

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...



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

Authors

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

Authors

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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