

Our view on next week's key events

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By Valentin Tataru, Dmitry Dolgin and Peter Virovacz

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Source: Shutterstock

US: The Fed's "patient" stance, will the FOMC minutes shed any light?

It is a relatively quiet week in the US, with the highlights being inflation numbers and the National Federation of Independent Businesses survey.

US gasoline prices started February at around \$2.25/gallon but ended up at nearly \$2.70/gallon by March-end. As such, energy prices are going to be a major contributor to the rise in consumer price inflation. We look for headline CPI to rise 0.3% MoM and for the core to increase by 0.2%. This would leave the annual rate of core inflation at 2.1%, which is broadly in line with the Federal Reserve's medium-term target of 2.0%.

The NFIB survey has been soft in recent months but rose last month. We expect to see another increase this month as diminishing trade concerns and rising equity markets, coupled with decent ISM surveys, provide a boost.

We will also get the minutes to the March FOMC meeting, which saw officials remove the two rate hikes they had previously pencilled in for 2019 from their forecasts. The narrative surrounding this

development will perhaps give some clues as to what it may take for the Fed to deviate from their current “patient” stance on monetary policy. We continue to look for stable rates through 2019.

✓ **Brexit delay in focus ahead of crunch European Council Brexit meeting**

Things are moving very quickly in the Brexit arena, but at the time of writing, the prime minister has written to the EU requesting a Brexit extension until 30 June 2019.

One way or another, it looks like either a customs union (potentially combined with single market access) is most likely to prevail, but the question is whether this can happen in time for Wednesday’s ad-hoc European Council meeting. European leaders will meet to decide whether to allow a further extension to the Article 50 period.

The EU’s view has reportedly hardened when it comes to a further delay, particularly if there is no good reason for doing so. That said, our base case is that Brussels will grant an extension assuming the UK gets the ball rolling on holding European parliamentary elections in May. However, any extension is likely to last much longer than the prime minister might want. Some form of ‘flection’ is possible, where Article 50 is extended by 9-12 months, with an option to shorten it if parliament approves a deal.

✓ **Eurozone: Little 'entertierment'**

In the eurozone, the focus will also be on the ECB meeting on Wednesday next week. However, after all the action in March, the meeting is likely to be relatively calm. We don't expect the ECB to announce further details of the built-in incentives for the next TLTROs or of any tiering system already next week, although (as mentioned above) European leaders will be meeting to decide whether to allow a further extension to the Article 50 period. The ECB will continue with the balancing act between demonstrating that it is not running out of ammunition while still keeping its cards close to its chest.

Introducing a tiering system will be investigated but probably only announced in case the economy has not started to rebound by June. Still, “tiering” remains the current buzzword in the ECB universe. Many financial market participants are getting overly excited about possible new steps by the ECB, even though it is clear that the real answer to tackling any next protracted economic slowdown in the eurozone should come from fiscal and not from monetary policies. Nevertheless, we don't expect the ECB to enter-tier us next week.

The domestic focus will be on February's industrial data, or more interestingly how the Eurozone's industrial slump is developing. January industrial production was stronger-than-expected, but it seems unlikely that this positive start to the year has continued into February. German industrial orders surely suggest they didn't...

✓ **Scandi inflation in focus**

Next week sees inflation data for both Norway and Sweden. We expect headline inflation will continue to slide in both countries, as last year’s energy price rise continues to unwind. In Sweden, core inflation is likely to recover a little after the very weak February figure, but at 1.6% it will still be some way short of the 2% target.

Conversely, Norwegian core inflation is likely to fall back slightly to 2.5% after a surprisingly strong figure last month, but that will still leave price pressure at robust levels that will continue to support Norges Bank's hawkish policy stance.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 8 April					
Japan	0050	Feb P C/A Balance, Adjusted (Yen bn)	1700.0	-	1833.0
	0600	Mar Consumer Confidence Index	41.4	-	41.5
Germany	0700	Feb Trade Balance (€bn)	18.0	-	14.6
Sweden	0730	SEB Swedish Housing-Price Indicator			
Tuesday 9 April					
US	1100	Mar NFIB Small Business Optimism	103.0	-	101.7
	2345	Fed's Clarida Speaks at Listens Event in Minneapolis			
Norway	0700	Feb GDP Mainland (MoM%)	-	-	0.3
Sweden	1305	Riksbank's Ohlsson Speaks			
Portugal	-	Bank of Portugal Releases Data on Banks			
Wednesday 10 April					
US	1330	Mar CPI (MoM/YoY%)	0.3/1.8	0.3/1.8	0.2/1.5
	1330	Mar CPI ex. Food & Energy (MoM/YoY%)	0.2/2.1	0.2/2.1	0.1/2.1
	-	March FOMC Meeting Minutes			
Japan	0050	Mar PPI (YoY%)	0.9	-	0.8
	0050	Feb Core Machine Orders (MoM/YoY%)	2.9/-4.3	-/-	-5.4/-2.9
	0050	Mar PPI (MoM%)	-	-	0.2
Eurozone	-	European Leaders Meet to Discuss Brexit			
	1245	ECB Main Refinancing Rate	0.00	-	0.00
	1245	ECB Marginal Lending Facility	0.25	-	0.25
	1245	ECB Deposit Facility Rate	-0.40	-	-0.40
	1330	ECB's Draghi Speaks in Frankfurt			
UK	0930	Feb Trade Balance (£m)	-3500.0	-	-3825.0
	0930	Feb Industrial Production (MoM/YoY%)	0.1/0.9	-/-	0.6/-0.9
Australia	0330	RBA's Debelle Speaks in Adelaide			
Norway	0700	Mar CPI (MoM/YoY%)	0.0/2.7	-/-	0.8/3.0
	0700	Mar CPI - ATE (MoM/YoY%)	0.1/2.5	-/-	1.2/2.6
Sweden	0945	Riksbank's Ohlsson Speaks			
Thursday 11 April					
US	1430	Fed's Clarida Speaks at Annual IIF Meeting in Washington			
Germany	0700	Mar F CPI (MoM/YoY%)	0.4/1.3	-/-	0.4/1.3
Australia	0100	Apr CPI Expectations (YoY%)	-	-	4.1
	0330	RBA's Debelle Speaks			
Sweden	0830	Mar CPI (MoM/YoY%)	0.1/1.8	-/-	0.7/1.9
	0830	Mar CPIF (MoM/YoY%)	0.1/1.8	-/-	0.7/1.9
	830	Mar CPIF ex. Energy (MoM/YoY%)	0.3/1.6	-/-	0.8/1.4
	-	Riksbank's Ingves, Skingsley, Jansson at IMF Spring Meeting			
Friday 12 April					
US	1500	Apr P U. of Mich. Sentiment Index	-	98.0	98.4
Eurozone	1000	Feb Industrial Production, WDA (YoY%)	-1.4	-	-1.1
Spain	0800	Mar F HICP (MoM/YoY%)	-/-	-/-	1.4/1.3
Australia	0230	RBA Financial Stability Review			

Source: ING, Bloomberg

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Asia week ahead: Singapore central bank to stay on hold

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Source: Shutterstock

➔ China's fiscal stimulus is working

China's trade, inflation and monetary indicators are due for March, and we expect the numbers will give an undistorted view of the economy as the data from the first two months of the year is affected by the Lunar New Year seasonality. Indeed the most significant will be export growth for what it says about the trade war impact, while lending growth will tell us about the government stimulus.

From the better manufacturing PMI reading, we infer the fiscal stimulus is working and expect hard

activity data to reinforce this message.

[Here's why we think China's stimulus is working](#)

➔ Singapore - stable policy this year

Singapore's central bank releases its semi-annual monetary policy statement next week, and this comes alongside the advance estimate of GDP growth in the first quarter of 2019.

The Monetary Authority of Singapore tightened policy in April last year, but there is no denying that downside growth risk has intensified since. A sharp plunge in both exports and manufacturing in the first two months of 2019 foreshadowed sharp GDP slowdown in the first quarter. Inflation pressure also has abated, apart from the food component. Headline inflation has been less than 1% for more than four years now, and core inflation, which ticked up to the top end of the MAS's 1-2% forecast recently, has also started to slow.

With these trends likely getting stronger in 2019, we believe the MAS will prefer to leave policy on hold next week. As such, we expect no change in the MAS's target band for Singapore Dollar Nominal Effective Exchange Rate (SGD-NEER) – no change to the level, the width, or the slope of the band. Our base case is one of stable policy this year.

[Read our country briefing on Singapore here Singapore: Safe port in a storm](#)

Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
Sunday 7 April					
China	-	Mar Forex Reserves (US\$bn)	3095.5	3090.0	3090.2
Monday 8 April					
Hong Kong	-	Mar Forex Reserves (US\$bn)	-	-	434.5
Taiwan	0900	Mar Exports (YoY%)	-	-	-8.8
	0900	Mar Imports (YoY%)	-	-	-19.7
Tuesday 9 April					
Taiwan	0900	Mar CPI (YoY%)	-	-	0.2
	0900	Mar WPI (YoY%)	-	-	0.8
Wednesday 10 April					
China	-	Mar Money Supply (M2) (YoY%)	8.0	8.1	8.0
	-	Mar Aggregate Finance (Yuan bn)	1000.0	-	703.0
	-	Mar Financial Institution Loans (Yuan bn)	1185.0	-	885.8
South Korea	0000	Mar Unemployment Rate (% SA)	4.0	-	3.7
Thursday 11 April					
China	0230	Mar CPI (YoY%)	1.5	2.3	1.5
	0230	Mar PPI (YoY%)	0.3	0.3	0.1
Malaysia	0500	Feb Industrial Production (YoY%)	-1.0	-	3.2
Philippines	0200	Feb Exports (YoY%)	2.6	-	-1.7
	0200	Feb Imports (YoY%)	1.1	-	5.8
	0200	Feb Trade Balance (US\$mn)	-2847.0	-	-3760.0
Friday 12 April					
China	-	Mar Exports (YoY%)	-13.6	9.2	-20.8
	-	Mar Trade Balance (US\$bn)	-10.9	11.0	4.1
	-	Mar Imports (YoY%)	-10.3	-1.0	-5.2
India	1300	Mar CPI (YoY%)	2.8	-	2.6
	1300	Feb Industrial Production (YoY%)	2.1	-	1.7
Singapore	0600	Feb Retail Sales Value (MoM/YoY%)	-/-	-/-	0.2/7.6
	-	1Q19 GDP - Advance (QoQ saar/YoY%)	1.2/1.7	-/-	1.4/1.9
	-	MAS Semiannual Policy Statement			

Source: ING, Bloomberg, *GMT

Key events in EMEA and Latam next week

Inflation data dominates EMEA and Latam next week and the common theme is that figures will edge slightly higher in March. However, with the National Bank...



Source: Shutterstock

✓ Serbia: Rates on hold

We expect the National Bank of Serbia (NBS) to decide for the 12th consecutive time to keep the key rate on hold at 3.0%. Headline inflation rose in February to 2.4%, while core inflation inched only marginally higher to 1.3%.

We believe that the NBS could be mulling a cut this year, as the external environment - and in particular, the FED/ECB policy stance seems to be pointing towards a slower pace of policy normalisation. On the internal front, inflation is expected to remain below 3.0% for the rest of the year.

RSD appreciation pressures triggered relatively frequent FX interventions in the past weeks. We tend to believe that the NBS will first leave surplus liquidity unsterilised for some time to lower market rates, before moving ahead with a rate cut. Hence, while not imminent, chances for some mild easing are on the rise in our view.

✓ Romania: Higher inflation, hawkish central bank

We expect March CPI to inch 0.1ppt higher to 3.9% YoY, driven by higher oil prices and weaker RON.

This is likely to be the peak for inflation this year, assuming no meaningful supply shocks (including from regulated prices) ahead. The National Bank of Romania (NBR) minutes are likely to be hawkish.

✓ Czech Republic: Positive production

Car production improved by 1.2% MoM in February, so after the 1.0% YoY decline in industrial production in January, we believe February's figure should be more positive - slightly above 1.0% YoY.

Moreover, we expect the unemployment rate will decline in March due to typical seasonality and relatively warmer weather increasing construction work. Inflation should accelerate slightly, partially due to higher fuel prices (+0.8 MoM), but also preliminary data has signalled that food prices might pick-up further despite the typical negative seasonality in March. This is quite an uncertain element though. As such, the annual CPI figure might reach 2.9%, but this close-to-3.0% level is short-lived and we expect inflation to start slowing down again come May.

✓ Russia: Strong current account surplus

Russia is due to report strong \$32 billion current account surplus for 1Q19, especially after the \$22 billion seen in 2M19. It's likely to have been fully neutralised by the fiscal rule-related FX purchases of \$13 billion in 1Q19, as well as private net capital outflows - which were reported at \$19 billion already for 2M19.

With the likely halving of the current account surplus in 2Q19, RUB is to become increasingly dependent on the portfolio inflows to local state bonds (OFZ). The latter may have reached \$4 billion in 1Q19, thanks to the recovery in the global risk appetite, but further prospects will depend on global growth concerns and persisting sanction-related newsflow around Russia.

✓ National Bank of Hungary: Overly patient?

When it comes to Hungary, all eyes will turn to the inflation data. We expect headline inflation to jump by 0.5ppt to 3.6% YoY, mainly on the back of fuel and unprocessed food prices. On the other hand, core inflation should only edge up 0.1ppt to 3.6% YoY. As this outcome would perfectly match the National Bank of Hungary's latest staff projections (released end-March), we hardly see this uptick as a game changer in the eyes of the policymakers. However, for market players, such readings can raise some doubts about the overly patient approach of the central bank.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Saturday 6 April					
South Africa	-	1Q Consumer Confidence	-	-	7.0
Sunday 7 April					
Israel	-	Mar Foreign Currency Balance (US\$bn)	-	-	118.0
Monday 8 April					
Czech Rep	0800	Feb Construction Output (YoY%)	-	-	-13.2
	0800	Feb Trade Balance (CZKmn)	14.5	-	12.1
	0800	Feb Industrial Output (YoY%)	1.5	-	-1.1
	0800	Mar Unemployment Rate (%)	3.0	-	3.2
Hungary	0800	Feb P Trade Balance (€mn)	600.0	-	392.0
	1000	Mar Budget Balance (YTD)	-425.0	-	67.3
Romania	0700	Feb Avg Net Wages (YoY%)	-	-	18.2
	0700	4Q F GDP (QoQ, SA/YoY%)	0.7/4.1	-/-	0.7/4.1
Kazakhstan	-	Mar International Reserves (US\$bn)	-	-	29.1
Serbia	1100	Mar HPI (MoM/YoY%)	-/-	-/-	0.4/1.2
Tuesday 9 April					
Russia	1400	1Q P C/A (US\$mn)	32000.0	-	38400.0
Czech Rep	0900	Mar International Reserves (US\$bn)	-	-	143.1
Hungary	0800	Mar CPI (MoM/YoY%)	0.6/3.6	-/-	0.6/3.1
Ukraine	-	Mar CPI (MoM/YoY%)	-/-	-/-	0.5/8.8
Romania	0700	Feb Trade Balance (€m)	-	-	-1259.3
	1300	National Bank of Romania Publishes Minutes of Rate Meeting			
Bulgaria	0900	Feb Industrial Production (MoM/YoY%)	-/-	-/-	3.2/2.8
	0900	Feb Retail Sales (MoM%)	-	-	0.4
Serbia	1100	Repo Rate (%)	3.0	-	3.0
Croatia	1000	Jan Trade Balance (HRK m)	-	-	-4493.4
Brazil	1300	Feb Retail Sales (YoY%)	-	-	1.9
Mexico	1400	Mar CPI (MoM/YoY%)	-/-	-/-	-0.0/3.9
Wednesday 10 April					
Czech Rep	0800	Mar CPI (MoM/YoY%)	0.2/2.9	-/-	0.2/2.7
	0800	Feb Export Price Index (YoY%)	-	-	2.8
	0800	Feb Import Price Index (YoY%)	-	-	2.4
Hungary	1300	Hungarian Central Bank Minutes			
Romania	0700	Mar CPI (MoM/YoY%)	0.4/3.9	-/-	0.8/3.8
Kazakhstan	-	Mar Industrial Production (YoY%)	-	-	3.5
Croatia	1000	Mar PPI (MoM/YoY%)	-/-	-/-	0.3/1.4
South Africa	1030	Mar SACCI Business Confidence	-	-	93.4
Brazil	1300	Mar Inflation (IPCA) (MoM/YoY%)	-	-	0.4/3.9
Thursday 11 April					
Russia	1400	Feb Trade Balance (US\$bn)	-	12.6	13.4
Turkey	0800	Feb C/A (US\$mn)	-0.9	-	-0.8
South Africa	1200	Feb Manufacturing Production (MoM%)	-	-	0.3
	1200	Feb Manufacturing Production, SA (MoM%)	-	-	-2.0
Israel	1100	Mar Trade Balance (US\$mn)	-	-	-1636.8
Mexico	1400	Feb Industrial Production (YoY%)	-	-	-0.9
	1500	Central Bank Monetary Policy Minutes			
Friday 12 April					
Poland	1300	Feb C/A (€mn)	-502.0	-	2316.0
	1300	Feb Trade Balance (€mn)	-362.0	-	279.0
	1300	Feb Exports (€)	18443.0	-	18493.0
	1300	Feb Imports (€)	18804.0	-	18214.0
Czech Rep	0900	Feb C/A (CZKbn)	-	-	25.0
Romania	0700	Feb Industrial Production (MoM/YoY%)	-2.0/-0.5	-/-	-1.6/0.8
	0700	Feb Industrial Sales (MoM/YoY%)	-/-	-/-	4.0/4.3
	-	Feb C/A YTD (€m)	-	-	-114.0
Serbia	1100	Mar CPI (MoM/YoY%)	-/-	-/-	0.7/2.4

Source: ING, Bloomberg

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