

## 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 in developed markets next week

Bank of England expected to hold whilst US data puts the Fed on course for a June rate hike, but what else is going on in developed markets next week?



Source: Shutterstock

## ✓ Federal Reserve: On course for June

The positive write-up on the US economy within the Federal Reserve's FOMC statement coupled with firm inflation readings that have been posted over the past month (look for another rise in CPI this week) all point to a June interest rate rise.

Another strong April jobs report, seeing unemployment fall to a new 18-year low and wages remaining on a gradual upward trend should reinforce those market expectations, which currently give it a 90% chance of happening. It would also offer support to our own forecasts of two additional hikes after the June move. The commentary from Federal Reserve officials suggests a growing sense that tighter monetary policy is required and we expect this message to continue given several regional Fed President and Governors are slated to speak.

## ✓ Bank of England set to buy itself time as consumer worries mount

Market expectations for a May rate hike have collapsed since Governor Carney sounded the alarm a couple of weeks ago. It now looks likely that the Bank will hold fire next week as concerns about

the consumer reach a new level. By some measures, retailers have faced the worst quarter since the financial crisis, as the real income squeeze toxically combined with higher business rates and minimum wage rises. Worryingly, consumer credit has also since collapsed, as banks seek to reduce loan availability.

Whilst this might prove to be a blip, we suspect the Bank's preference is to buy time to see how things play out. But barring a further deterioration in retail space, we suspect the BoE's preference is still for tighter policy as wage growth continues to show signs of life. We think an August rate hike is still likely – after all, the window to tighten policy could close fairly rapidly over the summer, as Brexit talks head for a noisy conclusion later in the year.

## **Attention on German industrial data after a disappointing first two months**

Hard economic data in the first two months of the year were a disappointment in Germany. Therefore, the entire batch of industrial data for March should get more attention than usually. Even though slightly distorted by the Easter break, industrial production should rebound significantly. If not, “Berlin, we got a problem” could quickly become a real possibility for Germany's economic outlook.

## **Inflation in focus for Scandinavia**

In Scandinavia, the week's key data will be Norwegian and Swedish inflation figures on Wednesday. While Easter effects will muddy the waters somewhat, we're looking for solid headline figures (2.3% and 1.7% respectively) as energy price increases feed through. But core inflation in both Norway and Sweden is likely to remain some way below 2%.

Also worth watching is the Riksbank minutes released on Tuesday morning. The central bank's dovish stance combined with weak data has led to a marked depreciation in SEK since February, so further clues on policy-makers views could be important for the currency market.

## **Developed Markets Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 4 May</b>					
US	1330	Apr Change in Nonfarm Payrolls ('000s)	200	191	103
	1330	Apr Unemployment Rate (%)	4	4	4.1
	1330	Apr Average Hourly Earnings (MoM/YoY%)	0.2/2.7	0.2/2.7	0.3/2.7
	1330	Apr Participation Rate	63	62.9	62.9
	-	Treasury Secretary Mnuchin to Hold Trade Talks in China			
	1700	Fed's Dudley Speaks with Bloomberg's Matthew Winkler			
	2000	Fed's Williams Speaks at Hoover Institution Policy Conference			
	2230	Fed's Quarles Speaks on Liquidity Regulation at Hoover Event			
Eurozone	0900	Apr F Markit Services PMI	55	55	55
	0900	Apr F Markit Composite PMI	55.2	55.2	55.2
	1000	Mar Retail Sales (MoM/YoY%)	0.8/1.6	0.5/1.9	0.1/1.8
	-	EU, U.K. Negotiators Begin Next Round of Brexit Talks			
	1400	ECB's Weidmann speaks in Frankfurt			
France	0745	Survey of Industrial Investment			
Australia	0230	RBA Statement on Monetary Policy			
Norway	-	Bank Governor Olsen Attends Norwegian Wealth Fund Hearing			
<b>Saturday 5 May</b>					
US	0100	Fed's George, Bostic and Kaplan Speak at Hoover Institution Co			
Portugal	-	Portuguese Prime Minister Costa Visits Canada			
<b>Monday 7 May</b>					
US	0000	Fed's Quarles (0000) and Evans (2030) Speak at Fed's Financial Conf.			
	1325	Fed's Bostic (1325) and Kaplan speak (2030) at Fin. Markets Conf			
	1900	Fed's Barkin Speaks in Moderated Q&A at GMU			
Japan	0050	BOJ Minutes of Policy Meeting			
Germany	0700	Mar New Orders (YoY%)	5.5	-	3.5
Canada	2000	Bank of Canada's Tim Lane Speaks on a Panel in Portugal			
New Zeal.	2300	N.Z. Government 9-Month Financial Statements			
Sweden	0730	SEB Sweden Monthly Housing Price Indicator			
<b>Tuesday 8 May</b>					
US	1100	Apr NFIB Small Business Optimism	105	-	104.7
Germany	0700	Mar Trade Balance (€bn)	20.1	-	18.5
	0700	Mar Industrial Production (MoM%)	2.5	-	-1.6
Italy	0930	Bank of Italy Report on Balance-Sheet Aggregates			
Australia	0230	Mar Retail sales (MoM%)	0.2	-	0.6
	0000	RBA's Boge Gives Speech in Sydney			
Sweden	0900	Swedish FSA Mortgage Margin Report			
	0830	Riksbank Minutes			
Portugal	-	Bank of Portugal Releases Data on Banks			
<b>Wednesday 9 May</b>					
US	1815	Fed's Bostic Speaks on Economic Outlook and Monetary Policy			
Japan	0100	Mar Labor cash earnings (YoY%)	1	1	1
	0600	Mar P Leading economic index	105.1	105.1	106
Canada	2215	Bank of Canada's Filipe Dinis Speaks on Cyber Security			
New Zeal.	2200	RBNZ OCR decision - mps			
Norway	0700	Apr CPI (MoM/YoY%)	0.3/2.3	-/-	0.3/2.2
Sweden	0830	Apr CPI (MoM/YoY%)	0.4/1.7	-/-	0.3/1.9
<b>Thursday 10 May</b>					
US	1330	Apr CPI (MoM%)	0.3/2.5	0.3/2.5	-0.1/2.4
	1330	Apr CPI ex. food and energy (MoM/YoY%)	0.2/2.2	0.2/2.2	0.2/2.1
Japan	0050	Mar C/A Balance, adjusted (Yen bn)	1640	1627.3	1024.1
	0050	BOJ Summary of Opinions			
UK	0930	Mar Trade Balance (£m)	-2000	-	-965
	0930	Mar Industrial Production (MoM/YoY%)	0.4/3.3	-/-	0.1/2.2
	1200	BoE Policy Rate	0.5	0.5	0.5
	1200	Bank of England Inflation Report			
Italy	1000	Bank of Italy Publishes Monthly Report 'Money and Banks'			
Australia	0200	May CPI expectations (YoY%)	3.7	-	3.6
New Zeal.	0100	Finance Minister Pre-Budget Speech			
Portugal	-	Bank of Portugal Releases May Economic Bulletin			
<b>Friday 11 May</b>					
US	1500	May P U. of Mich. Sentiment Index	98.4	98	98.8
Spain	0800	Apr F HICP (MoM/YoY%)	-/-	-/-	0.8/1.1
Canada	1330	Apr Net Change in Employment	-	-	32.3
	1330	Apr Unemployment Rate (%)	-	-	5.8
	1400	Bank of Canada's Wilkins Speaks at Women's Forum Canada			
Australia	0230	Mar Home loans (MoM%)	-	-	-0.2

Source: ING, Bloomberg

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## Key events in EMEA and Latam next week

Expect a data heavy week in EMEA and Latam next week, combined with a sprinkle of central bank action from Serbia and Romania



Source: Shutterstock

### ✓ NBR vs NBS a tale of two central banks

We expect the National Bank of Romania (NBR) to hike the key rate by 25bp to 2.50% on 7 May as political pressures subside. With inflation inching higher and a likely upward revision in the short-term inflation profile, after recent upside surprises, the NBR cannot afford the credibility cost of doing nothing. Firm liquidity management, though not committed, already tightened the policy stance significantly and this hike might be followed by a long data dependent pause.

In Serbia, inflation stands below the National Bank of Serbia's (NBS) target band and the RSD firming pressures prompted central bank intervention to curb them. The above expectations of 1Q18 GDP growth might play against NBS plans to ease further, through another key rate cut 25bp to 2.75% accompanied by the narrowing of the standing facilities corridor to +/-100bp, which offsets most of the easing in the context of surplus liquidity is the most likely scenario in our view.

### ✓ Hungary: softening industrial production and accelerating inflation

In Hungary, we see industrial production softening further based on recent PMI and business confidence indicators. Budget data might remain ugly at first sight, as the government continues to pre-finance EU projects from the budget. The headline inflation is expected to accelerate to 2.3%

on the back of an increase in fuel, food and clothing prices.

### Czech data mix

Next week's data releases might surprise on the downside, especially as year-on-year dynamics for March industrial production and retail sales including cars could end in negative territory. This is driven not only by the calendar bias, as March 2018 had 2 less working days compared with last year, but also very high base effects from March 2017.

April inflation will remain below the 2% target and if food prices do not surprise significantly again by falling, it might slightly accelerate in year-on-year terms compared with March. The share of unemployed people will decline, continuing to signal an overheated labour market and a lack of a suitable workforce.

### Inflation in the CIS space

In the CIS space, inflation data will be in focus in Russia and Ukraine. In the Russian case, we see headline CPI remaining at 2.4% on the a back of core CPI edging higher from 1.8% to 2% with underlying inflation being likely to have passed its trough with recovering consumption, but it is mostly an expected performance.

In the Ukrainian case, we think monthly inflation is set to decelerate slightly, especially with the government's decision to not hike natural gas prices as required by the IMF programme. Also, Russian Services PMI is worth monitoring after the manufacturing index surprised to the upside, weathering effects of the US sanctions on business confidence.

## EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 4 May</b>					
Russia	-	Apr Core CPI (YoY%)	2	1.9	1.8
	-	Apr CPI (MoM/YoY%)	0.4/2.4	0.4/2.5	0.3/2.4
Hungary	0800	Mar Retail Sales (YoY%)	7	6	6.6
Romania	0700	Mar Retail Sales (MoM/YoY%)	-/-	-/-	-2.3/6.6
South Africa	0815	Apr HSBC PMI SA	-	52	51.1
<b>Saturday 5 May</b>					
Kazakhstan	-	1Q C/A (US\$mn)	-	-	-745.1
<b>Monday 7 May</b>					
Poland	1300	Apr Official Reserves Total	-	-	119470
Czech Rep	0800	Mar Construction Output (YoY%)	-	-	9.4
	0800	Mar Industrial Output (YoY%)	-3.3	-0.5	2.7
	0800	Mar Retail Sales (YoY%)	-0.5	2	2.3
	0800	Mar Retail Sales Excl. Motor Vehicles (YoY%)	3.5	4.8	6
Romania	-	Repo rate (%)	2.5	-	2.25
Serbia	1100	Apr HPPI (MoM/YoY%)	-/-	-/-	0.4/-0.8
Croatia	1000	Mar F Retail Sales (YoY%)	-	-	1.2
Israel	-	Apr Foreign Currency Balance (US\$bn)	-	-	116
<b>Tuesday 8 May</b>					
Hungary	0800	Mar Industrial Production (MoM/YoY%)	-0.4/2.8	-/-	0.5/4.1
	1000	Apr Budget Balance (YTD)	-860	-	-871.9
	1300	Hungarian Central Bank's Minutes			
South Africa	0700	Apr Gross Reserves (US\$bn)	-	-	49.98
	0700	Apr Net Open Foreign Currency Position (US\$bn)	-	-	43.38
<b>Wednesday 9 May</b>					
Czech Rep	0800	Mar Trade Balance (CZKmn)	21	21.25	18.039
	0900	Apr International Reserves (US\$bn)	-	-	150
Hungary	0800	Apr CPI (MoM/YoY%)	0.7/2.3	-/2.3	0.1/2
Romania	0700	Mar Avg Net Wages (YoY%)	-	-	11.23
Bulgaria	0900	Mar Industrial Production (MoM/YoY%)	-/-	-/-	-1.5/-1
	0900	Mar Retail Sales (MoM/YoY%)	-/-	-/-	0/3.1
Croatia	1000	Feb Trade Balance (HRK m)	-	-	-5175.8
	1000	Apr PPI (MoM/YoY%)	-/-	-/-	0/1.3
South Africa	1030	Apr SACCI Business Confidence	-	-	97.6
Mexico	1400	Apr CPI (MoM/YoY%)	-0.2/4.7	-/-	0.3/5
<b>Thursday 10 May</b>					
Czech Rep	0800	Apr CPI (MoM/YoY%)	0.2/1.8	0.2/1.8	-0.1/1.7
	0800	Apr Unemployment Rate (%)	3.2	3.2	3.5
Ukraine	-	Apr CPI (MoM/YoY%)	0.8/13.1	-/13.2	1.1/13.2
Romania	0700	Mar Trade Balance (€m)	-	-	-882.5
Serbia	1100	Repo rate (%)	2.75	-	3
South Africa	1200	Mar Manufacturing Production (SA, MoM%)	-	-	-2.4
Brazil	1300	Apr Inflation (IPCA) (MoM/YoY%)	0.28/2.8	-/-	0.09/2.7
<b>Friday 11 May</b>					
Russia	1400	Mar Trade Balance (US\$bn)	-	12.9	12.192
Czech Rep	0800	Czech National Bank Publishes Minutes From Board Meeting			
Romania	0700	Mar Industrial Production (MoM/YoY%)	-/-	-/-	-0.7/6.7
	0700	Mar Industrial Sales (MoM/YoY%)	-/-	-/-	0.7/11.9
Kazakhstan	-	Apr International Reserves (US\$bn)	-	-	30.6
Serbia	1100	Apr CPI (MoM/YoY%)	-/-	-/-	0.1/1.4
Brazil	1300	Mar Retail Sales (YoY%)	1.5	-	1.3
Mexico	1400	Mar Industrial Production (YoY%)	-1.5	-	0.73

Source: ING, Bloomberg

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## Asia week ahead: Malaysia goes to the polls

It's an eventful week in Asia, as Malaysians decide the fate of incumbent Prime Minister Najib Razak, the Philippines gets set to tighten rates and...



### ➔ China: April data dump begins

China's activity data for April will shed light on the economy's performance coming into the second quarter of the year, while the trade war clouds the outlook. After underperforming in 2017, China's exports have performed well so far this year. The 13% year-on-year export growth in 1Q18 was the third best after Vietnam and Malaysia. The consensus of 8% growth in April indicates some tapering of the strength.

Will the US Treasury Secretary's mission to China bear fruit? There is scepticism stemming from President Trump's "walk out" threat if talks don't move in the US's desired direction. Hopefully, we should have some clarity on this before the weekend. The outcome of trade talks, rather than hard data, will set the tone for both Chinese and global markets in the coming week.

Hong Kong GDP for 1Q18 and Taiwan trade and inflation are other data releases from Northeast

Asia.

# 8%

 Consensus on China export growth in April

## ➔ Malaysia: Politics overshadows economics

Malaysia's 14th General Election will be held on Wednesday, 9 May. The incumbent Barisan Nasional coalition of Najib Razak has been losing its grip on power since the last two elections. It could be even worse this time with contests against stronger opposition under the veteran leadership of Dr. Mahathir Bin Mohamad. Our base case is that BN loses some more ground to the opposition but retains overall control. Yet we think the vote is too close to call (see "[Malaysian elections: Too close to call?](#)").

Politics will certainly put the economy on the backburner. Malaysia's central bank (BNM) will announce its monetary policy decision the day after the vote and in all likelihood, it will not alter policy. While Malaysia's growth-inflation dynamics continue to favour stable macro policy, we retain our view of monetary policy normalisation with one more 25bp rate hike in the third quarter, once the political jitters lift.

## ➔ Indonesia and Philippines: Increased policy risks

We will also get the 1Q18 GDP data from Indonesia and the Philippines. Our forecast of steady GDP growth close to the 4Q17 pace of 5.2% YoY for Indonesia and 6.9% for Philippines, is at risk from weak exports in the first quarter. While weak currencies failed to propel exports from these economies, high inflation weighed on domestic demand. The central banks in both countries have been flagging policy tightening to rein in inflation and stem currency weakness, prompting a shift in our view of the rate policy in both from no change to two 25bp rate hikes this year.

The Philippines central bank (BSP) holds a policy meeting on Thursday, 10 May. Our Philippines economist, [Joey Cuyegkeng](#), now expects the BSP monetary policy board to raise rates by 25bp to 3.25%.

# 3.25%

 ING forecast of BSP policy rate

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 4 May</b>					
India	0600	Apr Nikkei Services PMI	48.8	-	50.3
Malaysia	0500	Mar Trade balance (RM bn)	9.7	9.6	9.02
	0500	Mar Imports (YoY%)	2.2	-2.95	-2.75
	0500	Mar Exports (YoY%)	-3.2	2	-2.02
Philippines	0200	Apr CPI (YoY%)	4.6	4.5	4.3
<b>Monday 7 May</b>					
China	-	Apr Forex Reserves (US\$bn)	3128	3131	3142.82
Malaysia	0800	Apr 30 Forex reserves- Month end (US\$bn)	-	-	110
Indonesia	-	1Q GDP (QoQ/YoY%)	-0.3/5.2	-/-	-1.7/5.19
Philippines	-	Apr Forex reserves (US\$bn)	-	-	80511.2
Taiwan	0900	Apr Exports (YoY%)	17.3	-	16.7
	0900	Apr Imports (YoY%)	7.8	-	10.4
	0900	Apr Trade balance (US\$bn)	5.3	-	6
<b>Tuesday 8 May</b>					
China	-	Apr Trade Balance (US\$bn)	23	35	-4.983
	-	Apr Imports (YoY%)	17.6	-	14.4
	-	Apr Exports (YoY%)	6.5	9.8	-2.7
Taiwan	0900	Apr CPI (YoY%)	1.6	-	1.57
	0900	Apr WPI (YoY%)	1.2	-	0.46
<b>Wednesday 9 May</b>					
Philippines	0200	Mar Exports (YoY%)	2.8	-	-1.8
	0200	Mar Imports (YoY%)	16.3	-	18.6
	0200	Mar Trade balance (US\$mn)	-3422	-	-3065
Malaysia	-	14th General Election	-	-	18.6
<b>Thursday 10 May</b>					
China	0230	Apr PPI (YoY%)	3.5	3.4	3.1
	0230	Apr CPI (YoY%)	1.8	1.9	2.1
	-	Apr Money supply (M2) (YoY%)	8.3	8.5	8.2
	-	Apr Financial institution loans (Yuan bn)	1500	-	1120
	-	Apr Aggregate Financing (Yuan bn)	1781	-	1330
	-	Apr Outstanding loan growth (YoY%)	12.6	-	12.8
Hong Kong	0815	1Q GDP (YoY%)	3.4	-	3.4
Malaysia	0500	Mar Industrial production (YoY%)	4.9	-	3
	0800	Overnight Policy Rate	3.25	-	3.25
Philippines	0300	1Q GDP (QoQ/YoY%)	-/6.9	-/-	1.5/6.6
	0900	Overnight Borrowing Rate	3.25	-	3
<b>Friday 11 May</b>					
India	1300	Mar Industrial production (YoY%)	5.6	-	7.1
Singapore	0600	Mar Retail sales value (MoM/YoY%)	-0.9/1.5	-/-	-1.7/8.6

Source: ING, Bloomberg

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