

Our view on next week's key events

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US: The general theme likely to be higher inflation

It is a very big week for US data as the last major reports ahead of the Federal Reserve's September FOMC meeting come in. Consumer and producer price inflation, retail sales and industrial production are all due, with the general theme likely to be higher inflation than seen of late versus weaker activity relative to recent trends. Nonetheless, Federal Reserve officials are seemingly of the mindset that they will likely pause interest rate hikes again and re-evaluate in November with just 2bp of policy tightening priced for later this month.

For inflation, we look for fairly big jumps in August's month-on-month headline readings with upside risk relative to consensus predictions. Higher gasoline prices will be the main upside driver, but we also see the threat of a rebound in airfares and medical care costs, plus higher insurance prices. These factors are likely to also contribute to core CPI coming in at 0.3% MoM rather than the 0.2% figures we have seen in the previous two months. Slowing housing rents will be evident, but it may not be enough to offset as much as the market expects. Nonetheless, the year-on-year rate of core inflation will slow to perhaps 4.4%. We are hopeful we could get down to 4% YoY in the September report and not too far away from 3.5% in October. We would characterise these relatively firm MoM inflation prints as a temporary blip in what is likely to be an intensifying disinflationary trend.

Indeed, it was interesting to see the Fed's Beige Book characterise recent consumer spending

strength as being led by tourism expenditure, which had been "surging". But the general sense was that this would be "the last stage of pent-up demand for leisure travel from the pandemic era". Moreover, other spending was softer, "especially on non-essential items". This may well show up in the retail sales report. We already know that auto volume sales fell quite heftily too, but remember this is a value figure and that higher prices, particularly for gasoline, will help keep overall retail sales just about in positive territory. But with savings being rapidly exhausted and credit card delinquencies on the rise, there are concerns that weaker numbers are coming – particularly with student loan repayments restarting, which will add to financial stresses on the household sector.

Rounding out the reports, we expect industrial production to be much softer than the 1% jump seen last month. Manufacturing surveys continue to point to contraction, and weakness in the component could offset a bit of firmness in utilities and mining/drilling activities.

✓ Key UK wage data to help lock-in September BoE rate hike

There's mounting evidence from surveys that price pressures in the UK are easing, the jobs market is cooling, and growth is slowing. But the Bank of England has made it abundantly clear that it's waiting for the actual data to show those trends too, and next week we'll get crucial wage and jobs data.

Private sector wage growth currently stands at 8.2% and is likely to stay there when we get fresh data next week. But there's an outside risk that we see this nudge slightly lower on the basis that separate data from firms' payrolls indicated that median pay actually fell in level terms during August. This data is released a month ahead of the more traditional average weekly earnings numbers. We'd expect that to be coupled with a further modest rise in the unemployment rate, as well as a renewed fall in vacancies. The ratio of unfilled job openings to unemployed workers is coming down quickly and closing in on pre-Covid levels.

All of that seems sufficient for the BoE to hike again in September, especially if services inflation nudges higher in data due the day before the rate announcement. But we remain comfortable with our call for a November pause and that September's hike is likely to be the last.

Separately, we'll get growth data for July, and we expect a modest contraction in economic output. June saw surprisingly strong growth, including a huge increase in manufacturing production. That surge, which was highly unusual (outside of the Covid period), seems like an anomaly and we expect some retraction in July.

✓ Poland: CPI expected to decline below 9%

Current account (July): €1598mn

Poland's current account has been improving markedly over the recent months amid improving trade balance. The 12-month cumulative current account balance turned positive (+0.1% of GDP) in June, whereas in late 2022 it was approaching 3.5% of GDP. While export growth has been slowing in nominal terms over recent months, imports have started declining as the surge in imported energy commodities abated. We expect another current account surplus (€1598mn) in July as exports (+1.7% YoY) outpaced imports (-5.8% YoY). The outlook for the rest of the year is less positive, as poor conditions in German manufacturing are likely to weigh on Poland's export prospects. On the other hand, external positions may benefit if the current weakening of the PLN is continued.

CPI (August): 10.1% YoY

The StatOffice should confirm its flash estimate of August CPI inflation at 10.1% YoY. While headline inflation remained at double-digit levels, price growth has continued moderating. The decline in inflation seen last month can mostly be attributed to developments in food and beverages prices (down by 1% MoM), lower annual growth of house energy and further moderation of core inflation. Our current estimates point to CPI inflation decline below 9% YoY.

Key events in developed markets next week

Country	Time Data/event	ING	Survey	Prev.
Monday 11 September				
Italy	0900 Jul Industrial Output (MoM%/YoY%)	-0.6/-	/	0.5/-0.8
Norway	0700 Aug CPI (MoM%/YoY%)	-/-	/	0.4/5.4
	0700 Aug Core Inflation (MoM%/YoY%)	-/-	/	0.9/6.4
Netherlands	0530 Jul Trade Balance	-		12.284
Tuesday 12 September				
US	1100 Aug NFIB small business optimism	92.2	91.3	91.9
UK	0700 Jul ILO Unemployment Rate	4.4		4.2
	0700 Jul Employment Change	-245		-66
	0700 Avg Weekly Earnings ex bonus (3M/YoY%)	7.8		7.8
Spain	0800 Aug CPI (MoM%/YoY%)	-/-	/	0.5/2.6
Norway	0700 Jul GDP Mainland (MoM%)	-		0
Netherlands	0530 Aug CPI (YoY% NSA)	-		4.6
Wednesday 13 September				
US	1330 Aug Core CPI (MoM%/YoY%)	0.3/4.4	0.2/4.3	0.2/4.7
	1330 Aug CPI (MoM%/YoY%)	0.6/3.6	0.5/3.6	0.2/3.2
UK	0700 Jul GDP Estimate (MoM%)	-0.2	/	0.5
Eurozone	1000 Jul Industrial Production (MoM%/YoY%)	-/-	/	0.5/-1.2
Thursday 14 September				
US	1330 Aug Retail Sales (MoM%)	0.1	0.1	0.7
	1330 Initial Jobless Claims (000s)	225		216
	1330 Continuing Jobless Claims (000s)	1690		1679
	1330 PPI (MoM%/YoY%)	0.6	0.4	0.3
Sweden	0700 Aug CPI (MoM%/YoY%)	-/-	/	-0.2/6.4
Eurozone	1315 Sep ECB Refinancing rate	4.50	4.25	4.25
	1315 Sep ECB Deposit rate	4.00	3.75	3.75
Friday 15 September				
US	1415 Aug Industrial Production (MoM%)	0.1	0.1	1.0
	1500 Sep University of Michigan Sentiment Prelim	69.0	69.4	69.5
	1500 Sep University of Michigan Conditions Prelim	-		75.7
	1500 Sep University of Michigan Expectations Prelim	-		65.5
France	0745 Aug CPI (YoY%) NSA	-		4.8
Italy	1000 Jul Global Trade Balance	-		7.718
Eurozone	1000 Jul Total Trade Balance SA	-		12.5

Source: Refinitiv, ING

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 11 September					
Russia	1400	Jul Foreign Trade	-		8.411
Turkey	0800	Jul Current Account Balance	-4.5		0.674
Turkey	0800	Jul Unemployment Rate	-		9
Turkey	0800	Jul Industrial Production (MoM/YoY%)	-		1.55/0.64
Czech Rep	0800	Aug CPI (MoM%/YoY%)	-/-	/	0.5/8.8
Mexico	1300	Jul Industrial Output (YoY%)	-		3.7
	1300	Jul Industrial Output (MoM%)	-		0.6
Tuesday 12 September					
Serbia	1100	Aug CPI (MoM%/YoY%)	0,2/11,4	/	-0.1/12.5
Brazil	1300	Aug IPCA Inflation Index (MoM%/YoY%)	-/-	/	0.12/3.99
Wednesday 13 September					
Poland	1300	Jul Current Account	1598		2431
Czech Rep	0900	Jul Current Account Balance	-		-58.58
Hungary	0730	Jul Industrial Output Final	-		-2.6
Romania	0700	Aug CPI (YoY%)	8.75		9.44
Thursday 14 September					
Ukraine	1200	1 Central bank interest rate	-		22
		: Jul Trade Balance YTD	-		-11.04
Kazakhstan	1300	Aug Industrial Production (MoM%)	-		-5.3
Friday 15 September					
Russia	1130	Sep Central bank key rate	13.00	12.00	12.00
Turkey	0900	Aug Budget Balance	-		48.57
Poland	0900	Aug CPI (MoM%/YoY%)	-/-	/	0/10.1
Croatia	1000	Aug CPI (YoY%) NSA	7.2		7.3
	1000	Aug CPI (MoM%) NSA	0		0.2
Brazil	1300	Jul Retail sales (MoM%/YoY%)	-/-	/	0/1.3

Source: Refinitiv, ING

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Asia week ahead: Major China data release and India's inflation report

A flurry of China data reports will be the highlight for next week



China data dump: M2, industrial production, retail sales, aggregate financing

China will release a huge batch of data next week, the highlights of which will be industrial production and retail sales figures for August. Taking cues from the PMIs released recently, we could see a moderate improvement in industrial production at 4.8% year-on-year (from 3.7% in July). For retail sales, as it is approaching the end of the summer holiday season, we could see slower growth of 2.8% (from 2.5% in July).

India: CPI inflation

India's inflation is likely to come down as prices of tomatoes have fallen by more than 50% month-on-month. However, the price of another crucial food staple – onions – shot up by more than 20% MoM. The net result of this is that the CPI inflation rate for August should slow to 6.7% year-on-year (from 7.44% in July) – still above the top of the RBI's upper inflation target.

Australia: employment change, unemployment rate

Australia will release its labour report for August next week. We expect a partial reversal of the full-time job losses recorded last month, and some decline in the part-time jobs reading, resulting in a 15K increase in total employment. A similar partial reversal of last month's unemployment surge, coupled with ongoing increases in the labour force, could see the unemployment rate dip back down to 3.6% after last month's 3.7% print.

Indonesia: trade data

Exports and imports will remain in contraction for Indonesia while the overall trade surplus should improve slightly for August. Exports could fall by 17.3%YoY while imports could fall by 12.8%YoY. Resurgent global energy prices could impact both exports and imports with the overall trade balance registering at \$3.6bn. The trade balance could provide some support for the Indonesian rupiah which has been under pressure of late.

Key events next week

Country	Time (GMT+8)	Data/event	ING	Survey	Prev.
Monday 11 September					
China		- Aug FDI (YTD)	-		-4
		- Money Supply M2 YoY	10.5	10.7	10.7
		- New Loans CNY	1200	1250	345.9
		- Aggregate Financing CNY bn	2450	2600	528.2
India		- Aug Trade balance - USD bn	-2	-2.09	-2.067
		- Aug Imports - YoY	-15		-17
		- Aug Exports - YoY	-14		-15.9
Indonesia	1200	Jul Retail Sales Index (YoY%)	-		7.9
Singapore	1030	Q2 Unemployment Rate Final SA	-		1.9
Tuesday 12 September					
India	2000	Aug CPI Inflation (YoY%)	6.7	7.1	7.44
	2000	Jul Industrial Output (YoY%)	4.8	5	3.7
Wednesday 13 September					
South Korea	0700	Aug Unemployment Rate	2.9		2.8
Thursday 14 September					
Japan	0750	Jul Core Machine Orders (MoM%)	-1		2.7
Australia	0930	Aug Unemployment Rate	3.6		3.7
India	1430	Aug WPI Inflation (YoY%)	-		-1.36
Friday 15 September					
China	1000	Aug Industrial Output (YoY%)	3.8	4	3.7
		1-yr Medium Term Lending Facility rate	2.50%	2.50%	2.50%
	1000	Aug Retail Sales (YoY%)	2.8	2.8	2.5
Indonesia	1200	Aug Trade Balance (Bln of \$)	3.6		1.31
	1200	Aug Exports Growth (YoY%)	17.3		-18.03
	1200	Aug Imports Growth (YoY%)	12.8		-8.32

Source: Refinitiv, ING

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