

Our view on next week's key events

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Key events in developed markets next week

Rising US inflation will add yet more pressure on Federal Reserve officials to accelerate the pace of tapering next year, and bring interest rate rises forward. Meanwhile, Brexit is back in the news amid an imminent risk of escalation in tensions between the UK and EU



Source: Shutterstock

United States: Inflation is only heading in one direction...

The Federal Reserve has announced that they will be slowing the pace of QE asset purchases this month with the programme set to be concluded before the end of 2Q 2022.

Officials have been at pains to state that this does not mean they will then swiftly be moving to interest rate increases, but we strongly suspect that the data flow will force the Fed's hand. The economy is rebounding strongly following the 3Q Covid related slowdown and inflationary pressures are now mounting. This week's CPI data is likely to show a re-acceleration in annual inflation to 5.8% for the headline rate (the highest since December 1990) and to 4.4% for core (ex-food and energy).

Surging housing costs, labour costs, energy costs and second-hand car prices are likely to mean headline inflation then pushes above 6% in December, with core inflation moving above 5%. The Federal Reserve assumes that inflation will fall sharply in 2Q and 3Q next year, but we are wary that labour market shortages, production bottlenecks and supply chain issues could last well into next year and in a strong growth environment, inflation could stay higher for longer. We wouldn't

be surprised to see QE tapering concluded more quickly and we continue to look for two interest rate increases in the second half of 2022.

Other data includes consumer confidence, which should improve given the waning Covid numbers and strengthening incomes, although rising gasoline prices and a general concern over the rising cost of living could limit the improvement.

Brexit is back...

There's a new drama for UK markets to contend with, now the excitement of the Bank of England's November meeting is behind us. Brexit is creeping back into the headlines, and while there's been an undercurrent of political noise all the way through 2021, there's a growing risk that tensions will translate into concrete actions. The UK government appears poised to trigger the Article 16 clause in the Northern Ireland protocol, agreed back in 2019, which would allow the UK government to suspend parts of that deal. How the EU reacts to such a move would depend on exactly how much of the NI agreement the government decides to suspend.

But it would nevertheless be viewed negatively in Brussels, and ultimately the risk is that the EU decides to suspend some or all of the wider post-Brexit trade deal. While there would presumably be further talks to avoid such an outcome, it does add an extra layer of uncertainty to the outlook, at a time where the recovery is already slowing.

Meanwhile, we'll get UK third-quarter GDP. We already have July and August figures, so we know the overall quarterly growth is likely to be in the ballpark of 1.5%. September's monthly GDP figures will be boosted by the return of schools. The monthly growth rates through the fourth quarter are likely to be more modest.

Key events in the developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 8 November					
France	0745	Oct Reserve Assets Total	-		213268
Norway	0700	Sep Manufacturing Output (MoM%)	-		0
Switzerland	0645	Oct Unemployment Rate Adjusted	-		2.8
Tuesday 9 November					
US	1330	Oct PPM (MoM%/YoY%)	0.7/8.7	0.6/8.6	0.5/8.6
	1330	Oct core PPI (MoM%/YoY%)	0.5/6.8	0.5/-	0.2/6.8
Germany	0700	Sep Exports	0.8		-1.2
	0700	Sep Imports	-0.9		3.5
	0700	Sep Trade Balance	18		13
	1000	Nov ZEW index	20		22.3
France	0745	Sep Trade Balance	-		-6.7
UK	0001	Oct BRC Retail Sales (YoY%)	-		-0.6
Wednesday 10 November					
US	1330	Oct Core CPI (MoM%/YoY%)	0.4/4.4	0.4/4.3	0.2/4
	1330	Oct CPI (MoM%/YoY%)	0.5/5.8	0.5/5.8	0.4/5.4
	1230	Initial Jobless Claims (000s)	260		269
	1230	Cont Jobless Claims (000s)	2050		2105
Germany	0700	Oct CPI Final (MoM%/YoY%)	0.5/4.5		0.5/4.5
Italy	0900	Sep Industrial Output (MoM%/YoY%)	-/-		-0.2/0
Norway	0700	Oct Core Inflation (MoM%/YoY%)	-/-		0.4/1.2
Netherlands	0530	Sep Manufacturing Output (MoM%)	-		-1.9
Greece	0900	Oct CPI (YoY%)	-		2.2
	1000	Sep Industrial Output (YoY%)	-		10.1
Thursday 11 November					
US	-	National holiday	-	-	-
UK	0700	Sep GDP Estimate (MoM%)	0.5		0.4
	0700	Q3 GDP Prelim (QoQ%/YoY%)	1.5/6.9		5.5/23.6
Sweden	0500	Oct Reg Unemployment Rate	-		7.5
Portugal	1100	Oct CPI (MoM%/YoY%)	-/-		0.5/1.8
Friday 12 November					
US	1500	Nov University of Michigan Sentiment Prelim	75	72	71.7
	1500	Nov University of Michigan Conditions Prelim	80		77.7
	1500	Nov University of Michigan Expectations Prelim	71.5		67.9
Spain	0800	Oct CPI (MoM%/YoY%)	-/-		2/5.5
Norway	0700	Q3 GDP Growth Mainland	2.3		1.4
	0700	Sep GDP Month Mainland	0.2		1.1
Eurozone	1000	Sep Industrial Production (MoM%/YoY%)	-		-1.6/5.1

Source: Refinitiv, ING

Author

James Knightley

Chief International Economist, US

james.knightley@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Key events in emerging markets next week

Rising inflation across the Central and Eastern European (CEE) region is adding further pressure on central banks to take decisive action



Source: Shutterstock

Romania set for decisive rate hike

Romanian headline inflation looks set to have reached 8% in October, which should prompt a more decisive National Bank of Romania (NBR) reaction. We expect a 50 basis point rate hike at the 9 November policy meeting, though we wouldn't be surprised to see more. The terminal rate should reach 3.00% by mid-2022, with risks still to the upside.

Higher inflation adds pressure for further rate rises in Hungary

We expect Hungarian headline inflation to have reached a nine-year peak of 6% year-on-year in October. The main factors behind this move won't be that shocking, as it's mainly fuel, energy and seasonal food prices that are driving inflation higher. Once these are stripped out, core inflation will remain roughly unchanged at 4.1% YoY. This will put further pressure on the National Bank of Hungary to move away from the previously set 15bp step sizes at its November rate-setting meeting.

While the central bank is trying to stabilise inflation over the monetary policy horizon, the policy divergence will be clearly evidenced by next week's incoming budget deficit data. We expect

spending to follow through as the government continues to pre-finance EU projects. This active fiscal policy means that, despite the better-than-expected nominal growth, the government will meet the original deficit target through extra spending, rather than allowing the automatic stabilisers to improve the fiscal metrics.

Key events in emerging markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 8 November					
Czech Rep	0800 Sep	Industrial Output (YoY%)	-		-1.4
	0800 Sep	Trade Balance	-		-28.1
	0900 Oct	Unemployment Rate	-		3.5
Tuesday 9 November					
Hungary	0800 Oct	Core CPI (YoY%)	4.1		4.0
	0800 Oct	CPI (MoM%/YoY%)	0.6/6.0		0.2/5.5
	1000 Oct	Budget Balance	-358		-392
Ukraine	-	Oct CPI (MoM%/YoY%)	-/-		1.2/11
Romania	1300 Mon	Policy Rate	2.00	1.75	1.50
Serbia	1100 Nov	Benchmark Interest rate	1.00		1.00
Mexico	1200 Oct	Headline Inflation	-		0.62
	1200 Oct	Core inflation	-		0.46
Wednesday 10 November					
Turkey	0800 Sep	Unemployment Rate (%)	-		12.0
Czech Rep	0800 Oct	CPI (MoM%/YoY%)	-/-		0.2/4.9
Romania	0700 Oct	CPI (YoY%)	7.95		6.29
Brazil	1200 Oct	IPCA Inflation Index (MoM%/YoY%)	-/-		1.16/10.25
Thursday 11 November					
Russia	-	Oct Budget Fulfilment	-		0.7
Turkey	0700 Sep	Current Account Balance	1.8		0.53
Kazakhstan	-	Oct Industrial Production (YoY%)	-		2.7
Brazil	1200 Sep	Retail sales (MoM%/YoY%)	-/-		-3.1/-4.1
Mexico	1200 Sep	Industrial Output (MoM%/YoY%)	-		0.4/5.2
	1900 Nov	Interest Rate	-		4.75
Friday 12 November					
Russia	1300 Sep	Foreign Trade	-		17.11
Turkey	700 Sep	Industrial Production (MoM%/YoY%)	-0.9/10.8		17.11
Poland	0900 Q3	GDP (QoQ%/YoY%) Flash	-		1.6/11.2
Kazakhstan	-	Q3 GDP (YoY%)	-		2.3
	-	Oct Industrial Production (MoM%)	-		2.3
Serbia	1100 Oct	CPI (MoM%/YoY%)	0.5/6.1		0.8/5.7

Source: Refinitiv, ING

Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Key events in the Asia Pacific region next week

Activity data in China and employment figures in Australia are the key things to watch in the Asia/Pacific region next week



Key events in Asia/Pacific region next week

Country	Time	Data/event	ING	Survey	Prev.
Sunday 7 November					
China		- Oct FX Reserves (\$bn)	3200		3.201
		- Oct Exports (\$, %YoY)	27.3		28.1
		- Oct Imports (\$, %YoY)	28.5		17.6
		- Oct Trade Balance (\$ bn)	70.5		66.76
Monday 8 November					
Indonesia		- Q3 Balance of Payments	-		-0.4
		- Q3 Current Account/GDP	-		-0.8
		- Oct Forex Reserves	-		146.9
Philippines		- Oct Forex Reserves USD	-		107.16
Singapore	0900	Oct Foreign Reserves USD	-		416.8
Taiwan	0800	Oct Imports (YoY%)	38.2		40.4
	0800	Oct Exports (YoY%)	27.7		29.2
	0800	Oct Trade Balance (\$bn)	6.95		6.45
Tuesday 9 November					
Japan	2350	Oct M2 Money Supply (YoY%)	4.1		4.2
Philippines	0200	Q3 GDP (QoQ%/YoY%)	0.5/3.8		-1.3/11.8
South Korea	2300	Oct Unemployment Rate	3.2		3
Wednesday 10 November					
China	0130	Oct CPI (YoY%)	1.5		0.7
		- Oct PPI (YoY%)	17		10.7
Thursday 11 November					
Australia	0030	Oct Unemployment Rate	4.3		4.6
	0030	Oct Employment Change	125		-138
Friday 12 November					
India	1200	Oct CPI Inflation (YoY%)	5.00		4.35
	1200	Sep Industrial Output (YoY%)	6.5		11.9

Source: Refinitiv, ING

Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

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