

Our view on next week's key events

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Key events in EMEA next week

Energy prices in the Czech Republic remain the main upside risk to inflation, as suppliers follow the market leader's footsteps in hiking prices



Source: Shutterstock

✓ Czech Republic: Inflation in next stage, but not at peak

For June, we expect inflation to slow marginally from 1.8% to 1.7% month-on-month, which translates into a dramatic year-on-year rise from 16% to 17.3%. Like previous months, food prices continue to rise at a high rate of 2.9% MoM. Fuel prices accelerated further in June to almost double (4.1% MoM). On the other hand, no sharp price increases are announced for June from major energy suppliers. Thus, we expect a smaller increase of 3.6% MoM compared to April (4.2%), but larger than in May (1.6%). Nevertheless, energy prices remain the main upside risk and the main question for the coming months, which we believe will be more interesting than the June print.

At the end of May, the main energy supplier announced a dramatic price hike effective from July, and a week ago the price list was changed upwards again effective from August. Other suppliers can be expected to follow in the market leader's footsteps. Some of them have already announced increases from July or August, the month in which we should see the largest contribution of energy price in the CPI. But, given the mix of floating and fixed contracts, energy prices will be written gradually into the CPI until at least January next year. As [we mentioned previously](#), we are thus more and more sceptical that there will be a slowdown in inflation in the second half of the year as expected by the Czech National Bank. On the contrary, the next prints, including the June

one, may push us to levels close to 20% year-on-year.

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 11 July					
Czech Rep	0800	May Retail Sales (YoY%)	-		5.0
Kazakhstan	-	Jun Industrial Production (YoY%)	-		4.4
Tuesday 12 July					
Czech Rep	0900	Jun Unemployment Rate	-		3.2
Romania	0700	Jun CPI (YoY%)	-	15.1	14.5
Serbia	1100	Jun CPI (MoM%/YoY%)	-/-		1.2/10.4
Mexico	1200	May Industrial Output (YoY%)	-		2.7
	1200	May Industrial Output (MoM%)	-		0.6
Wednesday 13 July					
Czech Rep	0800	Jun CPI (MoM%/YoY%)	1.7/17.3		1.8/16.0
South Africa	1200	May Retail Sales (YoY%)	-		3.4
Brazil	1300	May Retail sales (MoM%/YoY%)	-/-		0.9/4.5
Thursday 14 July					
Poland	1300	May Current Account	-3670	-3294	-3924.0
Czech Rep	0900	May Current Account Balance	-		-10.2
Kazakhstan	-	Jun Industrial Production (MoM%)	-		3.8
Friday 15 July					
Poland	0900	Jun CPI (MoM%/YoY%)	-/-		1.5/15.6
Ukraine	-	May Trade Balance YTD	-		-0.03
Croatia	1000	Jun CPI (MoM%) NSA	-		1.4

Source: Refinitiv, ING

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Key events in developed markets next week

We agree with the market consensus that the Federal Reserve will probably deliver a 75bp hike this month and we expect the Bank of Canada to do the same, as the economy is growing strongly. Improvements in supply chains will help eurozone industry, however, the outlook remains difficult



Source: Shutterstock

Inflation well above target, consumer sentiment at all-time low

The market is favouring a 75bp rate hike from the Federal Reserve on 27 July and we agree given the tight jobs market and inflation running at more than four times the 2% targeted rate. In fact, inflation is likely to move even further above target this coming week as gasoline, food, shelter and airline fares continue to rise apace. Core inflation may slow marginally to 5.8% from 6%, but this too is well above target.

We will also be looking out for the University of Michigan consumer confidence index. It recently fell to an all-time low as the rising cost of living and plunging stock markets weighed on sentiment. This obviously is not encouraging for consumer spending growth, and we will also be closely following the inflation expectations series. It spiked last month (subsequently revised lower) and this was seen by many as the trigger for the Fed to signal it was going to hike by 75bp in June rather than the 50bp it had laid the groundwork for. Another strong reading for inflation

expectations should all but confirm a second consecutive 75bp move later this month.

✓ Canada's housing market provides strong resilience against spikes in price

We expect the Bank of Canada to implement a 75bp move at its July 13 meeting. The economy is growing strongly, is at record employment levels and its inflation rate is running at 7.7%, the fastest rate since January 1983. The housing market is also red hot while Canada's strong commodity-producing sectors mean it is far more resilient than most major economies to the spike in prices.

✓ Weakening demand and negative trade balance

Eurozone industry continues to struggle with supply chain problems, while signs of weakening demand have also become more apparent. Both are bad news for a recovery in production although we do see some improvements in supply chains that may help production to catch up in the months ahead. Backlogs of work are still sizable, so don't expect a sudden drop in May production figures due to weaker demand just yet. Nevertheless, the outlook for industry remains soft at the moment. Also, look out for the trade balance, which is set to be negative again on the back of high energy prices and a difficult export environment.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 11 July					
Norway	0700	Jun CPI (MoM%/YoY%)	-/-		0.2/5.7
	0700	Jun Core Inflation (MoM%/YoY%)	-/-		0.4/3.4
Wednesday 13 July					
US	1330	Jun Core CPI (MoM%/YoY%)	0.6/5.8	0.6/5.7	0.6/6
	1330	Jun CPI (MoM%/YoY%)	1.0/8.7	1.1/8.8	1/8.6
Germany	0700	Jun CPI Final (MoM%/YoY%)	0.1/7.6		0.1/7.6
France	0745	Jun CPI (YoY%) NSA	-		5.8
	0745	Jun CPI (MoM%) NSA	-		0.7
UK	0700	May GDP Estimate (MoM%)	-0.2		-0.3
Spain	0800	Jun CPI (MoM%/YoY%)	-/-		1.8/10.2
Canada	1500	BoC Rate Decision	2.25	2.00	1.50
Eurozone	1000	May Industrial Production (MoM%/YoY%)	'0.2/0.3		0.4/-2.0
Thursday 14 July					
US	1330	Initial Jobless Claims 000s	240		235
	1330	Cont Jobless Claims 000s	1380		1375
Sweden	0700	Jun CPI (MoM%/YoY%)	-/-		1.0/7.3
	0700	Jun CPIF (MoM%/YoY%)	-/-		1.0/7.2
Friday 15 July					
US	1330	Jun Retail Sales (MoM%)	0.8	0.9	-0.3
	1415	Jun Industrial Production (MoM%/YoY%)	0.2	0.0	0.2
	1500	Jul Uni. of Mich. Sentiment Prelim	50.5	50.1	50.0
	1500	Jul Uni. of Mich. Conditions Prelim	54.5		53.8
	1500	Jul Uni. of Mich. Expectations Prelim	47.0		47.5
Netherlands	0530	May Trade Balance	-		4.1
Eurozone	1000	May Total Trade Balance SA	-		-31.7

Source: Refinitiv, ING

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Asia week ahead: China data and regional trade reports out

We're expecting China's 2Q GDP report next week to reflect the contraction of activity given Covid-19 lockdowns, while the calendar also features a couple of data points that could help central banks chart their next moves



China growth and activity data

The coming week features several data reports from China bannered by growth figures for the second quarter. China's GDP report for 2Q22 should reflect the contraction of activity given the lockdowns experienced during the period.

Recent activity data for June should signal a recovery for retail sales as Covid-19 measures were relaxed and fewer lockdowns were implemented during the month. As such, we do not expect any change in the 1Y Medium Lending Facility policy rate, and loan growth should pick up as the government has urged banks to lend.

Data that could help shape central bank decisions in the near term

Next week also features a couple of data points that could help central banks chart their next set of moves.

The Reserve Bank of Australia's (RBA's) latest statement repeats that "the size and timing of future interest rate increases will be guided by the incoming data and the board's assessment of the outlook for inflation and the labour market", so the latest labour market report (June data), together with inflation data released later in the month, could help determine whether the RBA sticks to 50bp hikes next month, or scales up to 75bp or even larger. We anticipate a 50,00 increase in total employment, evenly split between part-time and full-time jobs, and a fall in the unemployment rate to 3.8%.

Meanwhile, the Reserve Bank of India (RBI) could be monitoring the latest price gauges to help chart its next move. India's June inflation is out next week and will probably stay at 7.0%, down from the recent peak of 7.8% following cuts in fuel excise duties. A slight moderation in food price inflation should keep the monthly CPI gain to only 0.5%. This takes the immediate pressure off the RBI, which has stepped up the pace of its tightening recently, though we still expect another 50bp hike at the 4 August RBI meeting.

Regional trade data

Regional trade data will be in focus in the coming days with both Indonesia and the Philippines reporting their numbers. Indonesia's trade surplus is set to widen further as authorities gave the go signal for the partial resumption of palm oil exports. Exports and imports are both likely to gain by double digits with the trade surplus possibly jumping to \$5.2bn.

On the other hand, the Philippines will be seeing its trade balance move in the opposite direction as its deficit widens to -\$5.3bn. Philippine imports are expected to sustain the robust double-digit pace of growth as the oil import bill more than doubles due to pricey crude oil.

Other important events: a Bank of Korea rate hike

The Bank of Korea will meet on Wednesday. We expect it to raise 50bp at next week's meeting in response to the higher-than-expected CPI inflation for June and rapidly rising inflation expectations.

Lastly, Singapore reports GDP figures and we expect a 4.9% YoY gain for 2Q. Economic reports have been surprising on the upside with NODX, industrial production and retail sales all beating consensus estimates for most of the quarter.

Asia Economic Calendar

Country	Time	Data/event	ING	Surve	Prev.
Saturday 9 July					
China	0230	Jun CPI (YoY%)	2.2		2.1
Monday 11 July					
China		- Jun M2 Money Supply (YoY)	11.0		11.1
Indonesia	0500	May Retail Sales Index (YoY)	-		8.5
Philippines		- Jun Forex Reserves (USD bn)	-		103.5
Tuesday 12 July					
India	1300	May Industrial Output (YoY%)	-		7.1
Philippines	0200	May Imports/Exports (YoY%)	28.6/7.8		22.8/6.0
	0200	May Trade Balance	-5323		-4773
Wednesday 13 July					
China		- Jul 1Y Medium Lending Facility rate (%)	2.8		2.8
China	0400	Jun Imports/Exports	7.0/26.0		4.1/16.9
	0400	Jun Trade Balance	160.0		78.8
India	1230	Jun Fiscal Deficit (USD bn)	-		25.6
	1230	Jun Imports/Exports (USD bn)	-		63.58/37.94
South Korea	0000	Jun Unemployment Rate	2.9		2.8
	0200	Jul Bank of Korea Base Rate	2.25		1.75
Thursday 14 July					
Australia	0230	Jun Unemployment Rate	-		3.9
India	0730	Jun WPI Inflation (YoY%)	-		15.88
	1300	Jun CPI Inflation (YoY%)	-		7.04
Singapore	0100	Q2 GDP Flash (QoQ%/YoY%)	-/4.9		1.4/3.7
Friday 15 July					
China	0300	Jun Industrial Output (YoY%)	4.0		0.7
	0300	Jun Retail Sales (YoY%)	0.0		-6.7
	0300	Jun Fixed Assets Investments (YoY% YTD)	6.6		6.0
	0300	Q2 GDP (YoY%)	-1.0		4.8
Indonesia	0500	Jun Trade Balance (USD bn)	5.2		2.9
	0500	Jun Imports/Exports Growth (YoY%)	34.9/14.8		30.7/27.0

Source: Refinitiv, ING

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