch			
Kazakhstan	-	Kazakhstan Sovereign Debt to be rated by S&P			
Bulgaria	0900	Jan Industrial Production (MoM/YoY%)	-/-	-/-	0.7/1.97
	0900	Jan Retail Sales (MoM/YoY%)	-/-	-/-	0.5/4.9
Serbia	-	Serbia Sovereign Debt to Be Rated by Moody's			
Croatia	1000	Jan Industrial Production (SA, YoY%)	-	-	-2.5
Brazil	1200	Feb Inflation (IPCA) (MoM/YoY%)	0.36/2.9	-/-	0.29/2.8

Source: ING, Bloomberg



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## Asia week ahead: Spotlight on China

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### China aims for qualitative growth

An annual rite of spring, China's Two Sessions -- the Chinese People's Political Consultative Conference (CPPCC) and the National People's Congress (NPC) -- will be held on 3rd and 5th of March. Unlike last year's GDP target of "around 6.5% growth for 2017", Premier Li's annual report to the NPC may not include a GDP growth target. Instead, the report is likely to focus on achieving qualitative growth through macro-prudential measures, corporate and financial sector reforms, greater technological advances in manufacturing and related investments, tighter environmental protection measures, rural developments, and Belt and Road projects.

The Two Sessions may also discuss taxation reform, especially central and local government splits of tax revenue. Although this may not yield a concrete result, we anticipate higher budget spending in 2018 directed toward President Xi's objective of narrowing the urban-rural divide. As such, a higher budget deficit than the government's 3% of GDP line in the sand in recent years shouldn't come as a complete surprise. We also expect the authorities to announce a new central bank (PBoC) governor as Mr. Zhou is moving to another role. The new governor will be someone

who shares Xi's gradual reform approach on interest rate and exchange rate liberalisation.

China's National Statistics Office releases economic data for February, including foreign reserves, trade, and consumer and producer price inflation. The combined January-February activity growth will be a good guide to GDP growth in the current quarter.

## Philippines central bank calms markets before CPI data

Consumer price inflation for February will be closely watched in the Philippines. The release of January CPI data showing a bigger-than-expected spike to 4% year-on-year from 3.3% in the previous month unsettled the markets a month ago. The central bank (BSP) forecasts February inflation in a 4-4.8% range but it has attempted to calm the markets this time by signalling steady monetary policy in the near-term. We do not rule out a pre-emptive rate hike as early as March to stabilise inflation expectations.

4-4.8%

BSP's inflation forecast for February

Year-on-year

## Malaysian central bank keeps policy on hold

Malaysia's central bank (BNM) holds its monetary policy meeting on 7-Mar. BNM raised its policy rate by 25 basis points at the last meeting on 25-Jan, describing the move as a normalisation, not tightening, of monetary policy. Steady strong growth and slowing inflation support a baseline of a gradual policy normalisation. We do not expect a move at the forthcoming meeting, but retain our call of a 25bp hike in the third quarter of 2018.

3.25%

BNM policy rate

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 2 March</b>					
Singapore	1300	Feb PMI	-	53.1	53.1
Thailand	0330	Feb CPI (YoY%)	0.8	0.7	0.68
	0330	Feb Core-CPI (YoY%)	0.6	0.6	0.58
South Korea	0030	Feb Nikkei Manufacturing PMI	50.3	-	50.7
<b>Saturday 3 March</b>					
China	-	China's National Legislative Meetings Begin			
<b>Monday 5 March</b>					
China	-	China's National People's Congress Begins in Beijing			
India	0500	Feb Nikkei Services PMI	-	-	51.7
Malaysia	0400	Jan Trade balance (RM bn)	4.19	-	7.25
	0400	Jan Imports (YoY%)	18	-	7.85
	0400	Jan Exports (YoY%)	16	-	4.66
Taiwan	0800	Jan Industrial production (YoY%)	3	5	1.2
	0800	Feb Forex Reserves (US\$bn)	454.5	-	455.7
South Korea	2300	Feb CPI (MoM/YoY%)	0.5/1.2	-/-	0.4/1
<b>Tuesday 6 March</b>					
Philippines	0100	Feb CPI (YoY%)	4.2	-	4
<b>Wednesday 7 March</b>					
China	-	Feb Forex Reserves (US\$bn)	3182	-	3161.46
Malaysia	0700	Overnight Policy Rate	3.25	-	3.25
	0700	Feb 28 Forex reserves- Month end (US\$bn)	-	-	103.6
Philippines	-	Feb Forex reserves (US\$bn)	80.8	-	81.224
Taiwan	0800	Feb CPI (YoY%)	3.5	-	0.88
	0800	Feb WPI (YoY%)	-1	-	-0.74
	0800	Feb Trade balance (US\$bn)	4.42	-	2.42
	0800	Feb Exports (YoY%)	9.8	-	15.3
	0800	Feb Imports (YoY%)	6	-	23.3
<b>Thursday 8 March</b>					
China	-	Feb Trade Balance (US\$bn)	8.4	-	20.349
	-	Feb Imports (YoY%)	9.6	-	36.8
	-	Feb Exports (YoY%)	26.7	-	11.1
<b>Friday 9 March</b>					
China	0130	Feb PPI (YoY%)	4.1	-	4.3
	0130	Feb CPI (YoY%)	2	-	1.5
Philippines	0100	Jan Trade balance (US\$mn)	-3000	-	-4017
	0100	Jan Imports (YoY%)	14.7	-	17.6
	0100	Jan Exports (YoY%)	11.5	-	-4.9

Source: ING, Bloomberg

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