

Our view on next week's key events

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By Peter Virovacz and Valentin Tataru

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Source: Shutterstock

✓ US: Inflation to jump substantially, possibly signalling earlier than expected rate hikes

There are three key data releases from the US next week.

Consumer price inflation is likely to jump to close to 4% as prices in a vibrant re-opening economy contrast starkly with those from 12 months ago when the economy was in lockdown and companies were slashing prices to generate cash flow. These “base” effects should ease as we move through the third quarter, but we continue to believe that inflation could be more persistent than we have seen in previous economic cycles. Commodity prices, freight charges, supply chain disruptions, surging house prices and rising employment costs all factor into our thinking. At the same time, the positive growth and jobs story we are seeing will mean any spare capacity will be swiftly eaten up. This leads us to conclude that the Federal Reserve is more likely to raise interest rates in early 2023 rather than leave it until 2024 as they are currently signalling.

Regarding activity, retail sales are expected to post a decent gain again after jumping 9.8% month-on-month in March on the back of the \$1400 stimulus payments. The cash deposits were made in the second half of the month, and this should mean there is some carry through on spending into

April. The re-opening economy also means there are more options to spend money, and with household savings having risen \$3tn during the pandemic, there is plenty of cash ammunition to use.

Industrial production should also post another strong rise, although manufacturing could be somewhat mixed given that semi-conductor chip shortages have been impacting many sectors, especially the auto sector. Oil and gas rig counts are up strongly, though, and that should mitigate any softness there. We will also see consumer confidence reading, and given the re-opening, rising asset prices and improved job prospects, we expect to see more gains.

✓ UK GDP 'less bad' than feared in the first quarter

The combination of schools returning and healthy month for retail should help lift UK March GDP by over 2%, limiting the overall scale of the first quarter fall in activity to around 1.5% - considerably 'less bad' than feared given the Brexit disruption and the strict lockdown.

We expect substantial gains in the second quarter as the economy continues to reopen. GDP is likely to grow in the region of 5% and could be close to pre-Covid levels by the end of the year.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 10 May					
Japan	0030	Mar All Household Spending (YoY%)	7.8		-6.6
Australia	0230	Mar Retail Sales (MoM%)	-		1.4
Norway	0700	Apr CPI (MoM/YoY%)	-/-		-0.3/3.1
	0700	Apr Core Inflation (MoM/YoY%)	-/-		0.3/2.7
Netherlands	0530	Mar Manufacturing Output (MoM%)	-		-2.5
Tuesday 11 May					
Italy	0900	Mar Industrial Output (MoM/YoY%)	-/-		0.2/-0.6
Netherlands	0530	Apr CPI (MoM/YoY% NSA)	0.3/1.7		0.3/1.9
Wednesday 12 May					
US	1330	Apr Core CPI (MoM/YoY%)	0.3/2.4	0.3/2.3	0.3/1.6
	1330	Apr CPI (MoM/YoY%)	0.2/3.7	0.2/3.6	0.6/2.6
Japan	0050	Mar Current Account (JPY bn, SA)	2200		1794.7
Germany	0700	Apr CPI Final (MoM/YoY%)	0.7/2.0		0.7/2.0
France	0745	Apr CPI (MoM/YoY%) NSA	-		0.2/1.3
UK	0700	Mar GDP Estimate (MoM/YoY%)	2.3/1.5		0.4/-7.8
	0700	Q1 GDP Prelim (QoQ%)	-1.4		1.3
Norway	0700	Q1 GDP Growth Mainland	-0.4		1.9
Sweden	0830	Apr CPI (MoM/YoY%)	-/-		0.2/1.7
	0830	Apr CPIF (MoM/YoY%)	-/-		0.2/1.9
Portugal	1100	Apr CPI (MoM/YoY%)	-/-		0.4/0.5
Eurozone	1000	Mar Industrial Production (MoM/YoY%)	-		-1.0/-1.6
Thursday 13 May					
Japan	0050	Apr M2 Money Supply (YoY%)	-		11557120
New Zealand	2330	Apr Manufacturing PMI	-		63.6
Friday 14 May					
US	1330	Apr Retail Sales (MoM%)	0.8	1.0	9.7
	1415	Apr Industrial Production (MoM%)	1.0	1.3	1.4
	1500	May University of Michigan Sentiment Prelim	90.0	89.5	88.3
	1500	May University of Michigan Conditions Prelim	-		97.2
	1500	May University of Michigan Expectations Prelim	-		82.7
Spain	0800	Apr CPI (MoM/YoY%)	-/-		1.2/2.2

Source: ING, Refinitiv

Authors

James Knightley

Chief International Economist, US

james.knightley@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Asia week ahead: Lots of Chinese and Indian data

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Source: Shutterstock

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 10 May					
China		- Apr Aggregate finance (Yuan bn)	3200.0		3341.6
		- Apr Financial institution loans (Yuan bn)	2615.0		2730.0
		- Apr M2 Money Supply (YoY%)	9.4	9.4	9.4
Indonesia		- Apr BI consumer confidence index	95.1		93.4
Tuesday 11 May					
China	0230	Apr CPI (YoY%)	-	-0.2/1.0	-0.5/0.4
	0230	Apr PPI (YoY%)	-	-0.2/1.0	-0.5/0.4
Malaysia	0500	Q1 Current Account Balance	16.6		19.0
	1300	Q1 GDP (YoY%)	-2.5		-3.4
Philippines	0300	Q1 GDP (YoY%)	-3.5		-8.3
South Korea	0000	Apr Unemployment Rate (%)	3.8		3.9
Wednesday 12 May					
India	1300	Apr CPI Inflation (YoY%)	5.1		5.5
	1300	Mar Industrial Output (YoY%)	12.6		-3.6
Thursday 13 May					
China		- 1Y Medium Term Lending Facility	2.95		2.95
Philippines	0900	Policy Interest Rate	2.00		2.00
Friday 14 May					
India	0730	Apr WPI Inflation (YoY%)	9.8		7.4
	1230	Apr Trade Deficit Govt (USD bn)	-15.2		-13.9
	1230	Apr Imports (YoY%)	166.0		53.7
	1230	Apr Exports (YoY%)	197.0		60.3

Source: ING, Refinitiv, *GMT

Key events in EMEA next week

Key releases to watch next week in the EMEA space are inflation data from Hungary and the Czech Republic which are likely to push higher, and...



Source: Shutterstock

✓ Hungary: Loose policy and partial reopening's to push inflation higher

The key event in Hungary next week is the April inflation reading, and we expect the low base and partial reopening to impact inflation big time.

While we expect "only" 0.5% month-on-month headline CPI, the year-on-year reading could end up close to 4.9%. The Statistical Office's out-of-the-blue announcement that it will reweigh core inflation from April (leaving out alcoholic beverages and tobacco from the core basket) will dampen the official core reading to probably below 3% YoY data.

Other than that, the April budget numbers will come out. We expect it to show some moderation impacting economic activity and thus the revenue side of the budget.

✓ Czech Republic: Fuel price acceleration to push inflation higher

Fuel prices continued to grow in April, by more than 3% compared to March. Though weaker MoM

dynamics compared to March, in annual terms, the low base effect will push fuel prices to grow by almost 20%, and the contribution of fuel prices to YoY headline inflation will increase from zero in March to 0.6 percentage points in April.

As such, we expect headline CPI to accelerate to 2.8% in April after 2.3% in March but mostly on the back of the base effect related to fuel prices.

✔ Romania's monetary policy to remain unchanged

Romania's central bank will resume its regular policy meetings on 12 May.

We expect the next meeting to be a rather uneventful one, as the Bank should maintain the key rate at 1.25% and the reserve requirement levels unchanged. More closely watched will be any reference to inflation developments starting to raise eyebrows everywhere, and Romania is no exception.

While we do not believe that any future policy changes will be signalled at this meeting, we can assume that the wording will not be as complacent as before.

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 10 May					
Hungary	1000	Apr Budget Balance	-1095		-1144.1
Turkey	0800	Mar Unemployment Rate (unadj.)			14.1
Tuesday 11 May					
Turkey	0800	Mar Current Account Balance	-3.9		-2.61
	0800	Mar Industrial Production (MoM/YoY%)	-/10.2		0.6/8.75
Czech Rep	0800	Apr CPI (MoM/YoY%)	0.4/2.8		0.2/2.3
Hungary	0800	Apr CPI (MoM/YoY%, NSA)	0.5/4.9		0.7/3.7
Kazakhstan	-	Apr Industrial Production (YoY%)	-		0.1
Brazil	1300	Apr IPCA Inflation Index (MoM/YoY%)	-/-		0.93/6.1
Wednesday 12 May					
Russia	1400	Mar Foreign Trade	-		8.315
Romania	1300	Monetary Policy Rate	1.25	1.25	1.25
Mexico	1300	Mar Industrial Output (MoM/YoY%)	-		0.4/-4.5
Thursday 13 May					
Romania	0700	Apr CPI (YoY%)	3.1		3.05
Mexico	2000	May Interest Rate	-		4.0
Friday 14 May					
Russia	1300	Apr Budget Fulfilment	-		-3.8
Poland	0900	Apr CPI (MoM/YoY%)	-/-		0.7/4.3
	0900	Q1 GDP (QoQ/YoY%) Flash	-		-0.7-2.8
Ukraine	-	Mar Trade Balance YTD	-		-0.26
Kazakhstan	-	Q1 GDP (YoY%)	-		-2.6
Croatia	1000	Apr CPI (MoM/YoY%) NSA	-		1.2

Source: ING, Refinitiv

Authors

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

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