

Our view on next week's key events

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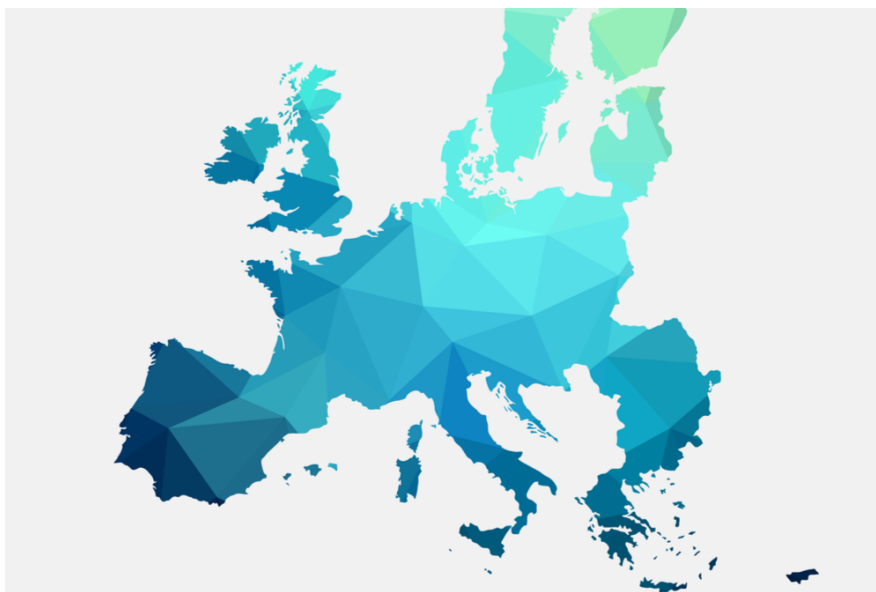
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By Adam Antoniak and Frantisek Taborsky

Key events in developed markets next week

Everything we're expecting from a flurry of US data releases, UK wage growth and industrial production in the eurozone next week



Source: Shutterstock

✓ US: We see a 0.3% MoM increase in February CPI

Federal Reserve Chair Jerome Powell's testimony to Congress was perhaps not quite as hawkish as feared in the wake of strong jobs, growth and inflation data. He suggested that officials are "not far" from having the confidence to "dial back" on the restrictiveness of monetary policy. This week's data calendar includes CPI, retail sales and industrial production, but on balance, they are unlikely to be weak enough to trigger the Fed choosing to ease policy imminently. Core inflation was far too hot for comfort last month, rising 0.4% month-on-month rather than the 0.2% or below that we'd want to see to before gaining any confidence that inflation is returning to 2% year-on-year. With housing dynamics looking more unsettled and recent insurance and medical cost hikes still coming through, we look for a 0.3% MoM increase, which remains too high for the Fed.

Meanwhile, retail sales should rebound after January's weather-related weakness. We already know car sales were firm in February, while higher gasoline prices should also be supportive. However, the control group – which is more closely aligned with broader consumer spending trends by stripping out some of the more volatile items – is unlikely to remain strong. Industrial production may post another MoM decline given the ISM manufacturing index has contracted for

16 consecutive months. All in all, the Fed is increasingly inclined to move policy back to a more neutral level, but next week's data won't be enough to trigger a near-term move. We continue to favour June as the starting point for rate cuts.

Eurozone: Surveys hint at weak industrial production data

It's a light week for eurozone data, but industrial production will be interesting to look out for. December saw a large jump in production, which wiped out a full year of declines. This was mainly due to Irish production figures, though, which are notorious for their volatility thanks to contract manufacturing and outsourcing. Other countries also saw a small uptick on average. It will be interesting to see whether this jump was a one-off or whether there is more of a structural element to it. Surveys suggest the former, although manufacturers remain downbeat on production and orders for the moment. If January does turn out strong, this would be an upside for first-quarter GDP growth.

Wage growth the highlight for the Bank of England next week

The Bank of England will be closely monitoring next week's wage growth figures, in particular those covering the private sector, as it continues to mull over the timing of its first rate cut. Alongside services inflation, this is a critical input into that decision and while progress in the official data has been improving, it's a slow-moving picture. The Bank of England can take some comfort in the fact that wage growth expectations in its survey of CFOs have finally dipped below 5%, but it will still want to see further progress – particularly in light of a sizeable increase in the National Living Wage in April.

Given that April and May are also key months for annual index-linked price rises in the service sector, we think the BoE will want to see CPI data for both of those months before cutting rates. That pitches June as the first realistic data for a cut, though August remains more likely in our opinion. We'll also get monthly GDP figures for January, and these have been pretty volatile recently. Expect a rebound, linked in part to better retail figures at the start of the year. First-quarter GDP is likely to be positive when we get the numbers in a couple of months, marking the end of a very shallow technical recession for the UK.

Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 11 March					
Spain	0800	Jan Retail Sales (YoY%)	-		3.1
Norway	0700	Feb CPI (MoM%/YoY%)	-/-	/	0.1/4.7
	0700	Feb Core Inflation (MoM%/YoY%)	-/-	/	0/5.3
Tuesday 12 March					
US	1230	Feb Core CPI (MoM%/YoY%)	0.3/3.7	0.3/3.7	0.4/3.9
	1230	Feb CPI (MoM%/YoY%)	0.4/3.1	0.4/3.1	0.3/3.1
Germany	0700	Feb CPI Final (MoM%/YoY%)	-/-	/	0.4/2.5
UK	0700	Jan ILO Unemployment Rate	3.8		3.8
	0700	Jan Employment Change	10		72
	0700	Jan Average Weekly Earnings (ex bonus)	6.1		6.2
	0700	Jan Payrolls Employees change ('000s)	40		48
Netherlands	0530	Feb CPI (MoM%/YoY%)	-		0.5/3.2
Wednesday 13 March					
UK	0700	Jan GDP Estimate (MoM%)	0.3	/	-0.1
Eurozone	1000	Jan Industrial Production (MoM%/YoY%)	-1.9/-3.0	/	2.6/1.2
Thursday 14 March					
US	1230	Feb Retail Sales (MoM%)	1	0.8	-0.8
	1230	Fed retail sales (control group (MoM%))	0.4	-	-0.4
	1230	Feb PPI (MoM%)	0.3	0.3	0.3
	1330	Initial Jobless Claims	220		217
	1330	Continuing Jobless Claims	1915	-	1906
Spain	0800	Feb CPI (MoM%/YoY%)	-/-	/	0.3/2.8
Sweden	0700	Feb CPI (MoM%/YoY%)	-/-	/	-0.1/5.4
	0700	Feb CPIX (MoM%/YoY%)	-/-	/	-0.3/3.3
Friday 15 March					
US	1315	Feb Industrial Production (MoM%/YoY%)	-0.1	0	-0.1
	1400	Mar University of Michigan Sentiment Prelim	77.5	77	76.9
France	0745	Feb CPI (MoM%/YoY%)	-		0.8/2.9
Italy	0900	Jan Global Trade Balance	-		5.614
Sweden	0700	Feb Unemployment Rate	-		8.5
Netherlands	0530	Jan Trade Balance	-		10.634
Eurozone	1100	Feb Reserve Assets Total	-		1158

Source: Refinitiv, ING

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Asia Week Ahead: People's Bank of China to set rates and Japan's revised GDP

Next week features Japan's revised GDP numbers and China's decision on the medium-term lending facility



China PBoC to set MLF rate

The People's Bank of China will set its one-year medium-term lending facility rate on 15 March, with markets looking to see if there will be a 10bp cut as part of a coordinated policy support push. Given that the tone on monetary policy at the Two Sessions was kept unchanged - continuing to highlight "prudent monetary policy" - the probability of a cut next week has fallen somewhat.

Next week also features the publication of February aggregate financing, loans, and money supply data. We expect a typical seasonal moderation in aggregate financing and loans, which could be magnified by the Lunar New Year falling in February. While there should be some support from lending activity to whitelisted property projects, this is unlikely to offset the seasonal effects. China's FDI data will also be released sometime next week.

India's inflation likely flat

With seasonal vegetable prices settling back down again, we anticipate February CPI coming in just

0.1ppt higher than the previous month, which would leave the inflation rate at 5.05% year-on-year, hardly different to the 5.10% recorded for January. While this is still in the upper half of the Reserve Bank of India's target inflation range, it is unlikely to prove a substantial impediment to easing once global conditions (i.e. the Federal Reserve) have become more conducive to rate cuts in the region.

Japan GDP and Shunto results out next week

Next week's highlight should be Japan's revised 4Q23 GDP release and preliminary Shunto results (annual wage negotiations). The flash 4Q23 GDP result previously showed a disappointing contraction of 0.1% quarter-on-quarter (seasonally adjusted), pushing the economy into a technical recession. However, with updated better-than-expected activity data for December, we believe that quarterly growth will be revised up to 0.3% QoQ (sa). This is an important development as it could give the Bank of Japan more confidence in the economic recovery.

If 4Q23GDP beats the market consensus and the preliminary Shunto results come in stronger than last year, then market speculation for a March hike is likely to resurface. But, we still believe that April is the right time for the BoJ to change its policy settings.

Trade data from Indonesia and the Philippines

Both Indonesia and the Philippines report their latest trade figures next week. Indonesia could see both exports and imports rise for February with the trade surplus possibly widening to \$2.7bn from the previous month's \$2bn. A wider surplus could translate to additional support for the Indonesian rupiah.

Meanwhile, the Philippines releases January trade data with exports possibly managing to revert to growth of roughly 3% year-on-year. Meanwhile, imports are likely to remain in contraction of roughly 7% YoY which would translate to a trade deficit of around \$4.2bn. The wide trade gaps suggest the current account remains in deficit, which would suggest the Philippine peso remains pressured in the near term.

Key events in Asia next week

Country	Time Data/event	ING	Survey	Prev.
Saturday 9 March				
China	0130 Feb CPI (YoY%)	-	0.4	-0.8
	0130 Feb CPI (MoM%)	-	0.5	0.3
Monday 11 March				
Japan	2350 Q4 GDP Revised (QoQ% ann)	1.2		-0.4
	2350 Q4 GDP Revised (QoQ%)	0.3	/	-0.1
China	- Feb M2 Money Supply (YoY)	-	8.6	8.7
	- Feb FDI (YTD)	-		-11.7
India	- Feb Fiscal Deficit - USD bn	-		17.49
	- Feb Imports - USD bn	-		54.41
	- Feb Exports - USD bn	-		36.92
Singapore	0230 Q4 Unemployment Rate Final	-		2
Tuesday 12 March				
India	1200 Feb CPI Inflation (YoY%)	5.05		5.1
	1200 Jan Industrial Output (YoY%)	-		3.8
Philippines	0100 Jan Exports (YoY%)	3.2		-0.5
	0100 Jan Imports (YoY%)	-7.7		-5.1
	0100 Jan Trade Balance	-4.213		-4013
South Korea	2300 Feb Unemployment Rate	2.8		3
Wednesday 13 March				
Indonesia	0400 Feb Consumer Confidence Index	125.2		125
Thursday 14 March				
India	0630 Feb WPI Inflation (YoY%)	-		0.27
Indonesia	0400 Jan Retail Sales Index (YoY%)	-		0.2
Friday 15 March				
Indonesia	0400 Feb Trade Balance (Bln of \$)	2720		2.01
	0400 Feb Exports Growth (YoY%)	5.5		-8.06
	0400 Feb Imports Growth (YoY%)	24.2		0.36
Philippines	- Jan Budget Balance	-25		-401

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Key events in EMEA next week

Highlights in a relatively quiet week ahead should include a drop in CPI inflation for both Poland and the Czech Republic



Source: Shutterstock

✓ Poland: We expect February CPI to be 3.3% YoY

CPI (Feb): 3.3% YoY

We forecast that strong global deflationary trends, a high reference base and a price war between large retailers pushed CPI inflation to 3.3% year-on-year in February from 3.9% YoY reported in January. Monthly price growth last month was much lower than in February 2023, which translated into further decline in annual consumer inflation. A substantial increase in gasoline prices compared to January was accompanied by a slight decline in house energy. This was a result of cheaper coal and moderate growth in food prices amid the price war.

At the same time, core inflation excluding food and energy declined to 5.3% YoY from 6.4% YoY in January. The StatOffice will also update CPI basket weights, which may bring a slight revision to January's CPI estimate. Headline inflation is projected to reach a local low in March, around the National Bank of Poland's target of 2.5%. It's then expected to rise moderately as VAT on food is re-introduced in April and the energy shield is amended in the second half of this year, leading to some increases in electricity prices.



Czech Republic: Inflation inches closer to CNB's target

We expect inflation to slow significantly from 1.5% to 0.4% MoM after the January repricing, but we think it's likely to still contain signs of that repricing. This should translate into a further drop in inflation from 2.3% to 2.1% YoY, well below the Czech National Bank's forecast of 2.8%, maintaining the same deviation as in January. On the downside, we see a slight decline in food and clothing prices. On the contrary, on the upside, we expect higher fuel prices but also a slight increase in housing prices. According to our estimates, inflation also fell from 2.9% to 2.7% YoY, well below the CNB's 3.5% forecast.

Key events in EMEA next week

Country	Time Data/event	ING	Survey	Prev.
Monday 11 March				
Czech Rep	0800 Feb CPI (MoM%/YoY%)	0.4/2.1	/	1.5/2.3
Turkey	0700 Unemployment Rate %	-		8.9
Tuesday 12 March				
Turkey	0700 Jan Current Account Balance	-2.7		-2.091
	0700 Jan Industrial Production (MoM%/YoY%)	-		2.41/1.6
Czech Rep	0800 Jan Retail Sales (YoY%)	-		-0.9
Serbia	1100 Feb CPI (MoM%/YoY%)	0.7/5.8	/	0.3/6.4
Wednesday 13 March				
Russia	1600 Feb CPI (MoM%/YoY%)	0.7/7.7	0.6/7.6	0.9/7.4
Romania	0700 Feb CPI (MoM%/YoY%)	0.7/7.1		1.1/7.4
Thursday 14 March				
Ukraine	- Central bank interest rate	-		15
Bulgaria	- Feb CPI (YoY%)	3.5		3.8
Friday 15 March				
Turkey	0800 Feb Budget Balance	-		-150.72
Poland	0900 Feb CPI (MoM%/YoY%)	0.5/3.3	-/3.2	0.4/3.9
	1300 Jan Current Account	-		-24
Czech Rep	0800 Jan Industrial Output (YoY%)	-		-0.7
	0900 Jan Current Account Balance	-		13.24
Ukraine	- Jan Trade Balance YTD	-		-27.38
Croatia	1000 Feb CPI (MoM%/YoY%)	-		-0.4/4.1

Source: Refinitiv, ING

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