

Our view on next week's key events

Discover what ING analysts are looking for next week in our global economic calendars

In this bundle



Key Events

Key events in developed markets next week

The key focus of developed markets will be the ECB meeting next week where we expect rates to remain unchanged, and the same goes for the Bank of Canada....

By Bert Colijn, James Knightley and James Smith



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Key events in EMEA next week

A rather quiet week ahead in the EMEA region but keep an eye on Hungary's CPI, as well as Czech Republic real wages, CPI and industry data

By Peter Virovacz



Asia week ahead

Asia week ahead: Export recovery in full swing

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✓ Eurozone: ECB meeting in focus, and upbeat industry data expected

Besides the ECB meeting, which is clearly the main event for the eurozone next week, industrial production is out on Friday.

However, it is pretty important given that industry has been key in limiting 4Q GDP losses. With extended lockdowns in the first-quarter and bleak retail sales figures for January, it is equally important this quarter.

Surveys have painted a pretty strong picture for the start of the year in manufacturing with improving order books and increasing optimism among businesses. Friday's data will show whether that is reflected in January output.

✓ US: Inflation to edge higher, but don't expect FED changes yet

Once again the focus will be on inflation ahead of the Federal Reserve's FOMC meeting on 17

March. The Fed remains relaxed about the situation, arguing that there is significant spare capacity in the economy that will continue to dampen price pressures while there continue to be uncertainties over the resilience of the recovery. As such they still feel it could be “some time” before they start slowing the rate of QE asset purchases – currently \$120bn per month – and that the first interest rate hike is unlikely to come before 2024, based on their forecasts.

However, with President Biden having announced that the US will have enough vaccines for all American adults by the end of May, paving the way for a second-quarter re-opening, and the US macro data having started on a strong footing, we think the growth prospects are very good and this could see more price pressures emerge.

This week headline inflation is likely to move a little higher primarily due to rising gasoline prices with the annual rate of headline inflation set to head to 1.6% from 1.4% while core (ex-food and energy) stays at 1.4%. Annual rates will start to rise quickly though in March-July as price pressures in a depressed, locked down economy 12 months ago are compared with price levels in a vibrant re-opening economy in 2021. We expect to see headline inflation move above 3.5% in 2Q which could lead to a change in language from the Fed at the June FOMC meeting surrounding the prospects for a tapering of asset purchases. We also think inflation could be stickier due to improved corporate pricing power in a supply-constrained economy.

Other newsflow includes the University of Michigan sentiment index, which could get a lift on the prospects of the fiscal stimulus and positive news on the vaccine and a diminished drag from the February winter storms that hit parts of the US very hard.

Meanwhile, the Bank of Canada will leave monetary policy unchanged with recent lockdowns constraining activity and a slower vaccine distribution performance limiting the chances of a swift economic re-opening.

UK GDP set to plunge on lockdowns and Brexit

It won't come as much surprise that January's growth figures are set to plunge, reflecting the return to full national lockdown.

We expect a 5% fall in GDP, driven predominantly by the closure of several consumer service sectors. But there will also be a hit from manufacturing as the change in EU trade terms kicked in. The jury is very much out on how big the impact could be. Car production fell 30% in year-on-year terms, albeit perhaps not as much as you might think given the widespread reports of fewer lorries and ships crossing the Channel. Some of the hit was cushioned by firms stockpiling in Q4, opting to take a 'wait and see' approach through January. We have been pencilling in as much as a 3-4% fall in manufacturing production in January, though in reality the damage could prove smaller.

Nevertheless, the change in trade terms is clearly causing considerable issues for firms and could get more challenging in the near-term as the UK prepares to phase in customs checks between April and July. We think this higher cost burden will hold back investment and hiring in the recovery phase.

Developed Markets Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|---------------------------|------|---------------------------------------|-----------|---------|-----------|
| Sunday 7 March | | | | | |
| Japan | 2350 | Jan Current Account NSA | - | | 1165.6 |
| Monday 8 March | | | | | |
| Japan | 2350 | Q4 GDP Revised (QoQ% ann) | - | | 12.7 |
| Norway | 0700 | Jan Manufacturing Output (MoM%) | - | | -0.2 |
| Tuesday 9 March | | | | | |
| Germany | 0700 | Jan Exports | -2.0 | | 0.1 |
| | 0700 | Jan Imports | -1.5 | | -0.1 |
| | 0700 | Jan Trade Balance | 15.0 | | 16.1 |
| | 0700 | Jan Industrial Output (MoM/YoY%) | -0.5/-1.5 | 0.8/- | 0.0/-0.7 |
| Italy | 0900 | Jan Industrial Output (MoM/YoY%) | -/- | | -0.2/-2 |
| Norway | 0700 | Jan GDP Month | - | | 1.4 |
| | 0700 | Jan GDP Month Mainland | - | | 1.0 |
| Eurozone | 1000 | Q4 Employment Final (QoQ/YoY%) | 0.3/-2.0 | | 0.3/-2.0 |
| | 1000 | Q4 GDP Revised (QoQ/YoY%) | -0.6/-5.0 | | -0.6/-5 |
| Wednesday 10 March | | | | | |
| US | 1330 | Feb Core CPI (MoM/YoY%) | 0.2/1.4 | 0.2/1.4 | 0.0/1.4 |
| | 1330 | Feb CPI (MoM/YoY%) | 0.3/1.6 | 0.4/1.7 | 0.3/1.4 |
| France | 0745 | Jan Industrial Output (MoM%) | - | | -0.8 |
| Canada | 1500 | BoC Rate Decision | 0.25 | 0.25 | 0.25 |
| Norway | 0700 | Feb CPI (MoM/YoY%) | -/- | | 1.1/2.5 |
| | 0700 | Feb Core Inflation (MoM/YoY%) | -/- | | 0.1/2.7 |
| Netherlands | 0530 | Jan Manufacturing Output (MoM%) | - | | 0.5 |
| Portugal | 1100 | Feb CPI (MoM/YoY%) | -/- | | -0.5/0.5 |
| Thursday 11 March | | | | | |
| New Zealand | 2130 | Feb Manufacturing PMI | - | | 57.5 |
| Sweden | 0500 | Feb Reg Unemployment Rate | - | | 8.8 |
| Netherlands | 0530 | Jan Trade Balance | - | | 5.32 |
| Eurozone | 1245 | Mar ECB Refinancing rate | 0.0 | | 0.0 |
| | 1245 | Mar ECB Deposit rate | -0.5 | | -0.5 |
| Friday 12 March | | | | | |
| US | 1500 | Mar University of Michigan confidence | 80.5 | 77.2 | 76.8 |
| Germany | 0700 | Feb CPI Final (MoM/YoY%) | -/- | | 0.7/1.3 |
| UK | 0700 | Jan Monthly GDP (MoM%) | -5.0 | | 1.2 |
| Spain | 0800 | Feb CPI (MoM/YoY%) | -/- | | -0.6/0 |
| | 0800 | Jan Retail Sales (YoY%) | - | | -1.5 |
| Canada | 1330 | Feb Unemployment Rate | - | | 9.4 |
| Eurozone | 1000 | Jan Industrial Production (MoM/YoY%) | - | | -1.6/-0.8 |

Source: ING, Refinitiv

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Key events in EMEA next week

A rather quiet week ahead in the EMEA region but keep an eye on Hungary's CPI, as well as Czech Republic real wages, CPI and industry data



Source: Shutterstock

✓ Hungary: Inflation to push higher

Next week's inflation reading will be the highlight for Hungary. We expect headline inflation to edge higher to 3% year-on-year. However, the uncertainty is higher than usual considering the significant jump in fuel prices in February. Due to methodological issues, the cut-off date for data gathering could push headline inflation 0.2ppt higher or lower. Food inflation could ease somewhat. Durables will likely push inflation higher, having a significant impact along with energy and fuel. As the majority of upside risks to inflation come from non-core elements, we see the core inflation rate retreating incrementally to 4.1% YoY.

✓ Czech Republic: Real wages to stagnate, CPI to remain steady, and industry to fall

Wages in the 4Q20 will be impacted again by one-off factors related to economic restrictions and lockdown, as such, some slowdown is again likely. Moreover, the tax optimisation effect might be visible as some companies likely postponed end-of-year bonuses to the new year due to lower income taxes. As such, real wages might just stagnate in 4Q20. Given higher prices of food in January and no change in seasonal prices, which cannot be measured during lockdown, CPI is likely

to stay above 2% and should not decelerate below the 2% target as expected some months ago. While the Czech National Bank's stance is now determined by the Covid situation, we still see rates normalising after 4Q21. January industry is likely to fall into contraction again due to the calendar bias and weaker production of cars.

EMEA Economic Calendar

| Country | Time | Data/event | ING Survey | Prev. |
|---------------------------|------|---------------------------------------|------------|-----------|
| Monday 8 March | | | | |
| Czech Rep | 0800 | Q4 Gross wages (YoY%) | 0.3 | 1.7 |
| Hungary | 1000 | Feb Budget Balance | -120 | 198.8 |
| Tuesday 9 March | | | | |
| Czech Rep | 0800 | Jan Trade Balance | - | 17.7 |
| Hungary | 0800 | Feb Core CPI (YoY%) | 4.1 | 4.2 |
| | 0800 | Feb CPI (MoM/YoY%) | 0.6/3.0 | 0.9/2.7 |
| Ukraine | - | Feb CPI (MoM/YoY%) | -/- | 1.0/7.2 |
| Kazakhstan | 0900 | March Base Interest Rate | - | 9.0 |
| Mexico | 1200 | Feb Headline Inflation (%) | - | 0.86 |
| | 1200 | Feb Core inflation (%) | - | 0.36 |
| Wednesday 10 March | | | | |
| Czech Rep | 0800 | Feb CPI (MoM/YoY%) | 0.1/2.1 | 1.3/2.2 |
| Thursday 11 March | | | | |
| Turkey | 0700 | Jan Current Account Balance (\$US bn) | -1.6 | -3.21 |
| Romania | 0700 | Feb CPI (YoY%) | 3.1 | 3.0 |
| Kazakhstan | - | Feb Industrial Production (YoY%) | - | -3.1 |
| Brazil | 1200 | Feb IPCA Inflation Index (MoM/YoY%) | -/- | 0.25/4.56 |
| Friday 12 March | | | | |
| Russia | 1300 | Jan Foreign Trade | - | 12.1 |
| Czech Rep | 0800 | Jan Industrial Output (YoY%) | - | 0.5 |
| Brazil | 1200 | Jan Retail Sales (MoM/YoY%) | -/- | -6.1/1.2 |
| Mexico | 1200 | Jan Industrial Output (MoM/YoY%) | - | 0.1/-2.1 |

Source: ING, Refinitiv

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Asia week ahead: Export recovery in full swing

The strong momentum for Asian exports continues and hopefully will be reflected in trade releases from China and Taiwan next week. It's not just...



Source: Shutterstock

Trade data dominates

China and Taiwan are due to report trade figures for February, while the Philippines does the same for January.

In general, regional exports have been enjoying a strong run since the fourth quarter of 2020. The January figures revealed strong momentum continued in 2021. The sharp plunge in trading activity with the onset of the Covid-19 pandemic in early 2020 explains some of the outsized year-on-year growth and our house forecasts of close to 40% YoY jump in China's exports and a 26%

surge in Taiwan's in the first two months of this year underscores this.

*It's not just favourable base year effect that's at work here.
The post-Covid-19 recovery of global demand is also supporting
Asian exports*

However, it's not just a favourable base year effect that's at work here. The post-Covid recovery of global demand is also supporting Asian exports. By product type, electronics and automobile are leading the strong growth trend, more so amid the ongoing shortage of semiconductor chips for the automobile sector, which is pressuring these exports higher. Asia's electronics heavyweights - China, Taiwan, Korea, Singapore and Malaysia are the clear beneficiaries.

Meanwhile, manufacturing should follow exports growth upward, though industrial production data from Malaysia nor India is expected to do that. Tighter Covid-19 moment restrictions in Malaysia is the reason while in India, close to flat year-on-year infrastructure industry output in January pointed to the same for total IP growth.

India's inflation for February will be rather interesting next week, as it has come down in recent months to the central bank's policy target of 2-6%, but reports of rising food and fuel prices hint at higher inflation. India's central bank is the first Asian central bank to tighten via a 50 basis points CRR hike in February.

Asia Economic Calendar

| Country | Time | Data/event | ING Survey | Prev. |
|---------------------------|------|---------------------------------------------|------------|--------|
| Sunday 7 March | | | | |
| China | | - Feb Exports | 39.0 | 18.1 |
| | | - Feb Imports | 16.0 | 6.5 |
| | | - Feb Trade Balance | 52.1 | 78.17 |
| | | - Feb FX Reserves (USD bn) | 3211 | 3210.6 |
| Monday 8 March | | | | |
| Indonesia | | - Feb Forex Reserves | - | 138 |
| Singapore | 0900 | Feb Foreign Reserves USD | - | 370.1 |
| South Korea | 2300 | Jan Current Account Bal NSA | - | 11.51 |
| Tuesday 9 March | | | | |
| China | | - Feb Aggregate finance (Yuan bn) | 900 | 5174 |
| | | - Feb Financial institution loans (Yuan bn) | 750 | 3580 |
| | | - Feb Money supply (M2) (%YoY) | 9.4 | 9.4 |
| Taiwan | 0800 | Feb Exports (YoY%) | 15.3 | 36.8 |
| Taiwan | 0800 | Feb Imports (YoY%) | 18.1 | 29.9 |
| Taiwan | 0800 | Feb Trade Balance (USD bn) | 3.2 | 6.2 |
| Taiwan | 0800 | Feb CPI (YoY%) | 1.1 | -0.2 |
| | | Feb WPI (YoY%) | -2.0 | -2.9 |
| Wednesday 10 March | | | | |
| China | 0130 | Feb CPI (YoY%) | 0.0 | -0.3 |
| | | - Feb PPI (YoY%) | 0.3 | 0.3 |
| Thailand | 0300 | Feb Consumer Confidence Idx | - | 47.8 |
| Malaysia | 0400 | Jan Industrial Output (YoY%) | - | 1.7 |
| Friday 12 March | | | | |
| Philippines | 0100 | Jan Exports (YoY%) | -3.7 | -0.2 |
| | 0100 | Jan Imports (YoY%) | -12.6 | -9.1 |
| | 0100 | Jan Trade Balance | -2543 | -2180 |
| India | 1200 | Feb CPI Inflation (YoY%) | 5.4 | 4.06 |
| | 1200 | Jan Industrial Output (YoY%) | 0.0 | 1.0 |
| Malaysia | 0400 | Jan Industrial Output (YoY%) | -9.5 | 1.7 |

Source: ING, Refinitiv, *GMT

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