

Our view on next week's key events

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Eurozone: What can the ECB do?

Of course the focus in the eurozone will be on how Covid-19 cases develop. But other than that, all eyes will be on the European central bank, which looks hesitant and partly also unable to follow the Fed. It will be Christine Lagarde's first test case. She started off with the intention to bring monetary policy closer to the people. The ECB will have to balance between demonstrating its ability to act and the awareness that the economy needs a vaccine rather than additional monetary stimulus.

We could see a mix of several smaller measures like a 10bp rate cut, tweaks to collaterals, targeted longer-term refinancing operations (TLTRO) and an increase of the Corporate Sector Purchase Programme (CSPP).

Macro data continues to lag the virus' impact on the economy, making it difficult to get a good sense of whether the growth picture has already changed materially. Industrial production data for January will be released next week, which will obviously not yet capture any impact of the virus, but should provide relevant information for the start of the quarter, which matters for the 1Q figures.

✔ US: Data still lags the fear-factor

Economic data is going to take the back seat once again as policymakers try and respond to the evolving coronavirus threat. However, we do have the preliminary March reading of the University of Michigan consumer confidence. A fairly substantial fall is likely given the plunge in equity markets and the negative headlines Covid-19 has been generating and this is likely to underline market concern about weaker economic activity data in the next few months.

All of the activity and inflation data scheduled for release next week is from the period before the fear factor hit so is irrelevant really. We know the US economy started 2020 on a firm footing, but that won't count for much as spending slows and recession worries mount.

✔ UK budget in focus

Coronavirus will overshadow next week's budget, the first major fiscal event since the new Chancellor Rishi Sunak took charge in February. There will be a particular focus on any measures to ease cash flow constraints of affected businesses, in addition to the "Time to Pay" scheme that will enable some firms to pay tax back in smaller instalments over time. All of this means that the government's scope to increase day-to-day spending will be even more constrained.

A fiscal rule contained within the Conservative manifesto commits the Chancellor to achieving a current budget balance within two-to-three years. Recent growth downgrades mean there is little – or perhaps even no – headroom to increase day-to-day spending without raising taxes, while achieving the fiscal target. The government is also looking at higher investment, although these plans are likely to come later.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 8 March					
Japan	2350	Jan C/A Balance, adjusted (Yen bn)	-	-	1714.7
	2350	4Q F GDP (Annualised, QoQ%)	6.5	-6.7	-6.3
	2350	4Q F GDP deflator - advance (Q) (YoY%)	-	1.3	1.3
Monday 9 March					
Germany	0700	Jan Trade Balance (€bn)	18	-	15.2
	0700	Jan Industrial Production (MoM/YoY%)	1.5/-4.3	-/-	-3.5/-6.8
Tuesday 10 March					
US	1000	Feb NFIB Small Business Optimism	103.8	103.4	104.3
	-	Range of democrats primaries			
Eurozone	1000	4Q F GDP (QoQ/YoY%)	0.1/0.9	-/-	0.1/0.9
Norway	0700	Feb CPI (MoM/YoY%)	0.6/1.7	-/-	0.0/1.8
	0700	Feb CPI - ATE (MoM/YoY%)	0.7/2.4	-/-	0.4/2.9
Wednesday 11 March					
US	1230	Feb CPI (MoM/YoY%)	-0.1/2.1	0.0/-	0.1/2.5
	1230	Feb CPI ex. food and energy (MoM/YoY%)	0.1/2.2	0.2/2.3	0.2/2.3
Japan	2350	Feb PPI (MoM/YoY%)	-0.2/1.1	-/-	0.2/1.7
	2350	1Q BSI - All Industry (QoQ%)	-2	-	-6.2
	2350	1Q BSI - Large manufacturing (QoQ%)	-10.9	-	-7.8
UK	0930	Jan UK Services Index (MoM%)	0.2	-	0.3
	0930	Jan Industrial Production (MoM/YoY%)	0.3	-/-	0.1/-1.8
	0930	Jan Monthly GDP (MoM%)	0.2		
Sweden	0500	Feb PES Unemployment Rate	-	-	4.1
	0830	4Q Current Account Balance (SEKbn)	-	-	68.8
	0700	Prospera's Swedish Inflation Expectations Survey			
Thursday 12 March					
Eurozone	1000	Jan Industrial Production (WDA, YoY%)	-2.9	-	-4.1
	1245	ECB Main Refinancing Rate	0	-	0.0
	1245	ECB Marginal Lending Facility	0.25	-	0.25
	1245	ECB Deposit Facility Rate	-0.5	-	-0.5
UK	1130	U.K. Government Announces 2020 Budget			
Australia	0000	Mar CPI expectations (YoY%)	-	-	4.0
Sweden	0830	Feb CPI (MoM/YoY%)	0.5/1.1	-/-	-1.4/1.3
	0830	Feb CPIF (MoM/YoY%)	0.1/-1.2	-/-	-1.5/1.2
Friday 13 March					
US	1400	Mar P U. of Mich. Sentiment Index	-	-	101
Japan	0430	Jan Tertiary industry index (MoM%)	-0.1	-	-0.2
Germany	0700	Feb F CPI (MoM/YoY%)	0.4/1.7	-/-	0.4/1.7
Spain	0800	Feb F HICP (MoM/YoY%)	-/-	-/-	0.0/0.9
Sweden	0830	Feb Unemployment Rate (%)	-	-	7.5

Source: ING, Bloomberg

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Key events in EMEA and Latam next week

Inflation numbers from Hungary and the Czech Republic and a Serbian central bank meeting are some of the key highlights in a data-packed calendar



Source: Shutterstock

✓ Hungarian inflation set to fall

Hungarian inflation is set to fall from the eight-year high mainly on the back of base effect provided by energy prices.

Additionally, we saw a significant drop in fuel prices in February and food price inflation is expected to ease somewhat. We hardly see the central bank minutes from the February meeting as a game-changer as they were based on a different reality. Since then, the global outlook has become gloomier and several central banks have cut rates.

✓ Czech inflation to slightly accelerate

While fuel prices declined by 1.5% MoM in February, its YoY dynamics slightly accelerated to 3.8% due to the base effect.

Rapid food prices as in January should not repeat, but food prices remain elevated despite stagnating in MoM terms. In addition to that, further single-digit increase in cigarette prices is assumed due to excise duties growth. All in all, we expect February inflation to slightly accelerate to 3.7% YoY.

Real economic activity should bring mixed figures, as industry might remain weaker while retail sales should continue their solid performance – this month without any calendar biases.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 9 March					
Czech Rep	0800	Jan Trade Balance (CZKmn)	12	-	-6.7
	0800	Feb Unemployment Rate (%)	3.1	-	3.1
	0900	Feb International Reserves (US\$bn)	-	-	148.2
Israel		- Bank of Israel Publishes Minutes of Rate Meeting			
Mexico	1200	Feb CPI (MoM/YoY%)	-/-	-/-	0.5/3.2
Tuesday 10 March					
Turkey	0700	Dec Unemployment Rate (%)	-	-	13.27
Czech Rep	0800	Feb CPI (MoM/YoY%)	0.3/3.7	-/-	1.5/3.6
Hungary	0800	Feb CPI (MoM/YoY%)	0.2/4.3	-/-	0.9/4.7
Ukraine		- Feb CPI (MoM/YoY%)	0.6/3.3	-/-	0.2/3.2
Romania	0700	4Q P GDP (SA, QoQ/YoY%)	1.5/4.3	-/-	1.5/4.3
Kazakhstan		- Feb Industrial Production Yearly	-	-	4.1
Bulgaria	0900	Jan Industrial Production (MoM/YoY%)	-/-	-/-	-1.8/-1.5
	0900	Jan Retail Sales (MoM/YoY%)	-/-	-/-	0.7/5.4
Croatia	1000	Dec Trade Balance (HRK m)	-	-	-5321
Israel	1100	4Q P GDP (QoQ Annualised %)	-	-	4.8
Brazil	1200	Jan Industrial Production (YoY%)	-	-	-1.2
Wednesday 11 March					
Turkey	0700	Jan C/A (US\$bn)	-2.5	-	-2.8
Hungary	1300	Hungarian Central Bank's Minutes			
Romania	0700	Feb CPI (MoM/YoY%)	0.4/3.2	-/-	0.41/3.6
	0700	Jan Trade Balance (€m)	-	-	-1768.4
Kazakhstan		- Feb International Reserves (US\$bn)	-	-	29.3
Croatia	1000	Feb PPI (MoM/YoY%)	-/-	-/-	0.6/1.3
	1000	Jan Retail Sales (YoY%)	-	-	4.5
South Africa	1000	1Q BER Business Confidence	-	-	26
Brazil	1200	Feb Inflation (IPCA) (MoM/YoY%)	-/-	-/-	0.2/4.2
Thursday 12 March					
Czech Rep	0800	Jan Construction Output (YoY%)	-	-	6.3
	0800	Jan Industrial Output (YoY%)	-1	-	-0.9
Ukraine	1200	Key Rate (%)	9	-	11
Romania	0700	Jan Industrial Production (MoM/YoY%)	-/-	-/-	-0.1/-6.9
Serbia	1100	Feb CPI (MoM/YoY%)	0.5/1.8	-/-	0.6/2.0
	1100	Jan Trade Balance (€m)	-	-	-946.5
	1100	Repo rate (%)	2.25	-	2.25
South Africa	0930	Jan Mining Production (YoY%)	-	-	1.84
	0930	Jan Mining Gold Production (YoY%)	-	-	24.88
	1100	Jan Manufacturing Production (SA, MoM%)	-	-	-2.8
Israel	1100	Feb Trade Balance (US\$m)	-	-	-2331.2
Friday 13 March					
Russia	1300	Jan Trade Balance (US\$bn)	-	14.8	15.5
Turkey	0700	Jan Industrial Production (MoM/YoY%)	-/6.4	-/-	2.0/8.6
Poland	0900	Feb CPI (MoM/YoY%)	4.4	4.4	4.4
Czech Rep	0800	Jan Retail Sales (YoY%)	2.9	-	4.6
	0800	Jan Retail Sales Excl. Motor Vehicles (YoY%)	4.4	-	4.8
Romania	0700	Jan Avg Net Wages (YoY%)	-	-	12.95
	0700	Jan Industrial Sales (MoM/YoY%)	-/-	-/-	-10.7/8.6
Mexico	1200	Jan Industrial Production (YoY%)	-	-	-1.0

Source: ING, Bloomberg

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Asia week ahead: Gleaning the trade impact

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Source: Shutterstock

→ China

A sharp plunge in China's manufacturing and non-manufacturing purchasing manager indexes in February means hard activity data is set to reveal the impact of Covid-19 on the economy starting with trade figures over the weekend, followed by inflation and monetary indicators over the course of next week.

We agree with the consensus of a double-digit trade contraction in the first two months of the year in comparison to the same period last year, and inflation above 5%. Meanwhile, market

expectations of a sharp slowdown in new yuan loans and aggregate financing in February stems from virtually stalled economic activity, though we're not ruling out the risk of these indicators surprising on the upside as a result of the recent monetary stimulus.

The rate of new infections is abating and factories are gradually re-opening, which is good news for the economy. However, markets are unlikely to relax just yet, as the data might show recent exceptional weakness in economic activity persists for months before it gets better.

➔ Taiwan, Korea, Malaysia and India

Trade reports also are due in Taiwan and the Philippines, while Korea releases its jobs report and Malaysia its manufacturing data – all will be under scrutiny for the Covid-19 impact. However, data may not provide a good sense of the impact as the epidemic rapidly began to spread beyond China only in the second half of February.

Lastly, India's elevated consumer price inflation above 7% will continue to be the main headwind for central bank easing amid the rising threat of the virus to GDP growth. Making matters worse is the latest acceleration currency depreciation, which saw the Indian rupee weakening above 74 against the US dollar this week.

It's going to be a challenge for Governor Shaktikanta Das as he struck a dovish chord after the Fed's surprise rate cut.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Saturday 7 March					
China	0300	Jan-Feb Exports (YoY%)	-14.1	-17	7.9
	0300	Jan-Feb Imports (YoY%)	-28.8	-15	16.5
	0300	Jan-Feb Trade Balance (US\$bn)	64.4	29.9	47.21
	0200	Feb Forex Reserves (US\$bn)	3110	3105	3115.5
India	1200	4Q19 Current account balance (US\$bn)	-	-	-6.3
Monday 9 March					
Taiwan	0800	Feb Exports (YoY%)	-	-	-7.6
	0800	Feb Imports (YoY%)	-	-	-17.7
Indonesia	1000	Feb BI consumer confidence index	119.6	-	121.7
Taiwan	1600	Feb Exports (YoY%)	-25.8	-	-7.6
	1600	Feb Imports (YoY%)	-33.8	-	-17.7
	1600	Feb Trade balance (US\$bn)	5.0	-	3.5
Tuesday 10 March					
China	0130	Feb PPI (YoY%)	-0.3	-0.3	0.1
	0130	Feb CPI (YoY%)	5.5	5.2	5.4
	0200	Feb Money supply (M2) (YoY%)	8.4	8.45	8.4
	0200	Feb Aggregate finance (Yuan bn)	5000	-	5070
	0200	Feb Financial institution loans (Yuan bn)	3400	-	3340
India	-	Holi Festival - Market holiday			
Philippines	0100	Jan Trade balance (US\$bn)	-	-2.9	-2.5
	0100	Jan Exports (YoY%)	-	4.1	21.4
	0100	Jan Imports (YoY%)	-	-5	-7.6
South Korea	2300	Feb Unemployment rate (SA%)	-	-	4
Wednesday 11 March					
Korea	2300	Feb Unemployment Rate (SA%)	4.2	-	4.0
Thursday 12 March					
India	1200	Feb CPI (YoY%)	7.3	-	7.59
	1200	Jan Industrial production (YoY%)	-1.7	-	-0.3
	-	Feb Trade deficit (US\$bn)	-	-	-15170
	-	Feb Exports (YoY%)	-	-	-1.66
	-	Feb Imports (YoY%)	-	-	-0.75
Singapore	0500	Jan Retail sales value (MoM SA/YoY%)	-/-	-/-	-1/-3.4
Friday 13 March					
Malaysia	0400	Jan Industrial production (YoY%)	-	-	1.3
	0900	Jan Exports (YoY%)	1.4	-	21.4
	0900	Jan Imports (YoY%)	-1.2	-	-7.6
	0900	Jan Trade balance (US\$m)	3744.2	-	-2478
Philippines	-	Jan Budget balance (PHP bn)	-	-	-251.1

Source: ING, Bloomberg, *GMT

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