

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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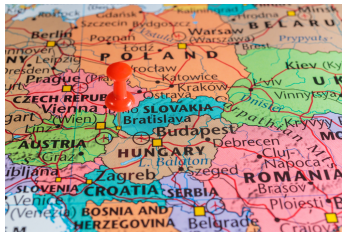


Key Events

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✓ US: Growth in business opportunities undermined by limited pool of available workers

With the US celebrating Independence Day it is a shortened trading week that will also see only a limited selection of data releases. The ISM services index is probably the premier number and should show the sector is growing very strongly with increased business opportunities thanks to the reopening. However, as with the manufacturing survey, it will highlight the lack of suitable workers that are available for recruitment.

This story will be reinforced by the JOLT – Job Opening and Labour Turnover – report. It is likely to show a new record for job openings, but that hiring continues to lag far behind given potential workers are either unable or unwilling to take a job. Childcare issues, extended unemployment benefits and upwards of two million people having taken early retirement mean that the pool of available labour is small right now. Consequently, if firms want to expand to take advantage of the strong growth environment, they will need to pay higher wages to attract staff.

This is already showing up in the “quits” data with 3.1% of all private sector workers having quit their job last month to move to a new employer. We expect a new record high to be seen in the

latest JOLTs report. Consequently, businesses are not only having problems recruiting, but an increasing number are having problems with staff retention. This adds to our belief that wage pressures will gradually build in the US economy.

In Canada, we have the jobs report for June. Some Covid containment measures are being eased after reintroduction in April but given the timing of the data collection we don't expect to see much strength in the jobs report this time round. The July release will, however, show much improvement, with Canada at the top of the league table for the proportion of the population having the first dose of the vaccine.

UK: Solid UK May GDP clouded by more recent Covid-19 concerns

In the fast-moving world of Covid-19, May's UK GDP figures now look a little outdated. We expect another solid increase in growth, albeit at a steadier pace than in April. This is essentially because the reopenings in May (indoor hospitality) were a little less impactful from a growth perspective than those in April (shops, outdoor hospitality and recreation). Nevertheless, it was clear through May that confidence had really returned, and consumers were more comfortable with socialising once more. That still seems to be the case, though many of the high frequency numbers have plateaued over recent weeks. Further gains rely on the Delta variant going into retreat, which looks unlikely in the near-term. Cases are rocketing, even if hospitalisations are surprisingly stable, and the risk is that consumers become more risk-averse again over coming weeks. We expect growth to slow from above 5% in the second quarter to a little below 2% in the third.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 5 July					
Germany	0855	Jun Markit Services PMI	58.1		58.1
	0855	Jun Markit Composite Final PMI	60.4		60.4
France	0745	May Industrial Output (MoM%)	-		-0.1
	0850	Jun Markit Services PMI	-		57.4
	0850	Jun Markit Composite PMI	-		57.1
UK	0930	Jun Markit/CIPS Services PMI Final	61.7		61.7
	0930	Jun Composite PMI Final	61.7		61.7
Italy	0845	Jun Markit/IHS Services PMI	-		53.1
	0845	Jun Composite PMI	-		55.7
Spain	0815	Jun Services PMI	-		59.4
Euro Zone	0900	Jun Markit Services Final PMI	-		58.0
	0900	Jun Markit Composite Final PMI	-		59.2
Tuesday 6 July					
US	1445	Jun Markit Composite Final PMI	-		63.9
	1445	Jun Markit Services PMI Final	-		64.8
	1500	Jun ISM Non-manufacturing PMI	63.5	63.3	64
Germany	0700	May Industrial Orders (MoM%)	2.0		-0.2
UK	0930	Jun Markit/CIPS Construction PMI	64.2		64.2
Spain	0900	May Industrial production	-		48.20%
Eurozone	1000	May Retail Sales (MoM/YoY%)	-/-		-3.1/23.9
Wednesday 7 July					
US	1500	JOLTS job openings (000s)	9400	9344	9286
	1900	FOMC minutes	-	-	-
Germany	0700	May Industrial Output (MoM/YoY%)	3/31.00		-1/26.55
France	0745	Jun Reserve Assets Total	-		191234
	0745	May Trade Balance	-		-6.24
	0745	May Imports, EUR	-		46.85
	0745	May Exports, EUR	-		40.61
Norway	0700	May GDP Month	-		0.3
Thursday 8 July					
US	1330	Weekly Initial Jobless Claims	355		364
	1330	Weekly Cont Jobless Claims	3300		3469.0
	2000	May Consumer Credit	17.5		18.6
Germany	0700	May Exports	0.9		0.3
	0700	May Imports	0.9		-1.7
	0700	May Trade Balance	17		15.9
Netherlands	0530	Jun CPI (YoY% NSA)	-		2.1
	0530	Jun CPI (MoM%, NSA)	-		0.1
Friday 9 July					
UK	0700	May GDP Estimate (MoM/YoY%)	1.3/25		2.3/27.6
Italy	0900	May Industrial Output (MoM/YoY%)	-/-		1.8/79.5
Canada	1330	Jun Unemployment Rate	8		8.2
Norway	0700	Jun CPI (MoM/YoY%)	0.0/2.9		-0.1/2.7
Netherlands	0530	May Manufacturing Output (MoM%)	-		0.2

Source: Refinitiv, ING, *GMT

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Key events in EMEA next week

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Source: Shutterstock

✓ Poland: NBP continues its dovish stance with no policy shift expected

The National Bank of Poland meets on Wednesday. We expect no policy shift just yet, as central bankers will probably want to assess the risks related to the fourth wave of Covid-19. Still, investors will look to the policy statement for any changes in the Bank's inflation projection. The statement after the June meeting and the latest MPC comments suggest that a substantial rise in the Bank's CPI projection is to be expected.

On Friday, Chairman Adam Glapiński may hold a conference (not yet confirmed). So far, he has remained confident in the temporary nature of inflation and regulatory / external factors behind it. It's likely that he will retain his relatively dovish bias, especially given the recent downward CPI surprise, particularly in the core rate. Nonetheless, statements from other MPC members suggest his rhetoric doesn't necessarily reflect the consensus within the council, as concerns about persistently elevated inflation are rising.

For the market, any statements regarding QE will be crucial. Mixed messages from the MPC left investors confused as to whether bond purchases will be continued alongside a rate hike cycle.

We expect the overall communication from the MPC to remain dovish, albeit with rising concerns

over the medium-term CPI prospects, supporting our call of an initial rate hike in 4Q21 (most likely alongside the next projection in November).

✓ Russia: Reopening and imports could put pressure on the non-oil current account

An announcement on Russian FX purchases on Monday, according to the fiscal rule, should result in an increase from US\$3.0bn in June to US\$4.1bn in July, the highest amount since early 2020. This increase should reflect the higher oil price and the recovery in the physical volume of oil exports. All else equal, stronger FX intervention should be neutral for the ruble, however, we note that the state of Russia's overall balance of payments is important to watch. The current account surplus for 2Q21, to be reported on Friday, should be in a strong US\$15-20 bn range after US\$23bn in 1Q21. But for the second half of the year, a quick acceleration of merchandise imports and the reopening of popular foreign tourist destinations could put pressure on the non-oil current account. Also, the still sizeable net private capital outflow, which stood at US\$18bn in 1Q21 remains a factor preventing strong ruble appreciation.

The rates market will be watching the final CPI print for June, to be released on Wednesday. Given the recent surprise in the weekly data, we now expect the CPI rate to jump from 6.0% to 6.5% year-on-year, which combined with recently-released positive data on economic activity for May should reinforce the Central Bank of Russia's hawkish stance for the near-term. Governor Elvira Nabiullina recently indicated that the 23 July rate hike decision will be in the 25-100bp range, and we now tend to believe that the actual decision will be between 75 and 100bp hike.

EMEA Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 5 July				
Turkey	0800	Jun CPI (MoM/YoY%)	-/-	0.89/16.59
Brazil	1400	Jun Markit Services PMI	-	48.3
	1400	Jun Markit Composite PMI	-	49.2
Tuesday 6 July				
Hungary	0800	May Retail Sales (YoY%)	-	10.6
Wednesday 7 July				
Russia	-	Jun CPI (MoM/YoY%)	0.7/6.5	0.7/6
Czech Rep	0800	May Industrial Output (YoY%)	-	55.1
	0800	May Trade Balance	-	19.3
Hungary	0800	May Industrial Output (YoY%)	-	58.8
Romania	1300	0 Mon Policy Rate	1.25	1.25
Brazil	1300	May Retail sales (MoM/YoY%)	-/-	1.8/23.8
Thursday 8 July				
Poland	-	Jul NBP Base Rate	-	0.1
Czech Rep	0800	May Retail Sales (YoY%)	-	7.5
Hungary	0800	Jun Core CPI (YoY%)	-	3.4
	0800	Jun CPI (YoY%)	-	5.1
	0800	Jun CPI MM NSA	-	0.5
Brazil	1300	Jun IPCA Inflation Index (MoM/YoY%)	-/-	0.83/8.06
Mexico	1200	Jun Headline Inflation	-	0.2
	1200	Jun Core inflation	-	0.5
Friday 9 July				
Turkey	0800	May Current Account Balance	-	-1.712
Hungary	1000	Jun Budget Balance	-	-269
Ukraine	-	Jun CPI (MoM/YoY%)	-/-	13/9.5
Russia	1400	2Q current account balance (US\$ bn)	17.5	23.2

Source: Refinitiv, ING, *GMT

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Asia week ahead: Inflation has peaked

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Source: Shutterstock

➔ Inflation relief on the way

Aside from the notable exception of India, consumer price inflation in Asia appears to have peaked. The June inflation data from Indonesia and Korea this week attested to this view and we expect inflation releases next week from China, Taiwan, the Philippines, and Thailand to reinforce this message further.

Renewed Covid-19 restrictions across Asia have weakened spending and as a result, price pressures have softened. The retail sales figures for May from Australia and Singapore will offer the markets a glimpse into the hit to demand as both countries reimposed movement restrictions in May.

➔ RBA and BNM meetings

The reversal of the latest inflation spikes will be a significant relief to central banks, which still need to provide monetary policy support amid the ongoing pandemic.

The Reserve Bank of Australia and the Bank Negara Malaysia are set to review their current policy settings next week. Although both central banks will leave policies unchanged, there will be some interest in their forward guidance, especially from the RBA whose last policy minutes noted a likely decision on future bond purchases and the target bond maturity (see our latest note on this, "[Australia: Main policy decisions pushed out until July RBA meeting](#)").

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 5 July					
Japan	0030	May All Household Spending (MoM/YoY%)	-		0.1/13
Australia	0230	May Retail Sales (MoM%)	-		0.1
China	0245	Jun Caixin Services PMI	54		55.1
Philippines	-	Jun Forex Reserves USD	106.1		107.0
Singapore	0600	May Retail Sales (MoM/YoY%)	-18.0/59.0		-1.3/54.0
Taiwan	0920	Jun Foreign Exchange Reserve	542		542.978
Thailand	-	Jun CPI Headline Inflation (YoY%)	0.9		2.4
	-	Jun CPI Core Inflation (YoY%)	0.5		0.5
Tuesday 6 July					
Australia	0530	Jul RBA Cash Rate	0.10	0.10	0.10
Philippines	0200	Jun CPI (MoM/YoY%)	0.2/4.3		0.1/4.5
Taiwan	0900	May Unemployment rate (%)	-		3.7
South Korea	0000	May Current Account Balance NSA	-		1.9
Wednesday 7 July					
Japan	0050	May Current Account NSA	-		1321.8
China	-	Jun FX Reserves (\$ tn)	3.240		3.222
Indonesia	-	Jun Forex Reserves	135.5		136.4
Taiwan	0900	Jun WPI (YoY% NSA)	11.00		11.33
	0900	Jun CPI (YoY% NSA)	2.45		2.48
	0900	Jun Imports	47.0		40.9
	0900	Jun Exports	42.0		38.6
	0900	Jun Trade Balance (\$bn)	5.70		6.16
Thursday 8 July					
Malaysia	0800	BNM Policy Rate (%)	1.75		1.75
Friday 9 July					
China	0230	Jun CPI (YoY%)	1.2		1.3
	0230	Jun PPI (YoY%)	11.2		9
Philippines	0200	May Exports (YoY%)	30.3		72.1
	0200	May Imports (YoY%)	44.7		140.9
	0200	May Trade Balance	-2568		-2734

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