

Our view on next week's key events

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✓ US: Mid-term elections in focus

Federal Reserve chair Jerome Powell has successfully brought the market on board with the notion that while the central bank will likely look to slow the pace of rate hikes from December after four consecutive 75bp moves, the terminal interest rate will likely end up being higher than what it signalled back in September. Nonetheless, this will depend on the data flow. If inflation and job numbers continue to come in on the strong side it may be that officials end up doing a fifth 75bp. Given this uncertainty, markets are currently pricing around 58bp for the December meeting and 42bp for February, with a final 25bp hike coming at some point in the second quarter.

Next week's data will be important, but not critical in determining the path forward. The key release is the consumer price index with the focus within that being the month-on-month core (ex-food and energy) number. Over the past six months, we have had one 0.7%, four 0.6% and one 0.3% print. We need to see numbers closer to 0.2% to bring the annual rate down toward the 2% target over time. The consensus right now is for 0.5% next week, which is also our prediction. There is a second bite of the cherry ahead of the December FOMC meeting on 14 December given November CPI is published on 13 December. Nonetheless, if we get a downside surprise we could see markets looking to price in a greater chance of a 50bp December hike and possibly a slightly

lower terminal rate.

Other data includes consumer credit and consumer confidence along with small business optimism. However, these will be overlooked given the mid-term elections on Tuesday. Opinion polling appears to show momentum is building for Republican party candidates with a majority in both the House and the Senate now looking like the most likely outcome. We have [written up a scenario analysis](#) of the possible outcomes, but essentially if the Republicans gain control of Congress, President Joe Biden's ability to pass legislation will be severely curtailed. Indeed, there is far less probability of any fiscal support for the economy through the recession than if the Democrats retained control of Congress given Republicans will look to block it. Consequently, if the Democrats lose then it is more likely that we will see interest rate cuts in the second half of 2023 to provide the stimulus to help the economy rebound, rather than if they win where fiscal policy would likely do more of the heavy-lifting and interest rates stay higher for longer to offset any inflation impulse.

Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 7 November					
US	2000 Sep	Consumer Credit	32.5	33.15	32.24
Germany	0700 Sep	Industrial Output (MoM%/YoY%)	-/-	-0.8/-	-0.8/2.52
Switzerland	0645 Oct	Unemployment Rate Adjusted	-		2.1
Tuesday 8 November					
US	1100 Oct	NFIB small business optimism	91.5	92.1	92.1
France	0745 Oct	Reserve Assets Total	-		243535
	0745 Sep	Trade Balance	-		-15.3
Netherlands	0530 Oct	CPI (YoY% NSA)	-		14.5
	0530 Oct	CPI (MoM%, NSA)	-		2.4
Eurozone	1000 Sep	Retail Sales (MoM%/YoY%)	-/-		-0.3/-2
Thursday 10 November					
US	1230	Initial Jobless Claims (000s)	225	-	217
	1230	Continue Jobless Claims (000s)	1500	-	1485
	1330 Oct	Core CPI (MoM%/YoY%)	0.5/6.6	0.5/6.6	0.6/6.6
	1330 Oct	CPI (MoM%/YoY%)	0.6/7.9	0.7/8.0	0.4/8.2
Italy	0900 Sep	Industrial Output (MoM%/YoY%)	-1.7/-		2.3/2.9
Norway	0700 Oct	CPI (MoM%/YoY%)	-/-		1.4/6.9
	0700 Oct	Core Inflation (MoM%/YoY%)	-/-		1/5.3
Netherlands	0530 Sep	Manufacturing Output (MoM%)	-		-1.2
Greece	0900 Oct	CPI (YoY%)	-		12
	1000 Sep	Industrial Output (YoY%)	-		3.9
Friday 11 November					
US	1500 Nov	University of Michigan Sentiment Prelim	59	59.6	59.9
	1500 Nov	University of Michigan Conditions Prelim	64.7		65.6
	1500 Nov	University of Michigan Expectations Prelim	55.5		56.2
Germany	0700 Oct	CPI Final (MoM%/YoY%)	-/-		0.9/10.4
UK	0700 Sep	GDP Estimate (MoM%)	-0.3		-0.3
	0700 Q3	GDP Prelim (QoQ%)	-0.5		0.2

Source: Refinitiv, ING

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Asia week ahead: China's trade data and GDP reports from Indonesia and the Philippines

In the coming week, we'll get trade data from China and Taiwan which should indicate that global trade is slowing



China and Taiwan reports could highlight slowing global trade

China and Taiwan will release trade data next week. We expect both to report slower export growth with Taiwan possibly even posting a contraction. Import growth should however slow even faster than exports resulting in larger trade surpluses, which would help GDP growth.

Third-quarter GDP from Indonesia and Philippines

Indonesia and the Philippines report third-quarter GDP figures next week. Indonesia is expected to post a 5.5% year-on-year expansion, helped by strong exports and robust manufacturing activity.

In the Philippines, third-quarter GDP will likely settle at 5.2%YoY, a slowdown from the previous quarter after the boost from the May presidential election fades. Surging inflation likely capped

household spending although the recent pickup in bank lending could offset the consumption slowdown.

India's industrial production

India's September industrial production figure should show some improvement from the -0.8%YoY pace registered in August, as manufacturing PMI indices point to a modest improvement in output from the previous month, which should translate into about a 2%YoY increase.

China's loan data

China will release loan data sometime next week. After the unexpectedly strong growth posted in September, overall lending could show a smaller monthly increase. This should still be strong compared to the previous years' fourth-quarter loan growth as the Chinese government urges banks to support the economy.

Other important releases: Korea's employment figures and price data from China and Taiwan

Korea will release the latest job numbers with expectations for the jobless rate to rise with health/social work jobs declining, coupled with potential job cuts stemming from sluggish manufacturing activity.

Meanwhile, inflation in both China and Taiwan is expected to slow. The PPI inflation report from China could be a market mover as it could post a contraction, reflecting the weakness of the economy.

Asia Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 7 November				
Japan	2330	Sep All Household Spending (MoM%/YoY%)	-	-1.7/5.1
China		- Oct FX Reserves (USD tr)	2.97	3.03
	0300	Oct Imports/Exports (YoY%)	-1.29/5.4	0.3/5.7
	0300	Oct Trade Balance (USD bn)	107.7	84.74
Indonesia		- Q3 GDP (QoQ%/YoY%)	1.6/5.5	3.7/5.4
	0400	Oct Forex Reserves	129.2	130.8
		- Q3 Balance of Payments	-	2.4
		- Q3 Current Account/GDP	1.0	1.1
Philippines		- Oct Forex Reserves (USD bn)	91	93
Singapore	0900	Oct Foreign Reserves (USD bn)	-	286.1
South Korea	2300	Sep Current Account Balance NSA	-	-3.05
Tuesday 8 November				
Indonesia	0300	Oct Consumer Confidence Index	117	117.2
Taiwan	0800	Oct CPI (YoY% NSA)	2.35	2.75
	0800	Oct Imports/Exports (YoY%)	-16.5/-13.4	-2.4/-5.3
	0800	Oct Trade Balance (USD bn)	6.22	5.02
South Korea	2300	Oct Unemployment Rate	-	2.8
Wednesday 9 November				
Japan	2350	Oct M2 Money Supply (YoY%)	-	12092453
China	0130	Oct CPI/PPI (YoY%)	2.8/-1.7	2.8/0.9
Indonesia	1000	Sep Retail Sales Index (YoY)	-	4.9
Thursday 10 November				
China		- Oct M2 Money Supply (YoY)	12.2	12.1
		- Aggregate Finance (CNY bn)	2298	3527
		- New yuan loan (CNY bn)	1612	2474
Philippines	0200	Q3 GDP (QoQ%/YoY%)	-/5.2	-0.1/7.4
Friday 11 November				
India	1200	Oct CPI Inflation (YoY%)	-	7.41
	1200	Sep Industrial Output (YoY%)	-	-0.8

Source: Refinitiv, ING

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Key events in EMEA next week

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Source: Shutterstock

✓ Czech Republic: Inflation accelerates due to fuel prices, while energy remains uncertain

We expect inflation to accelerate again in October from 0.8% to 1.3% month-on-month, which translates into an acceleration in the annual rate from 18.0% to 18.2% year-on-year. The main reason for this is the significant increase in fuel prices in October (5.0% MoM) and food prices. On the other hand, we see a seasonal downward movement in clothing prices. The main issue as always in recent months is energy prices. These were largely behind September's surprise, but the main question in October may be the impact of the saving tariff as a government measure that should affect household prices throughout the fourth quarter. As in previous months, the statistical office's approach is unclear and therefore inflation could surprise either way.

✓ Poland: Baseline scenario is a 25bp hike to 7.00%

The November Monetary Policy Council (MPC) decision will be a close call between 25bp and no change in the National Bank of Poland (NBP) policy rate. On the one hand, headline inflation continues to trend upward and is increasingly broad-based, as indicated by rising core inflation. The peak is still ahead and bringing inflation back to the NBP target in the foreseeable future will

require additional policy tightening. On the other hand, the Polish zloty firmed recently and the majority of the Council is increasingly eager to refrain from further rate hikes as it claims that monetary policy has almost reached its limits in containing demand factors. Our baseline scenario is a 25bp rate hike, but we do not rule out a scenario where rates remain unchanged. The Council will receive new macroeconomic projections and some policymakers indicated that the mid-term outlook for CPI inflation may trigger additional fine-tuning with respect to interest rates.

Romania: End of the tightening cycle is close

The Romanian National Bank (NBR) will announce its latest policy rate decision on Tuesday. We expect a reduction of the tightening pace to 50bp, taking the key rate to 6.75%. An open-end press release leaving the door open for another hike in January is to be expected. The NBR will also approve its latest inflation report and we should see another upwardly revised inflation forecast. The year-end estimate could flirt with the 17.0% area, though our own estimate currently sits closer to the 16.0% handle. Nevertheless, upside surprises in inflation prints versus estimates are still persistent, and forecasts should be taken – as usual lately – with a lot more than a pinch of salt. Perhaps more important than the rate hike itself will be any hint of an alteration in the tight liquidity management stance. We see little to no chance of this being changed for now. [Read our full preview here.](#)

Hungary: Slowdown, adjustment and rationalisation

Next week will be extremely busy in Hungary. We start the week with September economic activity data with an expectation of a general weakening in businesses. Retail sector growth will be limited by rising inflation thus decreasing real wage growth. Industrial production is a bit of a black box now with the wildly volatile manufacturing PMI, but we think we will see a slowdown here as well as adjustment and rationalisation continue as manufacturers face rising energy bills.

The October inflation readings might draw a lot of interest, too. Our calls are higher readings in headline and core inflation. The common drivers here will be rising processed food and services prices with some extra pressure coming from durables as well as the forint hitting its weakest level versus all the majors during October. We might see a bit better trade balance data as energy prices have been moving lower in general, supporting the reduction of the monthly deficit via the energy-related goods balance. Speaking of balances, we are about to see the October budget balance as well. Here we are expecting a significant surplus, thanks to the revenue side as a huge chunk of windfall tax payments were first due in October.

Key events in EMEA next week

Country	Time	Data/event	ING Survey	Prev.
Monday 7 November				
Czech Rep	0800	Sep Industrial Output (YoY%)	-	7.2
	0800	Sep Trade Balance	-	-28.2
Tuesday 8 November				
Czech Rep	0800	Oct Unemployment Rate	-	3.5
	0800	Sep Retail Sales (YoY%)	-	-7.6
Hungary	0800	Sep Industrial Output (YoY%)	9.3	14.4
	0800	Sep Retail Sales (YoY%)	1.5	2.4
Romania	1300	Policy Rate	6.75	6.25
Wednesday 9 November				
Russia	1500	Oct CPI (MoM%/YoY%)	0.3/12.8	0.1/13.7
Poland	-	Nov NBP Base Rate	7	6.75
Hungary	0800	Oct Core CPI (YoY%)	21.7	20.7
	0800	Oct CPI (MoM%/YoY%)	1.9/21.0	4.1/20.1
	0800	Sep P Trade Balance (m EUR)	-975	-1580
	1000	Oct Budget Balance	500	181
Brazil	1200	Sep Retail sales (MoM%/YoY%)	-/-	-0.1/1.6
Mexico	1200	Oct Headline Inflation	-	0.62
	1200	Oct Core inflation	-	0.67
Thursday 10 November				
Turkey	0800	Sep Unemployment Rate	-/-	9.8
Czech Rep	0800	Oct CPI (MoM%/YoY%)	1.3/18.2	0.8/18
Ukraine	-	Oct CPI (MoM%/YoY%)	-/-	1.9/24.6
Kazakhstan	-	Oct Industrial Production (YoY%)	-	2.1
Serbia	1100	Nov Benchmark Interest rate	-	4
Brazil	-	Oct IPCA Inflation Index (MoM%/YoY%)	-/-	-0.29/7.17
Mexico	1900	Nov Interest Rate	-	9.25
Friday 11 November				
Turkey	0700	Sep Current Account Balance	-3.4	-3.1
	800	Sep Industrial Production (MoM/YoY%)	-0.3/2.9	-6.2/2.4
Romania	0700	Oct CPI (YoY%)	15.2	17.0
Mexico	1200	Sep Industrial Output (MoM%/YoY%)	-	0/3.9

Source: Refinitiv, ING

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