

## Our view on next week's key events

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By Muhammet Mercan and Valentin Tataru

# Key events in developed markets next week

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Source: Shutterstock

## US: On the rebound?

Some of the recent US economic numbers have been pretty disappointing, raising questions about the 2019 economic outlook. The plunge in December retail sales caught everyone by surprise and the soft January industrial production figures were also a shock. The government shutdown may have had an influence, and there continues to be some scepticism over data quality due to statisticians being furloughed for much of late December and January.

Given the strong jobs market and robust consumer confidence, we should expect a significant recovery in retail sales while the weakness in January's industrial output should be reversed completely in February. That softness was caused by a combination of weaker auto output relating to short-term plant shutdowns, lower defence output due to the government shutdown and the weak oil price leading to a downshift in pumping. Meanwhile, consumer price inflation should hold steady, but we continue to believe that core inflation will grind higher through the year due to supply constraints, strong demand and rising wages. As such, we continue to forecast a Federal Reserve interest rate rise late in the summer versus futures markets that are pricing the next move to be a cut in 2021.

## ✓ Germany: Positive news brewing...

We will finally get the first hard data for the year, with industrial production and trade data for January. After a disappointing end to 2018, some positive news from the German economy should be in the offing.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 11 March</b>					
US	1230	Jan Retail Sales ex. Auto and Gas (MoM%)	1.0	0.6	-1.4
	1230	Jan Advance Retail Sales (MoM%)	0.5	0.0	-1.2
Japan	2350	1Q BSI - All Industry (QoQ%)	-	-	4.3
	2350	1Q BSI - Large Manufacturing (QoQ%)	-	-	5.5
Germany	0700	Jan Industrial Production (MoM/YoY%)	1.2/-2.7	-/-	-0.4/-3.9
	0700	Jan Trade Balance (€bn)	18.0	-	14.3
UK	1300	BOE's Haskel Speaks in Birmingham			
Norway	0700	Feb CPI (MoM/YoY%)	0.4/2.6	-/-	-0.5/3.1
	0700	Feb CPI - ATE (MoM/YoY%)	0.7/2.1	-/-	-0.7/2.1
Sweden	0730	SEB Swedish Housing-Price Indicator			
	1200	Riksbank's Ohlsson Gives Speech			
Portugal	1100	Portugal Releases Industrial & Construction, Employment Report			
<b>Tuesday 12 March</b>					
US	1000	Feb NFIB Small Business Optimism	102.0	-	101.2
	1230	Feb CPI (MoM%)	0.2/1.5	0.2	0.0
	1230	Feb CPI ex. Food & Energy (MoM/YoY%)	0.2/2.2	0.2/2.1	0.2/2.2
Japan	2350	Feb PPI (MoM/YoY%)	-/-	-/-	-0.6/0.6
	2350	Jan Core Machine Orders (MoM/YoY%)	-/-	-/-	-0.1/0.9
UK	0930	Jan Trade Balance (£m)	-	-	-3229.0
	0930	Jan Industrial Production (MoM/YoY%)	-/-	-/-	-0.5/-0.9
	-	Prime Minister puts Brexit deal back to Parliament for approval			
Australia	0030	Jan Home Loans (MoM%)	-	-	-6.1
	0630	RBA's Debelle Speaks in Sydney			
Norway	0900	Norges Bank Regional Survey			
Sweden	0500	Feb PES Unemployment Rate	-	-	3.7
	0830	Feb CPIF (MoM/YoY%)	0.6/1.8	-/-	-1.0/2.0
	0830	Feb CPIF ex. Energy (MoM/YoY%)	0.8/1.4	-/-	-1/1.4
Portugal	-	Bank of Portugal Releases Data on Banks			
<b>Wednesday 13 March</b>					
US	1230	Jan P Durable Goods Orders (MoM%)	-0.5	-0.8	1.2
	1230	Jan P Durable Goods Orders ex. Transport (MoM%)	0.3	0.1	0.1
Japan	0430	Jan Tertiary Industry Index (MoM%)	-	-	-0.3
Eurozone	1000	Jan Industrial Production (YoY%, WDA)	-	-	-4.2
Spain	0800	Feb F HICP (MoM/YoY%)	-/-	-/-	0.2/1.1
<b>Thursday 14 March</b>					
Germany	0700	Feb F CPI (MoM/YoY%)	0.5/1.6	-/-	0.5/1.6
Canada	2250	Bank of Canada Wilkins Speaks			
Australia	0000	Mar CPI Expectations (YoY%)	-	-	3.7
Sweden	0830	Feb Unemployment Rate (%)	-	-	6.5
	1600	Riksbank's Ohlsson Speaks			
<b>Friday 15 March</b>					
US	1315	Feb Industrial Production (MoM%)	0.7	0.8	-0.6
	1400	Mar P U. of Mich. Sentiment Index	95.6	95.0	93.8
Japan	-	Policy Rate	-0.1	-	-0.1
	-	BoJ 10-year Yield Target (%)	-	-	0.0
Eurozone	0900	ECB's Rehn Speaks at Helsinki Press Conference on Mon. Policy			
	1000	Feb F Core CPI (YoY%)	-	-	1.0
	1000	Feb CPI (MoM/YoY%)	-/-	-/-	0.3/1.5
Italy	1000	Feb F HICP (YoY%)	-	-	1.2

Source: ING, Bloomberg

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## Asia week ahead: Engineering a soft Chinese landing

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Source: Shutterstock

### ➔ China's monthly data dump begins

China's monthly economic data dump for February has just started and will continue to come through for most of next week. The data is distorted by the Lunar New Year holiday in February, so it should be read in conjunction with the January figures. The Bloomberg consensus estimates point to weak growth for most activity indicators, suggesting a further slowdown in China's GDP growth this quarter.

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*The authorities are engineering a soft-landing of the economy with fiscal pump-priming*

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But it all depends on reaching a trade deal with the US. The news on that front has been increasingly positive, and if things stay that way, should counter negative market impact from the hard data.

## ➔ Indian inflation - race to the bottom is over

We also get most of India's February economic data next week. All the excitement here lies in the inflation rate after it hit the low-end of the central bank's 2-6% target in January.

We don't see any further downside from here as the food component - the main source of disinflation last year is about to snap its declining streak. Among other drivers, the effect of rising global oil prices to domestic fuel prices and a significant fiscal thrust to domestic demand will sustain the upward pressure on prices. That said, we don't expect inflation to become a policy problem again this year. But this doesn't mean the central bank will have more room to cut policy rates further.

Among other Indian data, trade and industrial production are likely to underpin further moderation of GDP growth in the current quarter. Like Indonesia and the Philippines, high trade deficit remains a key negative for the rupee. With rising political uncertainty, currency appreciation isn't going to be a lasting relief for investors in the Indian markets.

# 2.5%

## ING forecast of India's inflation

In February

## ➔ Better trade news for Indonesia, but not Philippines

Trade releases in Indonesia and Philippines matter for their currencies. We anticipate firmer growth in Indonesian exports in February pushing trade deficit to its lowest in the last five months. The Indonesian rupiah has been recovering this year from the heavy losses of 2018, thanks to the government's measures to curb imports and deficit.

The Philippine peso has also been in consolidation mode this year, but there hasn't been any relief for the currency from external payments. The trade deficit continues to be high, running around \$4 billion per month, and remittances from overseas Filipinos, which historically covered for the deficit, have been insufficient, running around \$2.5bn. Next week's trade and remittances releases for January are unlikely to show any departure from these trends.

## Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
<b>Saturday 9 March</b>					
China	0130	Feb CPI (YoY%)	1.5	1.5	1.7
	0130	Feb PPI (YoY%)	0.5	0.2	0.1
<b>Sunday 10 March</b>					
China	-	Feb Money Supply (M2) (YoY%)	8.4	8.4	8.4
	-	Feb Aggregate Finance (CNY bn)	3200.0	1300.0	4640.0
	-	Feb New Loans (CNY bn)	2200.0	950.0	3230.0
<b>Tuesday 12 March</b>					
India	1200	Feb CPI (YoY%)	2.5	-	2.1
	1200	Jan Industrial Production (YoY%)	2.2	-	2.4
Philippines	0100	Jan Exports (YoY%)	-5.0	-	-12.3
	0100	Jan Imports (YoY%)	4.6	-	-9.4
	0100	Jan Trade Balance (US\$mn)	-3800.0	-	-3750.0
Singapore	0500	Jan Retail Sales Value (MoM/YoY%)	2.4/4.9	-/-	-3.4/-6.0
South Korea	2300	Feb Unemployment Rate (% SA)	4.2	-	4.4
<b>Thursday 14 March</b>					
China	0200	Feb Fixed Asset Investment (YTD, YoY%)	5.6	6.0	5.9
	0200	Feb Industrial Production (YTD, YoY%)	6.2	5.5	6.2
	0200	Feb Retail Sales (YTD, YoY%)	8.3	8.1	9.0
India	0630	Feb WPI (YoY%)	3.1	-	2.8
Malaysia	0400	Jan Industrial Production (YoY%)	3.0	-	3.4
<b>Friday 15 March</b>					
India	-	Feb Imports (YoY%)	8.5	-	0.0
	-	Feb Trade Deficit (US\$bn)	-14.3	-	-14.7
	-	Feb Exports (YoY%)	3.5	-	3.7
Indonesia	0400	Feb Exports (YoY%)	2.8	-	-4.7
	0400	Feb Imports (YoY%)	2.7	-	-1.8
	0400	Feb Trade Balance (US\$mn)	-100.0	-	-1159.5
Philippines	-	Jan OCW Remittances (YoY%)	2.8	-	3.9

Source: ING, Bloomberg, \*GMT

## Key events in EMEA and Latam next week

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Source: Shutterstock

### ✓ Turkey: Consumption and investment responsible for slowdown in fourth-quarter growth

The fourth-quarter growth slowdown is likely to be pronounced as tighter external and internal financial conditions weigh on consumption and investment, though strong net exports should partially offset the contraction in domestic demand. We expect -3.0% year-on-year GDP in 4Q18, translating into 2.5% for the whole year.

### ✓ Romania: Inflation to spike higher

We expect CPI to inch up by 0.8% month-on-month in February, pushing the year-on-year reading to 3.8% from 3.3% previously. The Romanian leu has weakened by 0.9% on average versus the euro (relative to January), which should be reflected immediately in prices linked to the single currency, like phone bills. Adding to upside pressures are higher oil prices and companies passing on sectorial taxes - enacted in January. We also expect core inflation to increase by 0.2 percentage points to 2.7% year-on-year.



## ✓ Czech Republic: Subdued car sales and production will weigh on domestic data

January CPI surprised on the upside, but unless volatile food prices accelerate (again) above expectations, we should see February's headline inflation around 2.6% YoY - close to the Czech National Bank's (CNB's) estimate.

Retail sales could disappoint due to a high base effect from January 2018 and subdued cars sales, which saw a double-digit fall in January. Also, car production remained 11.0% below that of January 2018, meaning that an improvement in industrial production is unlikely to materialise and the year-on-year growth rate will likely remain close to zero.

## ✓ National Bank of Poland: A look into why growth and inflation forecasts were revised down

We expect a CPI recovery from 0.9% to 1.3% YoY in February, slightly above the market consensus (1.2%). The higher reading is driven mainly by food prices, which should add 0.3 percentage points to the headline figure. We also expect core inflation to increase slightly from 0.9% to 1.0% YoY. Alongside the February readings, the statistical office (GUS) will also provide an update to the consumer basket structure, but we expect index recalculations to have a limited impact on headline figures in both January and February.

Meanwhile, the National Bank of Poland (NBP) will provide information regarding its forecast revisions. According to the Monetary Policy Committee's statement from its March meeting, the GDP forecast were revised upwards from 3.6% to 4.0% YoY in 2019 (due to a fiscal impulse) and 3.4% to 3.8% YoY in 2020. The analysts' conference should provide greater insight into components such as private consumption and households savings. While we don't dispute the forecast for 2019, we see the 2020 estimate as optimistic.

The CPI estimate for 2019 was lowered from 3.2% to approximately 1.7%. The NBP cut its assumptions as a result of electrical energy prices and lowered its trajectory for core inflation. For 2020, the forecast were lowered from 2.9% to 2.7%. We see both forecast as reasonable.

## EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Sunday 10 March</b>					
Kazakhstan	-	Feb Industrial Production (YoY%)	-	-	1.9
Israel	1100	4Q P GDP (QoQ Annualised %)	-	-	3.1
<b>Monday 11 March</b>					
Turkey	0700	Jan C/A (US\$m)	-0.7	-	-1.4
	0700	4Q18 GDP (YoY%)	-3.0	-	1.6
Poland	0800	National Bank of Poland Publishes Inflation Report			
Czech Rep	0800	Jan Trade Balance (CZKmn)	18.0	-	0.0
	0800	Feb CPI (MoM/YoY%)	0.1/2.6	-/-	1.0/2.5
	0800	Jan Export Price Index (YoY%)	-	-	3.1
	0800	Jan Import Price Index (YoY%)	-	-	2.4
Hungary	0800	Jan P Trade Balance (€mn)	150.0	-	393.0
Israel	-	Bank of Israel Publishes Minutes of Rate Meeting			
<b>Tuesday 12 March</b>					
Romania	0700	Feb CPI (MoM/YoY%)	0.8/3.8	-/-	0.8/3.3
	0700	Jan Trade Balance (€m)	-	-	-1715.9
Kazakhstan	-	Feb International Reserves (US\$bn)	-	-	30.6
Serbia	1100	Feb CPI (MoM/YoY%)	-/-	-/-	0.4/2.1
	1100	Jan Trade Balance (€m)	-	-	-667.1
Croatia	1000	Feb PPI (MoM/YoY%)	-/-	-/-	0.3/0.3
Brazil	1200	Feb Inflation (IPCA) (MoM/YoY%)	0.3/3.8	-/-	0.3/3.8
<b>Wednesday 13 March</b>					
Hungary	1300	Hungarian Central Bank's Minutes			
Romania	0700	Jan Avg Net Wages (YoY%)	-	-	12.5
	0700	Jan Industrial Production (MoM/YoY%)	-/-	-/-	-0.9/-1.0
Croatia	1000	Jan Retail Sales (YoY%)	-	-	4.0
South Africa	1000	1Q BER Business Confidence	-	-	31.0
Israel	1100	Feb Trade Balance (US\$m)	-	-	-2060.5
Brazil	1200	Jan Industrial Production (YoY%)	-3.5	-	-3.6
Mexico	1400	Jan Industrial Production (YoY%)	-2.5	-	-2.6
<b>Thursday 14 March</b>					
Russia	1300	Jan Trade Balance (US\$bn)	-	18.9	18.9
Turkey	0700	Jan Industrial Production (MoM/YoY%)	-/4.0	-/-	-1.4/-9.8
Czech Rep	0800	Jan Retail Sales (YoY%)	0.6	-	0.1
	0800	Jan Retail Sales Ex. Motor Vehicles (YoY%)	3.9	-	3.1
Ukraine	1200	Key Rate (%)	-	-	18.0
Romania	0700	Jan Industrial Sales (MoM/YoY%)	-/-	-/-	-16.5/2.9
Bulgaria	0900	Feb CPI (MoM/YoY%)	-/-	-/-	0.5/3.0
South Africa	1100	Jan Manufacturing Production (MoM%)	-	-	0.1
	1100	Jan Manufacturing Production (MoM%, SA)	-	-	0.7
Brazil	1200	Jan Retail Sales (YoY%)	1.5	-	0.6
<b>Friday 15 March</b>					
Turkey	0700	Dec Unemployment Rate (%)	-	-	12.3
Poland	0900	Feb CPI (MoM/YoY%)	0.2/1.3	-/-	0.1/0.9
Czech Rep	0800	Jan Construction Output (YoY%)	-	-	3.9
	0800	Jan Industrial Output (YoY%)	0.9	-	-1.4
Israel	1200	Feb CPI (MoM/YoY%)	-/-	-/-	-0.1/1.2

Source: ING, Bloomberg

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