

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 Peter Virovacz

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Source: Shutterstock

✓ US: all eyes on Washington

There are signs of movement on a potential fiscal support package in the US that could be critical in tiding over the economy as a renewed wave of Covid-19 cases prompts life-saving, but economically damaging, containment measures. House majority leader Nancy Pelosi has dropped her demands for a \$2 trillion+ fiscal programme and is now backing the \$908 package proposed by a bi-partisan group of lawmakers. There also appear to be signs of movement from Republican Senators, but there is still a lot of work to be done before it gets signed-off.

While a vaccine is on the horizon, restrictions will remain in place until there is a critical mass of the population inoculated and this could take several months. Consequently if we don't see more fiscal support we could see businesses fail and unemployment start to rise. At a minimum, we are likely to see an extension to unemployment benefit payments that were scheduled to end this month. Remember too that we have recess coming up and an 11 December deadline on a funding bill that could in fact lead to a partial government shutdown. Consequently, developments in Washington will be the main focus for the week ahead.

In terms of upcoming data we have inflation and consumer credit. Credit growth is likely to have picked up marginally based on high frequency spending data while inflation pressures clearly remain contained. Looking towards the 16 December Federal Reserve's monetary policy

announcement, policymakers seem reluctant to do anything more, but if fiscal support is not forthcoming and markets start to get anxious, the Fed could still step in with additional quantitative easing and/or liquidity injections.

Brexit talks to finally reach a conclusion?

It goes without saying that time is running out on Brexit talks. While on the continent, the EU Parliament could meet as late as 28 December to ratify a deal, they do need some time to actually read it before then. That puts an enormous amount of pressure on negotiations at the start of next week (assuming that, as reports indicate, a deal is not agreed over the weekend).

Ultimately a deal is still probably likely, and for all the talk of fishing, this is likely solvable. It was always likely to be the last issue to be unlocked, and instead both sides reportedly need to firm up the details on how the agreement will be governed.

If any more pressure were needed, the UK government has indicated it will bring back the Internal Markets Bill to the House of Commons on Monday, with controversial clauses reinserted. There is also a Taxation Bill due on Tuesday, which reportedly could include further clauses that seek to override parts of the Withdrawal Agreement. The EU will want these clauses removed as the price of a deal, but should either bill go to a vote and pass through both the House of Commons and Lords (in a process known as 'ping pong'), then that would presumably mark the end of talks.

Developed Markets Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 7 December				
US	2000 Oct Consumer Credit	18.0	17.0	16.21
Japan	2330 Oct All Household Spending (MoM/YoY%)	-		3.8/-10.2
	2350 Oct Current Account NSA	-		1660.2
	2350 Q3 GDP Revised (QoQ% ann)	-		21.4
	2350 Q3 GDP Revised (QoQ%)	-		5.0
Germany	0700 Oct Industrial Output (MoM/YoY%)	1.0/-6.5	-	1.6/-7.19
France	0745 Nov Reserve Assets Total	-		196617
New Zealand	0200 Nov Reserve Assets Total	-		20097
Tuesday 8 December				
Japan	2350 Nov M2 Money Supply (YoY%)	-		11281080
France	0745 Oct Trade Balance	-		-5.75
	0745 Oct Imports	-		43.31
	0745 Oct Exports	-		37.56
Switzerland	0645 Nov Unemployment Rate Adjusted	-		3.3
Netherlands	0530 Nov CPI (YoY% NSA)	-		1.2
Eurozone	1000 Q3 Employment Final (QoQ/YoY%)	0.9/-2.0		0.9/-2.0
	1000 Q3 GDP Revised (QoQ/YoY%)	12.6/-4.4	-	12.6/-4.4
Sweden	1300 Riksbank Governor Ingves gives speech			
Wednesday 9 December				
Germany	0700 Oct Exports	1.0		2.3
	0700 Oct Imports	0.5		-0.1
	0700 Oct Trade Balance	19		17.8
Canada	1500 BoC Rate Decision	-		0.25
Norway	0700 Oct GDP Month Mainland	-		0.6
Thursday 10 December				
US	1330 Nov Core CPI (MoM/YoY%)	0.1/1.1	0.1/1.1	0.0/1.6
	1330 Nov CPI (MoM/YoY%)	0.1/1.5	0.2/1.5	0.0/1.2
France	0745 Oct Industrial Output (MoM%)	-		1.4
UK	0700 Oct GDP Estimate (MoM%)	-0.6	-	1.1
Norway	0700 Nov CPI (YoY%)	-		1.7
	0700 Nov Core Inflation (MoM/YoY%)	-/-	-	0.1/3.4
Sweden	0830 Nov CPI (MoM/YoY%)	-/-	-	-0.1/0.3
	0830 Nov CPI (MoM/YoY%)	-/-	-	0/0.3
Netherlands	0530 Oct Manufacturing Output (MoM%)	-		-1.0
Greece	1000 Oct Industrial Output (YoY%)	-		-2.4
	1000 Nov CPI (YoY%)	-		-1.8
	1000 Sep Unemployment rate	-		16.8
Eurozone	1245 Dec ECB Refinancing rate	0.00		0.00
	1245 Dec ECB Deposit rate	-0.5		-0.5
Friday 11 December				
Germany	0700 Nov CPI Final (MoM/YoY%)	-0.8/-0.3	-	-0.8/-0.3
Italy	0900 Oct Industrial Output (MoM/YoY%)	-/-	-	-5.6/-5.1
Spain	0800 Nov CPI (MoM/YoY%)	-/-	-	0.2/-0.8

Source: ING, Refinitiv

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Asia week ahead: China and Japan data dominate

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Source: Shutterstock

➔ China data dump

Released earlier this week, China's Purchasing Manager Indices for November painted a rosy picture of the economy, driven by a broad-based recovery in both the manufacturing and services sectors. We will know next week whether the hard data validates this view.

The key Chinese data on the calendar are trade on Monday, followed by inflation at mid-week and monetary indicators towards the end of the week. The strong recovery in Chinese exports experienced over recent months is at risk of tapering as resurgent Covid-19 infections force some

of its main trading partners into lockdown again. But domestic demand continues to recover, supporting expectations of firmer imports and new bank lending growth. All this without stoking any inflation.

➔ Japan data dump

The Japanese releases include a revised third quarter GDP estimate. The second GDP estimate typically doesn't differ much from the first (+5.0% QoQ in 3Q) so the markets will likely pay more attention to indicators on growth in the current quarter. There are plenty of these due next week, including October labour earnings, household spending, machinery orders and the current account.

However, the downside growth risk has probably intensified with accelerating Covid-19 caseloads, both locally and globally.

➔ And the rest

Taiwan's November trade figures may provide more insight into the electronics cycle. Released earlier this month, the more than 16% year-on-year surge in Korea's semiconductor exports in November bodes well here. Electronics are also a dominant part of the Philippines' exports and October figures will be out next week. Philippine exports have been the weakest in Asia this year with about a -14% YoY fall in the first nine months of the year, a trend which is likely to continue for the rest of the year. Our house forecast for October is -8%.

India and Malaysia's industrial production releases for October come as early indicators of GDP growth of these economies in the final quarter of 2020. We see IP growth swinging back into negative territory in both, following on from renewed export weakness there.

Asia Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 7 December				
China		- Nov Exports	-	11.4
		- Nov Imports	-	4.7
		- Nov Trade Balance	-	58.44
Taiwan	0800	Nov Imports	-	-1.0
	0800	Nov Exports	-	11.2
	0800	Nov Trade Balance	-	7.46
Indonesia	1100	Nov Forex Reserves	134.5	133.7
Philippines		- Nov Forex Reserves	104.3	103.8
Tuesday 8 December				
Taiwan	0800	Nov CPI (MoM/YoY%)	-/-	- -0.08/-0.24
Wednesday 9 December				
China	0130	Nov CPI (YoY%)	-	0.5
	0130	Nov CPI (MoM%)	-	-0.3
Indonesia		- Oct Retail Sales Index (YoY)	-	-8.7
Thursday 10 December				
China		- Nov M2 Money Supply (YoY)	-	10.5
Philippines	0100	Oct Exports (YoY%)	-8	2.2
	0100	Oct Imports (YoY%)	-17.8	-16.5
	0100	Oct Trade Balance	-2073	-1708
Friday 11 December				
India	1200	Oct Industrial Output (YoY%)	-3.1	0.2
Malaysia	0400	Oct Industrial Output (YoY%)	-0.5	1.0

Source: ING, Refinitiv, *GMT

Key events in EMEA and Latam next week

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Source: Shutterstock

✓ Hungary: Inflation lower than expected and budget deficit to deteriorate

Although next week's calendar for Hungary looks quite thin, we still have two interesting data releases. First of all, the November CPI which will come in at 0% on a monthly basis mainly due to fuel price developments, in our view. This also means that core inflation is expected to remain unchanged at 3.8% year-on-year. With these readings, the inflation trajectory remains lower than expected by the central bank, probably triggering a downward revision to the December Inflation Report. As the new containment measures were introduced in November, we expect a further significant deterioration in the budget deficit.

✓ Czech Republic: Retail sales, industry data and inflation all to decline

October retail sales will be partially hit by the second Covid lockdown and a closure of retail shops starting on 22 October. As such, a single-digit decline is again expected in YoY terms after very mild growth in September. Also, some small YoY contraction should occur in Czech industry in October, though car production slightly increased in YoY terms for the first time since February, according to

the preliminary figure. Inflation is likely to further decelerate amid a higher base (2.7% YoY), which is broadly expected, but will stay firmly in the Czech National Bank's upper tolerance band.

EMEALatam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 7 December					
Czech Rep	0800	Oct Retail Sales exc. Auto (YoY%)	-3.6		0.4
Tuesday 8 December					
Czech Rep	0800	Oct Industrial Output (YoY%)	-1.9		-1.5
	0800	Oct Trade Balance	-		34.4
Hungary	0800	Nov Core CPI (YoY%)	3.8		3.8
	0800	Nov CPI (YoY%)	2.9		3.0
South Africa	0930	Q3 GDP (QoQ/YoY%)	-/-	-	-51/-17.1
Brazil	1200	Nov IPCA Inflation Index (MoM/YoY%)	0.7/4.1	-	0.86/3.92
Wednesday 9 December					
Ukraine	1430	Nov CPI (MoM/YoY%)	0.9/3.4	-	1/2.6
South Africa	0800	Nov CPI (MoM/YoY%)	-/-	-	0.3/3.3
	0800	Nov Core inflation (MoM/YoY%)	-/-	-	0.2/3.4
	1100	Oct Retail Sales (YoY%)	-		-2.7
Brazil	0800	Selic Interest Rate	2.0		2.0
Mexico	1200	Nov Headline Inflation	0.83		0.61
Hungary	1000	Nov Budget Balance YTD	-3200		-2604
Thursday 10 December					
Czech Rep	0800	Nov CPI (MoM/YoY%)	0.1/2.7	-	0.2/2.9
Ukraine	1200	Central bank interest rate	6.0		6.0
Serbia	1100	Benchmark Interest rate	1.0		1.25
South Africa	0900	Q3 Current Account	-		-103.6
Brazil	1200	Oct Retail sales (YoY%)	7.0	-	7.3
Friday 11 December					
Russia	1400	Oct Foreign Trade	-	8.2	10.052
		- Q3 GDP (YoY% quarterly revised)	-	-3.6	-3.6
Turkey	0700	Oct Current Account Balance	-0.1		-2.364
Romania	0700	Nov CPI (YoY%)	2.2		2.2
Serbia	1100	Nov CPI (MoM/YoY%)	-0.1/1.6	-	0.1/1.8
Mexico	1200	Oct Industrial Output (YoY%)	-2.5		-6.2

Source: ING, Refinitiv

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