

## Our view on next week's key events

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

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By Muhammet Mercan, Valentin Tataru and Peter Virovac

## Key events in developed markets

All eyes on the ECB next week, where investors will see how dovish the ECB can really be. Throw in some new developments in the race against no-deal Brexit and some fresh US data and we have a very interesting week ahead



Source: Shutterstock

### ✓ Focus on ECB this week

All eyes on the ECB this week as months of buildup should now result in dovish action. A rate cut seems to be a done deal, the big question is whether renewed QE will be part of the package. The governing council is likely to remain divided on the topic as quite a few ECB speakers have come out against a reboot of the asset purchase programme in recent weeks. Markets have come down on the side of the doves on this one and disappointment is therefore a possibility come Thursday.

### ✓ UK election looks imminent – just a question of ‘when’

The law that seeks to avert a ‘no deal’ exit on 31 October is likely to pass through parliament as we head into next week. The only question then is if, and more importantly, when, we get a general election. The Conservative party is pushing for an election in mid-October, but all the signals suggest the Labour party will push for a later date – potentially after the current 31 October deadline.

Either way, a general election will be extremely tough to call. Conservatives currently lead in the polls, but the picture is [much more complicated](#). For markets, this means the ‘no deal’ risk hasn’t gone away forever. If Mr Johnson’s Conservative party retain power, then he may push for the UK

to leave without a deal if parliament still can't agree on a withdrawal agreement.

Meanwhile, the highlight in the UK data calendar will be the jobs report. Wage growth is likely to stay close to post-crisis highs, and this is why the Bank of England has hinted that it is still mildly inclined to hike interest rates further if it can. In reality though, Brexit uncertainty points to a prolonged period of pause.

### **US data likely to stay on their trend**

The recent US economic data flow has suggested that the domestic-focused, consumer-orientated parts of the US economy continue to perform well while the more international and manufacturing-related parts of the economy are struggling. This week's data is likely to keep that trend in place with retail sales the key release to watch. Given employment is strong, wages are rising and gasoline prices have been falling, consumers have cash to spend. Auto sales were strong in August, but the plunge in energy costs will see weaker gasoline station sales. Other components look set to post respectable gains. Consumer confidence may rise modestly after a couple of sizeable falls while inflation is going to be depressed at the headline level by energy costs, but core inflation is set to continue trending higher.

This situation will leave the Federal Reserve in a quandary. Currently they appear reluctant to acquiesce to Presidential demands and market expectations of aggressive cuts to interest rates. Of course, trade discussions remain critical to the outlook. Should we get a positive conclusion in coming months then this can remove a dark cloud hanging over the global economy, but should they fail then the gloom in manufacturing may increasingly spread through the economy. For now, we continue to look for 25bp Federal Reserve rate cuts in both September and December.

## **Developed Markets Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 9 September</b>					
Japan	0050	Jul C/A Balance, adjusted (Yen bn)	2005	-	1941.9
	0050	2Q F GDP (Annualised, QoQ%)	1.3	1.3	1.8
	0050	2Q F GDP deflator (YoY%)	-	0.4	0.4
Germany	0700	Jul Trade Balance (€bn)	18	-	16.6
UK	0930	Jul Industrial Production (MoM/YoY%)	-0.3/1.8	-/-	-0.1/-0.6
	0930	Jul UK Services Index (MoM%)	0.1	-	0
	0930	Jul Trade Balance (£m)	-	-	1779
	0900	BOE's Vlieghe Speaks in London			
Norway	0700	Jul GDP Mainland (MoM%)	-	-	0.2
<b>Tuesday 10 September</b>					
US	1100	Aug NFIB Small Business Optimism	104.5	-	104.7
UK	0930	Jul Weekly Earnings (3M avg)	3.7	-	3.7
	0930	Jul Weekly Earnings ex Bonus (3M avg)	3.7	-	3.9
	0930	Jul ILO Unemployment Rate (3M avg)	3.9	-	3.9
	0930	Jul Employment Change (3M/3M)	80	-	115
Norway	0700	Aug CPI (MoM/YoY%)	-/-	-/-	0.7/1.9
	0700	Aug CPI - ATE (MoM/YoY%)	-/-	-/-	0.6/2.2
Sweden	0830	Aug CPI (MoM/YoY%)	-/-	-/-	0.4/1.7
	0830	Aug CPIX (MoM/YoY%)	-/-	-/-	0.4/1.5
<b>Wednesday 11 September</b>					
Japan	0050	3Q BSI - All Industry (QoQ%)	1.0	-	-3.7
	0050	3Q BSI - Large manufacturing (QoQ%)	-0.6	-	-10.4
Sweden	1330	Riksbank's Ingves Gives Speech in London			
<b>Thursday 12 September</b>					
US	1330	Aug CPI (MoM%)	0.0/1.8	0.1	0.3
	1330	Aug CPI ex. food and energy (MoM/YoY%)	0.2/2.4	0.2/2.3	0.3/2.2
Japan	0050	Aug PPI (MoM/YoY%)	0.0/-0.6	-/-	0.0/-0.6
	0050	Jul Core machine orders (MoM/YoY%)	1.5/6.1	-/-	13.9/12.5
	0530	Jul Tertiary industry index (MoM%)	0.1	-	-0.1
Eurozone	1000	Jul Industrial Production (WDA YoY%)	-2.8	-	-2.6
	1245	ECB Main Refinancing Rate	0.00	-	0.00
	1245	ECB Marginal Lending Facility	0.25	-	0.25
	1245	ECB Deposit Facility Rate	-0.6	-	-0.40
	1000	Jul Industrial Production (WDA YoY%)	-2.8	-	-2.6
	1330	ECB's Draghi Speaks in Frankfurt After Policy Decision			
Germany	0700	Aug F CPI (MoM/YoY%)	-0.142857143	-/-	-0.2/1.4
Australia	0200	Sep CPI expectations (YoY%)	-	-	3.5
Sweden	0500	Aug PES Unemployment Rate	-	-	3.8
<b>Friday 13 September</b>					
US	1330	Aug Advance Retail Sales (MoM%)	0.4	0.2	0.7
	1330	Aug Retail Sales ex. Auto and Gas (MoM%)	0.4	-	0.9
	1500	Sep P U. of Mich. Sentiment Index	90.2	-	89.8
	1330	Aug Retail Sales ex. Auto and Gas (MoM%)	-	-	0.9
Japan	0530	Jul F Industrial production - Prel (MoM/YoY%)	-/-	-/-	1.3/0.7
Eurozone	1000	Jul Trade Balance (€bn)	-	-	17913
	1000	Jul Trade Balance (€bn)	-	-	17913
Spain	0800	Aug F HICP (MoM/YoY%)	-/-	-/-	-0.1/0.4
Sweden	0830	2Q F GDP (QoQ%)	-0.1	-	-0.1

Source: ING, Bloomberg

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# Asia week ahead: Will Malaysia's central bank cut rates again?

There is plenty of economic data to keep markets busy next week. But the key highlight of the week will be Malaysia's central bank policy decision, which is too close to call



Source: Shutterstock

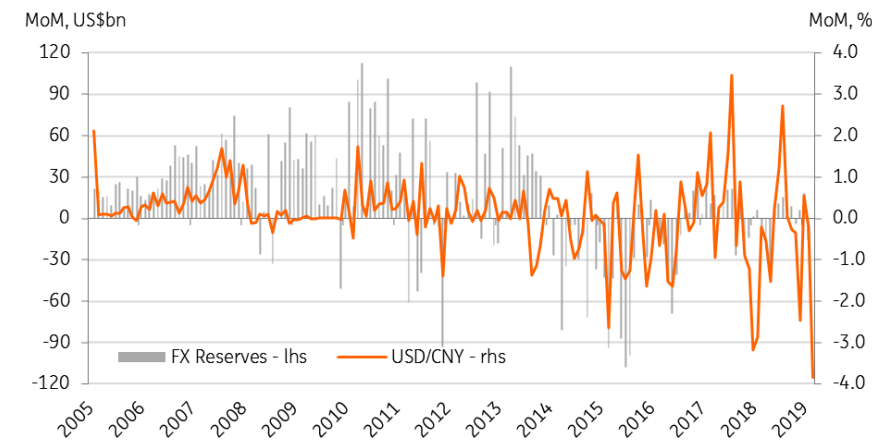
## ➔ China data dump starts

China's August data dump begins with the foreign exchange reserves and trade figures for the month followed by consumer and producer prices and monetary indicators over the course of the week. August was marked by a sharp rise in trade tension with the US and Beijing bringing in the currency into play as a weapon. The month ended with the steepest ever CNY depreciation by almost 4%. Historically, periods of CNY weakness have been associated with capital flight. As such, the consensus of a small dip in reserves may be subject to some slight downside risk.

However, surprisingly enough, despite the spike in trade risks and announcements of new tariffs by both sides, the front-loading of trade ahead of new tariffs has likely sustained China's export growth in positive territory (consensus 2%). Among other releases, monetary data will be gauged for the extent of the stimulus it provides.

[China: We're revising our yuan forecast again and expect far more volatility](#)

## China: Weak CNY points to reserves outflow



Source: Bloomberg, ING

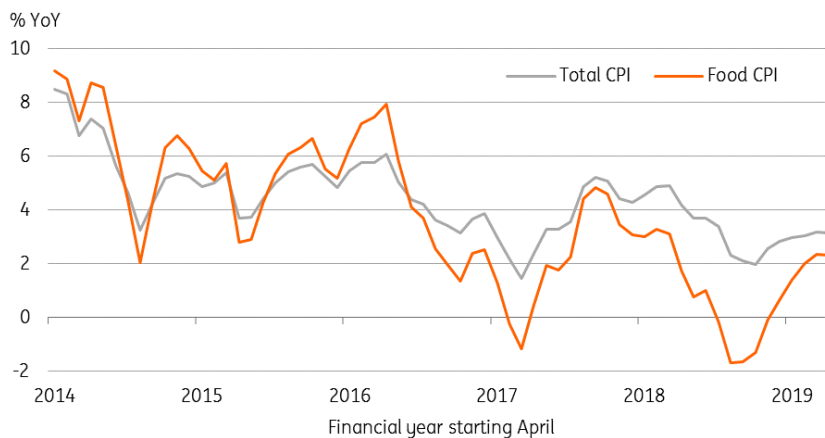
## ➔ A busy week in Japan and India

Japan releases revised GDP estimate for the second quarter with consensus looking for a downgrade of growth to 1.3% QoQ annualised from the 1.8% first reading. However, the forward-looking Business Conditions Index for the third quarter will be worth more attention. The diffusion index was in negative territory in the first two quarters of this year and probably remained there in the third, supporting our view of deeper negative territory in Bank of Japan's policy rate as early as this month, at the 19 September meeting.

In India, we will get inflation, trade, and industrial production figures. Rising food prices have been leading consumer price inflation up this year - a trend that is likely to have received a further lift in August from a supply shock to food prices from heavy flooding in some southwestern states. Meanwhile, trade and manufacturing releases should inform about GDP growth in the current quarter. While a significant stimulus through fiscal and monetary easing this year failed to support GDP growth, it will indeed be potentially inflationary and challenge the RBI's continued easing policy stance.

[India: Where has all that stimulus gone?](#)

## India: Food pressures inflation higher



Source: CEIC, ING

## ➔ Malaysian central bank meeting: Too close to call

Malaysia's central bank reviews its monetary policy next week. The consensus is skewed towards no change to the 3% overnight policy rate but we are in the minority (seven out the 23 participants in the Bloomberg poll conducted on 22 August) expecting a 25 basis point rate cut to 2.75%.

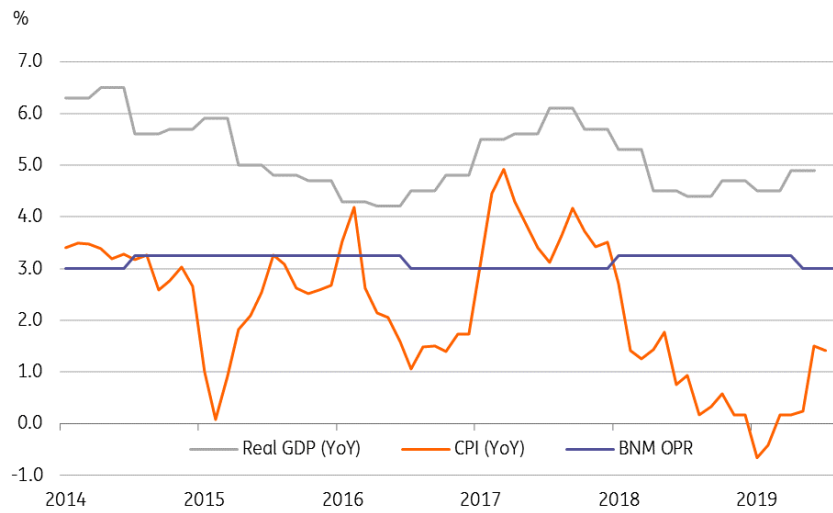
The central bank's last policy move was a 25bp rate cut in May this year akin to an insurance rate cut rather than one needed by the economy. Things haven't got any worse since then to warrant another cut just yet. The economy has been bucking the global slump, led by surprisingly strong semiconductor manufacturing and exports in the face of the ongoing slack in the global electronics demand.

However, it will be challenging for the economy to continue to outperform in an increasingly unfriendly external trade environment and the central bank would probably like to be prepared for this with more pre-emptive easing, but that won't mark the end of this easing cycle either. We are also looking for one more cut in the fourth quarter of the year, taking the policy rate down to 2.50%. With persistently low inflation (0.3% year-to-date) - a trend which has a long way to run amid low commodity prices - the central bank will still be left with more policy space for the future. The lowest Malaysia's central bank policy rate has gone is 2% during the global financial crisis in 2009.

[Malaysia: Exports continue to defy global slump](#)



## Malaysia: Growth, inflation and BNM policy



Source: Bloomberg, CEIC, ING

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Saturday 7 September</b>					
China	0300	Aug Forex Reserves (US\$bn)	3105	3100	3104
<b>Sunday 8 September</b>					
China	0400	Aug Imports (YoY%)	-6.1	-6.5	-5.3
	0400	Aug Trade Balance (US\$bn)	45.6	42.5	44.6
	0400	Aug Exports (YoY%)	4.0	2.0	3.3
<b>Monday 9 September</b>					
China	-	Aug Money supply (M2) (YoY%)	8.1	8.2	8.1
	-	Aug Aggregate finance (CNY bn)	1500	1617.9	1011.2
	-	Aug New loans (CNY bn)	1600	1200	1060
Taiwan	0900	Aug Exports (YoY%)	3.1	-	-0.5
	0900	Aug Imports (YoY%)	-0.5	-	-5.4
	0900	Aug Trade balance (US\$bn)	3.6	-	3.6
India	1300	2Q Current account balance (US\$bn)	-16.0	-16.1	-4.6
Japan	0050	Jul C/A Balance, adjusted (Yen bn)	2005	-	1941.9
	0050	2Q GDP - revised (SA QoQ ann.%)	1.3	-	1.8
<b>Tuesday 10 September</b>					
China	0230	Aug CPI (YoY%)	2.7	2.6	2.8
	0230	Aug PPI (YoY%)	-0.1	-0.9	-0.3
Philippines	0200	Jul Imports (YoY%)	-5.5	-	-10.4
	0200	Jul Exports (YoY%)	2.0	-	1.5
	0200	Jul Trade balance (US\$mn)	-3353	-	-2473
<b>Wednesday 11 September</b>					
India	-	2Q Current account balance (Q) (US\$bn)	-16.0	-16.1	-4.6
Malaysia	0500	Jul Industrial production (YoY%)	4.8	-	3.9
South Korea	0000	Aug Unemployment rate (% SA)	4.1	-	4.0
Japan	0050	3Q BSI - All Industry (% QoQ)	1.0	-	-3.7
	0050	3Q BSI - Large manufacturing (% QoQ)	-0.6	-	-10.4
<b>Thursday 12 September</b>					
India	1300	Aug CPI (YoY%)	3.5	-	3.2
	1300	Jul Industrial production (YoY%)	3.5	-	2.0
	-	Aug Imports (YoY%)	-10	-	-10.4
	-	Aug Trade deficit (US\$bn)	-14.7	-	-13.4
	-	Aug Exports (YoY%)	-5.0	-	2.3
Malaysia	0800	Overnight Policy Rate	2.75	-	3.00
Singapore	0600	Jul Retail sales value (SA MoM/YoY%)	0.0/-3.5	-/-	-2.2/-8.9
China	0300	Aug Aggregate finance (Yuan bn)	1500		1011.2
	0300	Aug Financial institution loans (Yuan bn)	1600		1060
	0300	Aug Money supply (M2) (%YoY)	8.1	8.2	8.1
China	-	Aug Money supply (M2) (YoY%)	8.1		8.1
	-	Aug Aggregate finance (Yuan bn)	1500	1200	1011.2
Japan	0050	Jul Core machine orders (MoM/YoY%)	1.5/6.1	-	13.9/12.5
	0050	Aug PPI (MoM/YoY%)	0.0/-0.6	-	0.0/-0.6
	0530	Jul Tertiary industry index (%MoM)	0.1	-	-0.1
<b>Friday 13 September</b>					
India	1300	Aug Imports (%YoY)	-10.0	-	-10.4
	1300	Aug Trade deficit (US\$bn)	-14.7	-	-13.4
	1300	Aug Exports (YoY%)	-5.0	-	2.3

Source: ING, Bloomberg, \*GMT+1

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## Key events in EMEA and Latam next week

Central banks of Turkey, Poland and Serbia meet next week. Rates are likely to remain on hold, though we could see some interesting macro-prudential developments in Poland regarding mortgage loans. Also expect inflation to tick up in Serbia, Hungary and the Czech Republic



Source: Shutterstock

### ✓ Turkey: Expect a cut

We expect the Central Bank of Turkey (CBT) to cut its policy rate cut by 175 basis points to 18% at the next MPC meeting. This follows a faster-than-expected recovery in the inflation outlook and an ongoing improvement in inflation expectations. The continuation of the easing cycle is also supported by improving external financial conditions, while the risk to our call is tilted to the upside.

### ✓ Poland: MPC meeting focused on mortgage loans

We expect the next monetary policy committee (MPC) meeting to be focused on the European Court of Justice's ruling regarding mortgage loans. Previously, several members communicated the need to lower capital requirements – the chairman's opinion should be crucial for the final recommendations to the Committee of Financial Stability. The committee consists of representatives from the National Bank of Poland (NBP), Ministry of Finance, Financial Supervision Authority (KNF) and The Bank Guarantee Funds.

The comments regarding interest rate policy should not change, despite the risk of temporarily

overshooting the NBP's inflation target upper band (CPI above 3.5% YoY) in 1Q of 2020. We expect the MPC to keep rates flat in the remainder of 2019 and in 2020.

Some discussion may be related to the redistribution of the NBP's profit in 2020. Current rules will force the NBP to use them for rebuilding reserves. Some MPC members highlighted the need to amend current regulations to allow for the transfer to the government's budget.

### **Serbia key rate decision: Lie back and assess previous easing**

After two rather surprising 25 basis points rate cuts, the National Bank of Serbia (NBS) is likely to keep the key rate unchanged at 2.50% at its 12 September meeting. We have been forecasting a terminal key rate of 2.50% for this year but the timing of rate cuts has been slightly different than we expected as the NBS decided to front-load its policy easing. That said, we should see monetary policy on auto-pilot for the rest of the year at least from the interest rates perspective, with the NBS likely focusing more on EUR/RSD stability.

### **Hungarian inflation expected to bounce back**

After decreasing for two months, we expect Hungarian inflation to rebound and show a mild increase in August. We see two factors behind the move. First, there is a carry-over effect stemming from the excise duty hike on tobacco in the previous month, while fuel prices also picked up in August. Forint weakening might also show up to some extent in the prices of durables. Against this backdrop, we also see core inflation ticking higher by 0.1ppt.

### **Czech: Inflation still flying high**

While Czech inflation was supposed to decelerate close to 2.5% in 2H19, it remains higher so far, mainly due to food prices affected by the bad harvest last year. As such, volatile food prices represent the main risk for the August print, which might fluctuate around 2.9% depending on food prices. Despite the fact that inflation might hit 3% this year, it is no game-changer for the Czech National Bank (CNB) as it will decelerate in 2020, also due to a high base. The CNB announced it will remain on hold for some time, despite its model recommending a hike, as risks stemming from global developments warrant a wait-and-see approach, according to CNB Board members.

### **Romania: Inflation to stay above target in August as well**

We expect August CPI to remain flat compared to the previous month as price movements in some food items were offset by changes in others. Fuel costs remained constant while EUR/RON traded unchanged as well. This will translate into a 3.80% year-on-year headline inflation.

## **EMEA and Latam Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 9 September</b>					
Russia	1400	2Q P GDP (YoY%)	0.9	0.9	0.9
Czech Rep	0800	Aug Unemployment Rate (%)	2.7	-	2.7
	0900	Aug International Reserves (US\$bn)	-	-	144.9
Hungary	1000	Aug Budget Balance (YTD)	-330.0	-	-352.7
Ukraine	-	Aug CPI (MoM/YoY%)	-/-	-/-	-0.6/9.1
Romania	0700	Jul Avg Net Wages (YoY%)	-	-	15.5
	0700	Jul Trade Balance (€m)	-	-	-1130.9
Kazakhstan	1200	Key Policy Rate (%)	-	-	9.00
	-	Aug International Reserves (US\$bn)	-	-	27.7
Brazil	1300	Jul Retail Sales (YoY%)	1.5	-	-0.3
Mexico	1200	Aug CPI (MoM/YoY%)	0.0/3.2	-/-	0.4/3.8
<b>Tuesday 10 September</b>					
Czech Rep	0800	Aug CPI (MoM/YoY%)	0.0/2.9	-/-	0.4/2.9
	0800	Jul Export Price Index (YoY%)	-	-	0.1
	0800	Jul Import Price Index (YoY%)	-	-	-0.7
Hungary	0800	Aug CPI (MoM/YoY%)	0.3/3.4	-/-	0.2/3.3
Kazakhstan	-	Aug Industrial Production Yearly	-	-	3.2
Bulgaria	0900	Jul Industrial Production (MoM/YoY%)	-/-	-/-	-1.9/-3.6
	0900	Jul Retail Sales (MoM/YoY%)	-/-	-/-	0.0/0.1
Croatia	1000	Aug PPI (MoM/YoY%)	-/-	-/-	0.4/0.3
South Africa	1100	3Q BER Business Confidence	-	-	28.0
	1200	Jul Manufacturing Prod. (MoM%)	-	-	-3.2
	1200	Jul Manufacturing Production (SA MoM%)	-	-	-1.5
<b>Wednesday 11 September</b>					
Russia	1400	Jul Trade Balance (US\$bn)	-	11.0	12.5
Poland	-	Base Rate (%)	1.50	1.50	1.50
Hungary	1300	Hungarian Central Bank's Minutes			
Romania	0700	Aug CPI (MoM/YoY%)	0.0/3.8	-/-	-0.2/4.1
South Africa	1030	Aug SACCI Business Confidence	-	-	92.0
Israel	1100	Aug Trade Balance (US\$mn)	-	-	-1733
Mexico	1200	Jul Industrial Production (YoY%)	-2.0	-	-2.9
<b>Thursday 12 September</b>					
Turkey	1200	Benchmark Repurchase Rate	18.00	-	19.75
Romania	0700	Jul Industrial Production (MoM/YoY%)	-/-	-/-	-1.0/-4.1
	0700	Jul Industrial Sales (MoM/YoY%)	-/-	-/-	-7.6/-0.2
Serbia	1100	Aug CPI (MoM/YoY%)	0.6/1.9	-/-	-0.2/1.6
	1100	Repo rate (%)	2.50	-	2.50
Croatia	1000	Jul Tourism arrivals (YoY%)	-	-	11.7
South Africa	1030	Jul Mining Production (MoM/YoY%)	-/-	-/-	3.3/-4.2
Israel	-	Bank of Israel Publishes Minutes of Rate Meeting			
<b>Friday 13 September</b>					
Turkey	0800	Jul C/A (US\$mn)	1.2	-	-0.5
	0800	Jul Industrial Production (MoM/YoY%)	-/-	-/-	-3.7/-3.9
Poland	0900	Aug F CPI (MoM/YoY%)	-/-	-/-	0.0/2.8
	1300	Jul C/A (€mn)	-445	-334	21
	1300	Jul Trade Balance (€mn)	-240	-56	-77
	1300	Jul Exports (€mn)	19015	19050	18068
	1300	Jul Imports (€mn)	19255	19106	18145
Czech Rep	0900	Jul C/A (CZKbn)	-	-	-3.9
Romania	-	Jul C/A YTD (€mn)	-6025	-	-5135

Source: ING, Bloomberg

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