

Our view on next week's key events

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Key events in developed markets next week

The Bank of England looks set to raise rates by another 25bp on Thursday. Although it will imply further tightening is possible, we think this hike will likely be the last. In the US, a flood of inflation data over the coming week is expected to show the disinflation trend



Source: Shutterstock

✓ US: Upcoming data set to show the disinflation trend is firmly in place

After this week's 25bp interest rate increase from the Federal Reserve, we think we are at the peak and the next move will be interest rate cuts in late 2023. The long and varied lags involved in monetary policy changes – coupled with a rapid tightening of credit conditions resulting from recent banking stresses – mean the headwinds for the US economy are intensifying. Job lay-off announcements and weak business and household sentiment already indicate there are real-world impacts with the upcoming data flow set to show that this is now weighing on price pressures.

We will get import price inflation, producer price inflation and consumer price inflation over the coming week, and all three are set to show that the disinflation trend is now firmly in place. Import prices are falling in year-on-year terms already and we expect PPI to edge close to 2% YoY. CPI is still running well above the 2% target, but we do at least expect the annual to slow to 4.9%, having peaked at close to 10%.

Keeping in mind that the Federal Reserve has a dual target of 2% inflation and maximum employment, we expect to see recessionary forces push inflation close to target by year-end, with unemployment rising. We think this could result in 50bp interest rate cuts at both the November and the December FOMC meetings.

UK: Bank of England set for 25bp hike but we're near the peak

After some hawkish inflation and wage data last month, the Bank of England looks poised for another 25 basis point rate hike on Thursday. Admittedly when you scratch beneath the surface, this data wasn't a total disaster for the central bank. For one thing, CPI has outpaced the Bank's forecasts because of food and core goods prices, neither of which will be viewed as long-lasting trends. The BoE's own "Decision Maker Panel" survey of CFOs has also been repeatedly pointing to lower price and wage pressure.

We doubt the Bank will want to shut down its options on Thursday – another unhelpful set of data over the coming weeks would pile on the pressure for them to do more in June. Expect the Bank to retain its data-dependent guidance that implies further tightening is possible – though the clear dovish risk is that the Bank “does a Fed” and waters down this guidance further, perhaps removing the bit about further tightening. Either way, we think Thursday's hike is likely to be the last. [Catch up on our latest preview here](#)

Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 8 May					
Germany	0700 Mar	Industrial Output (MoM%/YoY%)	-1/1.4		2/0.7
	0700 Apr	CPI Final (MoM%/YoY%)	0.4/7.2		0.4/7.2
Tuesday 9 May					
France	0745 Apr	Reserve Assets Total	-		217784
	0745 Mar	Trade Balance	-		-9.904
Wednesday 10 May					
US	1330 Apr	Core CPI (MoM%/YoY%)	0.3/5.5	0.3/5.4	0.4/5.6
	1330 Apr	CPI (MoM%/YoY%)	0.4/4.9	0.4/5.0	0.1/5
Italy	0900 Mar	Industrial Output (MoM%/YoY%)	-/-		-0.2/-2.3
Norway	0700 Apr	CPI (MoM%/YoY%)	-/-		0.8/6.5
	0700 Apr	Core Inflation (MoM%/YoY%)	-/-		0.6/6.2
Netherlands	0530 Mar	Manufacturing Output (MoM%)	-		0.4
Greece	1000 Mar	Industrial Output (YoY%)	-		5.2
	1000 Apr	CPI (YoY%)	-		4.6
Thursday 11 May					
US	1330	Initial Jobless Claim (000s)	250		242
	1330	Continue Jobless Claim (000s)	1820		1805
	1330 Apr	PPI (MoM%/YoY%)	0.3/2.4	0.3/2.4	-0.5/2.7
	1330 Apr	Core PPI (MoM%/YoY%)	0.2/3.3	0.2/3.3	0.4/5.6
UK	1200 May	BOE Bank Rate	4.50	4.50	4.25
Netherlands	0530 Apr	CPI (MoM%/YoY%, NSA)	-		0.2/4.4
Friday 12 May					
US	1330 Apr	import prices (MoM%/YoY%)	0.2/-4.9	0.3/-	-0.6/-4.6
	1500 May	University of Michigan Sentiment Prelim	62.5	63.1	63.5
	1500 May	University of Michigan Conditions Prelim	67		68.2
	1500 May	University of Michigan Expectations Prelim	60		60.5
France	0745 Apr	CPI (MoM%/YoY%) NSA	-		0.6/5.9
UK	0700 Mar	GDP Estimate (MoM%/YoY%)	0.0/0.4		0.0/0.5
	0700 Q1	GDP Prelim (QoQ%)	0.1		0.1
Spain	0800 Apr	CPI (MoM%/YoY%)	-/-		0.6/4.1
Norway	0700 Q1	GDP Growth Mainland	-		0.8
	0700 Mar	GDP Month Mainland	-		-0.2

Source: Refinitiv, ING

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Asia week ahead: Inflation readings from China and India

Next week's data calendar features several inflation reports from China, India, and the Philippines. Meanwhile, we will also get trade data from China and Taiwan plus labour data from South Korea



Inflation to ease in India

April inflation data in India will likely show another steep decline, taking the inflation rate closer to the mid-point (4%) of the Reserve Bank of India's (RBI's) inflation target. We expect the CPI index for April to rise by 0.4% month-on-month. That is a full percentage point lower than the comparable increase in April 2022, and should take the inflation rate down to 4.7%.

At these levels, a debate about the timing and extent of future easing of the repo rate by the RBI will likely start, and this could weigh on the Indian rupee, though any such change would ultimately be supportive of growth. We still expect easing to commence later this year, perhaps as early as the third quarter.

Trade data from China and Taiwan

China and Taiwan will release trade data next week. Due to weak external demand, we are expecting exports for both economies to slow. However, we note that China's electric vehicle exports could see an increase on a yearly basis as Chinese car manufacturers are looking to exports as their key strategy, on top of organic growth in the domestic market.

Jobless rate to rise in Korea

The jobless rate in Korea is expected to rise in May with sluggish construction and manufacturing hiring. Meanwhile, the government's job programme likely added more jobs.

Loan growth and price figures from China

Next week, China will also announce loan growth, which should be growing mildly starting from April as Chinese banks usually book loans in the first quarter. Slower loan growth in April should not be interpreted as low loan demand as most of the loans for the year have already been booked.

Meanwhile, China should continue to show modest CPI inflation, and weaker manufacturing activities should continue to put deflationary pressures on PPI.

Philippine GDP to slow as inflation bites

The Philippines will release first-quarter GDP data next week and we are expecting a year-on-year expansion of 6.5% down from 7.2% previously. Growth will be supported by household consumption, although we note a slowing trend as elevated inflation saps some purchasing power. Meanwhile, capital formation will likely be subdued given moderating bank lending after Bangko Sentral ng Pilipinas (BSP) sustained rapid-fire rate hikes. GDP growth should continue to decelerate in the coming quarters as still high inflation and the fallout from central bank rate hikes take hold.

BSP will see both inflation and GDP data ahead of its policy meeting on 16 May.

Key events in Asia next week

Country	Time Data/event	ING	Survey	Prev.
Monday 8 May				
Japan	0130 Apr Services PMI	54.9		54.9
	0030 Mar All Household Spending (MoM%/YoY%)	-	1.5/0.4	-2.4/1.6
China	- Apr FX Reserves (Monthly)	-	3.19	3.184
Indonesia	0500 Apr Forex Reserves	-		145.2
	- Q1 Balance of Payments	-		-1.3
	- Q1 Current Account/GDP	-		1.34
Taiwan	0900 Apr Imports/Exports	-16.6/-17.5		-20.1/-19.1
	0900 Apr Trade Balance	3.75		4.22
Tuesday 9 May				
China	0400 Apr Imports/Exports	-0.24/-2.5		-1.4/14.8
	0400 Apr Trade Balance	43.2		88.19
Indonesia	0400 Apr Consumer Confidence Index	-		123.3
	0500 Mar Retail Sales Index (YoY)	-		0.6
Philippines	0200 Mar Imports/Exports (YoY%)	-8.6/-10.2		-12.1/-18.1
	0200 Mar Trade Balance	-4200		-3876
Wednesday 10 May				
China	- M2 (%YoY)	12.6		12.7
	- Aggregate Finance (CNY bn)	1100		5380
	- New Yuan Loan (CNY bn)	795		3890
India	- Apr Fiscal Deficit (USD bn)	-		
	- Apr Imports/Exports (USD bn)	-		
Taiwan	0900 Q1 GDP Final (YoY%)	-3.02		-3.02
South Korea	0000 Mar Current Account Bal NSA	0		-0.52
	0000 Apr Unemployment Rate	3.0		2.7
Thursday 11 May				
Japan	0050 Mar Current Account Bal NSA	2.5		2.1
China	0230 Apr CPI/PPI (YoY%)	3/-3.2		0.7/-2.5
Philippines	0300 Q1 GDP (QoQ%/YoY%)	1,0/6,5		2.4/7.2
Friday 12 May				
India	1300 Mar Industrial Output (YoY%)	-		5.6
	1300 Apr CPI Inflation (MoM%/YoY%)	0.4/4.7		5.66

Source: Refinitiv, ING

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Key events in EMEA next week

Next week's EMEA calendar features the Romanian National Bank's policy rate decision, and we expect the key rate to remain unchanged at 7%. In Hungary, we see only minor easing for April inflation, with core inflation remaining elevated on a monthly basis



Source: Shutterstock

✓ Hungary: April inflation prints to show only minor easing

We are hopeful that the upcoming week will bring some positive news for Hungary. First of all, we expect the trade balance to remain in surplus territory thanks to depleting import activity on dropping domestic demand and energy consumption. In parallel, we see further positive impacts on non-energy exports due to the car and electric vehicle battery manufacturing sectors.

With rather weak economic activity still, the budget balance will have a hard time showing a material improvement in April. However, as the March deficit was partly a result of one-off items, excluding those will improve the picture slightly.

The star of the week will be the April inflation print. We see the month-on-month headline inflation showing only minor easing. Slightly lower fuel and energy prices accompanied by some easing price pressure in food prices will be almost entirely wiped out by seasonal factors and additional price increases in services, mainly in telecommunication and leisure activities. The latter will be the main reason why core inflation remains elevated as well on a monthly basis. However, base effects will help to improve the big picture, thus we see both the headline and the core year-on-year

readings showing convincing drops. However, the still 24-25% YoY inflationary environment gives little cause for celebration.

✓ Romania: NBR set to keep rates unchanged

The National Bank of Romania (NBR) will announce its latest policy rate decision on 10 May. We expect the key rate to stay at 7.00% with no forward guidance. We think that a clear consolidation of the current disinflationary trend will be needed before the central bank makes its next decision; we're expecting a cut in the first quarter of next year. Real positive rates (i.e. inflation below the key rate) might be the trigger for action. Our inflation estimates indicate that this could be the case in February-March 2024 when inflation should dip below 7.00%.

✓ Czech Republic: Scope for a rate increase remains limited

In the Czech Republic, we think headline inflation decreased further in April from 15% to 13.5% and core inflation also softened. The recent Czech National Bank meeting sent a clear hawkish message in the sense that three board members voted for a 25bp rate hike. In our view, the scope for a rate increase is limited until we see the overall economic wage growth exceeding 10% YoY.

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
Tuesday 9 May					
Czech Rep	0800	Mar Industrial Output (YoY%)	-		2
	0800	Mar Trade Balance	-		14.3
Hungary	0730	Mar P Trade Balance	400		581
	1000	Apr Budget Balance	-180		-564.6
Mexico	1300	Apr Headline Inflation	-		0.27
	1300	Apr Core inflation	-		0.52
Wednesday 10 May					
Turkey	0700	Mar Unemployment Rate	-		10.7
Turkey	0700	Mar Industrial Production (MoM/YoY%)	-		-6.00/-8.24
Poland	1300	May NBP Base Rate	-	6.75	6.75
Czech Rep	0800	Apr Unemployment Rate	-		3.7
Hungary	0730	Apr Core CPI (YoY%)	25.2		25.7
	0730	Apr CPI (MoM%/YoY%) NSA	0.7/24.0		0.8/25.2
Ukraine	1430	Apr CPI (MoM%/YoY%)	-/-		1.5/21.3
Romania	1300	Mon Policy Rate	7		7
Kazakhstan	1300	Apr Industrial Production (YoY%)	-		2.8
Brazil	1300	Mar Industrial Output (MoM%/YoY%)	-/-		-0.2/-2.4
Thursday 11 May					
Turkey	0800	Mar Current Account Balance	-5.4		-8.783
Czech Rep	0800	Apr CPI (MoM%/YoY%)	0.5/13.5		0.1/15
Serbia	1100	May Benchmark Interest rate	6		6
Friday 12 May					
Russia	1700	Apr CPI (MoM%/YoY%)	-/-		0.4/3.5
Czech Rep	0900	Mar Current Account Balance	-		13.31
Romania	0700	Apr CPI (YoY%)	11.5		14.53
Serbia	1100	Apr CPI (MoM%/YoY%)	0.7/15.2		0.9/16.2
Brazil	1300	Apr IPCA Inflation Index (MoM%/YoY%)	-/-		0.71/4.65
Mexico	1300	Mar Industrial Output (MoM%/YoY%)	-		0.7/3.5

Source: Refinitiv, ING

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