

Our view on next week's key events

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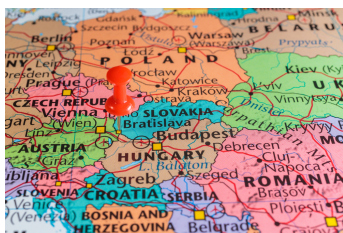
By James Knightley and Carsten Brzeski



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By Peter Virovacz and Valentin Tataru

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Key events in developed markets next week

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✓ US: Balancing the risks

The US economy continues to grow strongly, and there is evidence of rising inflationary pressures. Wages are ticking higher, while higher oil prices and tariffs also suggest inflation is likely to persist above the Federal Reserve's 2% target for longer than what we thought just a few months ago. This week we expect to see core consumer price inflation rise to 2.3%, and then break above 2.5% in the next couple of months – the fastest rate of inflation for over ten years.

Unsurprisingly, the Fed is forecasting three interest rate rises next year after one final move for 2018 in December. There are a number of Fed officials scheduled to speak this coming week, and we will be looking to see whether the risks appear skewed to the upside or the downside in terms of Fed policy. For now, we think the risks are balanced, given some uncertainty is likely following the mid-term elections.

✓ Germany: Moment of truth

It will be the first moment of truth for the German economy, with hard macro data for July showing whether the rebound, which was suggested by confidence indicators, actually materialised. Elsewhere, the minutes of the European Central Bank's September meeting should

shed some light on the ECB's current thoughts on their path.

Sweden and Norway's inflation data

Inflation data will be key in Sweden and Norway this week. We expect headline measures to remain elevated, and also see somewhat higher core inflation in Sweden.

The new monthly GDP indicator in Norway will also be published (for August) – it's hard to tell with such a new data series, especially over the summer months, but we think the data will show continued solid expansion.

And of course, the slow-motion political drama in Sweden continues as the leader of the Conservative Party, Ulf Kristersson, has now received the mandate to propose a new government, but cobbling together a workable governing coalition still looks like a daunting task.

Developed markets calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 8 October					
Germany	0700	Aug Industrial Production (MoM%)	0.8	-	-1.1
Sweden	0730	SEB Swedish Monthly Housing-Price Indicator			
Norway	0700	Aug Industrial Production (MoM%)	-	-	-2.4
Tuesday 9 October					
US	1100	Sep NFIB Small Business Optimism	108.5	-	108.8
	1535	Fed's Williams, Indonesia Cen. Bank's Warjiyo Speak to Press			
Japan	0050	Aug C/A Balance, Adjusted (Yen bn)	1280	-	1484.7
Germany	0700	Aug Trade Balance (€bn)	18	-	16.5
Sweden	0800	Riksbank's Skingsley Speaks in Stockholm			
	0945	Riksbank's Ingves Gives Speech in Bangkok			
Portugal	-	Bank of Portugal Releases Data on Banks			
Norway	0700	Aug GDP Mainland (MoM%)	-	-	0.2
Wednesday 10 October					
US	0215	Fed's Williams Speaks on Recent Monetary Policy Developments			
	1715	Fed's Evans Speaks on Economy and Monetary Policy			
	2300	Fed's Bostic Speaks on Economic Outlook			
Japan	0050	Aug Core Machine Orders (MoM/YoY%)	0.2/3.1	-/-	11.0/13.9
UK	0930	Aug Trade Balance (£m)	-1000	-	-111
	0930	Aug Industrial Production (MoM/YoY%)	0.2/1.1	-/-	0.1/0.9
Australia	2330	RBA's Ellis Gives Speech in Melbourne			
Norway	0700	Sep CPI (MoM/YoY%)	0.4/3.3	-/-	-0.4/3.4
	0700	Sep CPI - ATE (MoM/YoY%)	0.3/1.7	-/-	-0.5/1.9
Sweden	0500	Sep PES Unemployment Rate	-	-	3.9
	-	Riksbank's Ohlsson Gives Speech			
Thursday 11 October					
US	1330	Sep CPI (MoM/YoY%)	0.2/2.5	0.2/2.5	0.2/2.7
	1330	Sep CPI ex. Food & Energy (MoM/YoY%)	0.2/2.3	0.2/2.3	0.1/2.2
Japan	0050	Sep PPI (MoM/YoY%)	0.2/3.0	-/-	0.0/3.0
Spain	0800	Sep F HICP (MoM/YoY%)	-/-	-/-	0.6/2.2
Australia	0100	Oct CPI Expectations (YoY%)	-	-	4.0
Sweden	0830	Sep CPI (MoM/YoY%)	0.2/2.2	-/-	-0.2/2.0
	0830	Sep CPIX (MoM/YoY%)	0.4/2.4	-/-	-0.2/2.2
	0830	Sep CPIX Core (MoM/YoY%)	0.3/1.5	-/-	-0.4/1.2
Portugal	-	Bank of Portugal Releases October Economic Bulletin			
Friday 12 October					
US	1500	Oct P U. of Mich. Sentiment Index	99.5	99.6	100.1
	1430	Fed's Evans Takes Part in Moderated Discussion on Economy			
	-	US of America Sovereign Debt to Be Rated by Moody's			
Japan	0530	Aug Tertiary Industry Index (MoM%)	0.1	-	0.1
Eurozone	1000	Aug Industrial Production (WDA, YoY%)	-	-	-0.1
Germany	0700	Sep F CPI (MoM/YoY%)	0.4/2.3	-/-	0.4/2.3
Australia	0130	Aug Home loans (MoM%)	-	-	0.4
	0130	RBA Financial Stability Review			

Source: ING, Bloomberg

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Authors

James Knightley

Chief International Economist

james.knightley@ing.com

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Asia week ahead: Will Singapore's central bank tighten policy again?

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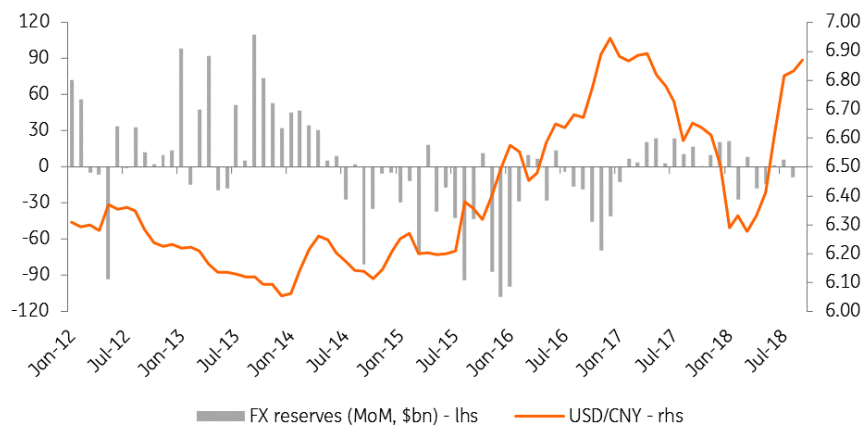
Source: Shutterstock

China back in action

After a soft September, the US dollar seems to be regaining its strength against most G10 and emerging Asian currencies. While there is nothing on the calendar to unsettle this, but all eyes will be on the People's Bank of China's yuan fixing after the holiday. The USD/CNY fixing ground was higher in the week before the holidays, and the market spot almost followed suit. The US dollar's comeback and heavy stock market sell-off in Hong Kong this week, possibly spilling over to Mainland China suggests CNY will resume trading on a weaker note.

China's September data also influences the markets, starting with the foreign reserves data to be released over the weekend followed by trade and monetary data over the course of the week. Unlike the CNY devaluation in 2015, when reserves experienced significant outflows, they have been pretty stable around \$3.1 trillion despite the steep yuan depreciation this year. We believe this state of affair prevailed in September, as the trade war impact has yet to show up in the real activity and exports continue to grow by the high single-digit pace.

China's foreign exchange reserves have been stable



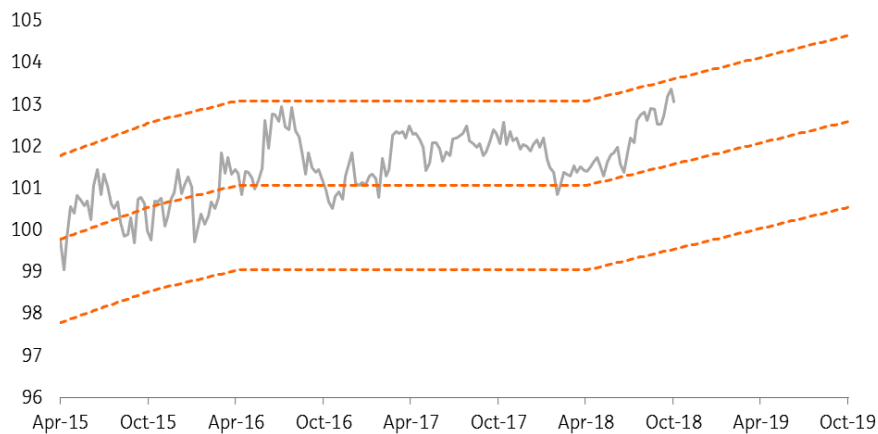
Source: Bloomberg, ING

Likely inaction by Singapore central bank

Singapore's advance GDP estimate for 3Q18 is due most likely towards the end of next week, and the central bank will also unveil the outcome of its semi-annual policy review around the same time as the GDP release. A sharp slowdown in manufacturing in the July and August release looks likely to extend to September based on a two-year low (Nikkei) manufacturing PMI. This is likely to dent the GDP growth, which is why we have cut our estimate of 3Q growth to 2.6% year on year from 3.3%, a slowdown from 3.9%.

The central bank shifted the policy from neutral to tightening at the last meeting in April – a move from zero percent Singapore dollar trade-weighted exchange rate (S\$-NEER) policy band appreciation to a 'modest and gradual' appreciation path. The Singapore dollar's outperformance in the global currency sell-off since the last central bank policy review has pushed the S\$-NEER towards the strong end of the policy band, fuelling expectations of more policy tightening in October. However, we don't see any compelling reasons for that, as consumer price inflation in Singapore continues to be among the lowest in Asia and GDP growth is also poised to slow. A significant GDP slowdown will certainly take the air out of policy hawks.

ING estimate of the MAS's S\$-NEER policy band



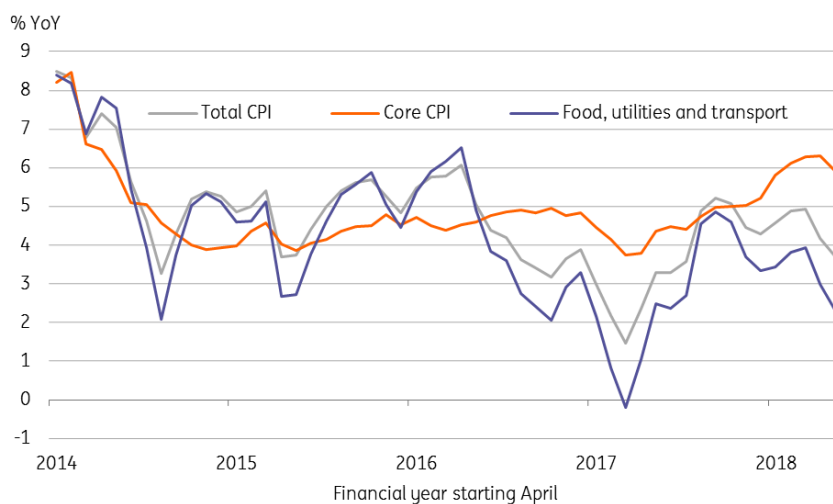
Source: Bloomberg, ING

Inflation risks resurfacing in India, slowly but surely

As the Reserve Bank of India looks set to tighten monetary policy again at the meeting on Friday, 5 October, the central bank will have no reasons to relax ahead of the September consumer price inflation release. The August inflation fall below 4% (the mid-point of the RBI's 2-6% medium-term target) appears to be a one-off. Our estimate for September is that it will rise back above 4%. Even as food price inflation continues to be low, the pass-through from increasing global oil prices will intensify due to a weak rupee and core inflation, which strips out food and fuel prices, remains high.

Without vigorous policy tightening or additional support measures, we find it hard to forecast the rupee regaining any ground in the near-term. We have just raised our end-2018 USD/INR forecast to 75 from 73.5.

Recent dip in India's CPI inflation will be transitory



Source: Bloomberg, CEIC, ING

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 7 October					
China	-	Sep Forex Reserves (US\$bn)	3105	3105	3109.72
Monday 8 October					
Singapore	-	3Q A GDP (QoQ /YoY%)	-/-	-/-	0.6/3.9
	-	MAS Semiannual Policy Statement			
Taiwan	0900	Sep Exports (YoY%)	2.9	-	1.9
	0900	Sep Imports (YoY%)	6.0	-	7.9
Wednesday 10 October					
China	-	Sep Money supply (M2) (YoY%)	8.2	-	8.2
	-	Sep Financial Institution Loans (Yuan bn)	1300	-	1280
Korea	2300	Aug Current A/c Balance (US\$m)	8950	-	8757.8
Philippines	0200	Aug Exports (YoY%)	2.7	-	0.3
	0200	Aug Imports (YoY%)	13.6	-	31.6
	0200	Aug Trade balance (US\$m)	-3750	-	-3546
Taiwan	-	National Day holiday			
Thursday 11 October					
Malaysia	0500	Aug Industrial Production (YoY%)	1.6	-	2.6
Friday 12 October					
China	-	Sep Trade Balance (US\$bn)	38	-	27.9
	-	Sep Imports (YoY%)	12.4	-	19.9
	-	Sep Exports (YoY%)	8.8	-	9.8
India	1300	Sep CPI (YoY%)	4.1	-	3.7
	1300	Aug Industrial Production (YoY%)	3.9	-	6.6
Singapore	0600	Aug Retail Sales Value (MoM/YoY%)	-5.6	-/-	-2.9/-2.6
South Korea	0000	Sep Unemployment Rate (% SA)	4.1	-	4.2

Source: ING, Bloomberg

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Key events in EMEA and Latam next week

Highlights next week include contrasting inflationary reports from Romania and the Czech Republic and two rating agency reviews on Poland



Source: Shutterstock

✓ Rating agency reviews for Poland

The data calendar in Poland is quiet next week, but two rating agencies will review their assessments next Friday. We don't expect any change either from Fitch (A-, stable outlook), or Standard & Poor's (BBB+, positive outlook). A potential upgrade from S&P should have a limited market impact as it has a lower rating compared to the others anyway.

✓ Czech's summer lull may play on industrial data

September inflation might accelerate further, partially due to higher food and fuel prices, but seasonal factors are pushing prices down slightly in monthly terms.

We think industrial production will disappoint a little, as July's figure was supported by a holiday effect, which pushed annual dynamics higher and will not be repeated in August. Retail sales shouldn't bring any positive surprises, though car sales could benefit from one-off purchases before new emission rules kick in. Meanwhile, the unemployment rate is expected to fall slightly in September to 3% based on typical seasonal developments.

✓ Romanian inflation to be in line with central bank forecast

We expect September CPI to decline by 0.4 percentage points to 4.7% year-on-year as the statistical base impact (last year saw an excise duty hike for fuel) more than offsets the recent increase in oil prices. This is in line with the latest National Bank of Romania forecast from August.

✓ Hungary: Positive budget balance news

In Hungary, we expect the government balance to improve - the European Commission transferred HUF 200-300 billion for some pre-financed projects under the scope of operative programmes which are not affected by suspended payments. On Tuesday, we'll see headline inflation jumping to 3.6% YoY on the back of higher oil, food and tobacco prices.

✓ Another eventless National Bank of Serbia meeting

We expect the National Bank of Serbia to stay on hold at 3.00% as the CPI outlook looks less benign, especially after the recent rise in oil prices. Serbian dinar strengthening pressures have subsided, GDP growth has surprised to the upside and the fiscal prospects appear rather expansionary. The next move is likely to be a rate hike, but not before the European Central Bank's first normalisation step.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 7 October					
Israel	-	Sep Foreign Currency Balance (US\$bn)	-	-	116
	-	Aug Leading 'S' Indicator (MoM%)	-	-	0.4
Monday 8 October					
Czech Rep	0800	Aug Industrial Output (YoY%)	1.9	-	10.3
	0800	Aug Retail Sales (YoY%)	6.5	-	7.0
	0800	Aug Retail Sales Excl. Motor Vehicles (YoY%)	3	-	5.6
	0800	Sep Unemployment Rate (%)	3	-	3.1
	0900	Sep International Reserves (US\$bn)	-	-	144.7
Hungary	1000	Sep Budget Balance (YTD)	-1500	-	-1646
Kazakhstan	-	Sep International Reserves (US\$bn)	-	-	30.5
Serbia	1100	Sep HPPI (MoM/YoY%)	-/-	-/-	0.0/2.7
	1100	Repo Rate (%)	3.0	-	3.0
South Africa	-	3Q Consumer Confidence	-	-	22
Tuesday 9 October					
Russia	1400	3Q P C/A (US\$m)	20000	24000	19064
Czech Rep	0800	Aug Trade Balance (CZKmn)	1	-	-4.8
	0800	Sep CPI (MoM/YoY%)	0.1/2.6	-/-	0.1/2.5
Hungary	0800	Sep CPI (MoM/YoY%)	0.3/3.6	-/-	0.1/3.4
Ukraine	-	Sep CPI (MoM/YoY%)	-/-	-/-	0.0/9.0
Romania	0700	Aug Avg Net Wages (YoY%)	-	-	13.3
Bulgaria	0900	Aug Industrial Production (MoM/YoY%)	-/-	-/-	-1.2/1.0
	0900	Aug Retail Sales (MoM/YoY%)	-/-	-/-	0.2/4.9
Croatia	1000	Jul Trade Balance (HRK m)	-	-	-6008
	1000	Sep PPI (MoM/YoY%)	-/-	-/-	0.2/3.6
Mexico	1400	Sep CPI (MoM/YoY%)	0.4/5.0	-/-	0.6/4.9
Wednesday 10 October					
Romania	0700	Aug Trade Balance (€m)	-	-	-1272.7
	0700	Aug Industrial Sales (MoM/YoY%)	-/-	-/-	-1.2/16.5
	0700	Sep CPI (MoM/YoY%)	0.2/4.7	-/-	0.3/5.1
	0700	2Q F GDP (QoQ, SA/YoY%)	-/-	-/-	1.4/4.1
	1300	National Bank of Romania Publishes Minutes of Rate Meeting			
South Africa	-	Sep SACCI Business Confidence	-	-	90.5
Thursday 11 October					
Russia	-	Sep Budget Balance (RUBbn YTD)	2300	2200	1962.3
Turkey	0800	Aug C/A (US\$m)	-	-	-1.8
South Africa	1200	Aug Manufacturing Prod. (MoM%)	-	-	2.9
	1200	Aug Manufacturing Prod. (SA, MoM%)	-	-	1.6
Israel	1100	Sep Trade Balance (US\$m)	-	-	-2190.5
	1100	Aug Monthly Unemployment Rate (%)	-	-	4.2
Brazil	1300	Aug Retail Sales (YoY%)	-0.5	-	-1.0
Friday 12 October					
Russia	1400	Aug Trade Balance (US\$bn)	-	15	13.402
Poland	-	Poland Sovereign Debt to be Rated by S&P			
	-	Poland Sovereign Debt to be Rated by Fitch			
Czech Rep	-	Czech Sovereign Debt to Be Rated by Moody's			
Romania	0700	Aug Industrial Production (MoM/YoY%)	-/-	-/-	-3/4
Serbia	1100	Sep CPI (MoM/YoY%)	-/-	-/-	0.3/2.6
South Africa	-	South Africa Sovereign Debt to Be Rated by Moody's			
Mexico	1400	Aug Industrial Production (YoY%)	0.8	-	1.4

Source: ING, Bloomberg

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Authors

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Disclaimer

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