

Our view on next week's key events

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✓ US: Fed tapering on the horizon

Assuming the US jobs numbers come in close to consensus (we are still awaiting publication at the time of writing) we can be pretty sure that the Federal Reserve will announce the tapering of its QE asset purchases at the 3 November FOMC meeting. Indications from officials suggest they want this concluded by the summer, which implies a reduction in asset purchases of \$15b each and every month starting from December. The coming week's data shouldn't change this outlook.

The key report to watch will be September's consumer price inflation. After a reopening spike in key areas we have seen the rate of price increases moderate, but it is still faster than we saw pre-pandemic with higher food and housing costs particularly evident. This will keep the YoY inflation rates elevated with the risk being that they rise further in coming months given supply chain issues and inventory shortages as we go into the key holiday season.

Other releases include the National Federation of Independent Businesses sentiment survey and the key area we will be focusing on is the price intentions series. We have seen an increasing proportion of companies looking to raise their prices in an environment where costs are going up and demand is strong. This improving pricing power will keep consumer price inflation higher for longer and expectations for Fed rate hikes inching higher. Meanwhile, retail sales will be dragged

lower by the plunge in vehicle sales. This is more a function of a lack of supply than a drop-off in demand given the dearth of inventory to sell, the ongoing production bottlenecks and the fact second hand car prices are up 45% this year. Outside of autos, the figures should remain positive with rising incomes and surging household wealth providing strong underpinnings.

UK data unlikely to test market's Bank of England conviction

Markets are pricing almost three UK rate rises by the end of 2022, and expectations for earlier hikes have been fuelled by recent rises in energy prices. Given the UK's chronically low gas in storage, further power price pressure is possible. However, we aren't convinced this makes a rate hike more likely – and if anything, it is a dovish factor given it'll act as a brake on consumer activity. Instead, the prospects of tightening hinge on wage growth and here, hopes may get a lift from another solid jobs report.

Weekly data points to another fall in the three-month unemployment rate, and hiring data generally has pointed to an encouraging recovery in demand over recent months. Vacancies are high, though we're also likely to see some redundancies over coming months as the furlough scheme ends. The impact on unemployment may not be huge, partly because some of the job losses will show up as 'inactive'.

In short, the jobs market is in a state of mismatch. So the question for policymakers is whether the sharp pay rises in shortage roles (e.g. lorry drivers) spread elsewhere – and the jury's still out. We think the cost of living spike over the winter means caution is likely to prevail at the Bank of England, and we're not expecting the first rate rise until May 2022. We have a couple of BoE 'doves' in the calendar next week too, and it'll be interesting to see if they push back on current market pricing.

Separately, we'll get August's GDP figures which are likely to see a bit of a pick-up in growth after July's stagnation. High-frequency data points to roughly 0.5% growth for the month.

Eurozone: Dip in production expected but trade continues to increase

The eurozone focus will be on manufacturing this week as trade and production data are set to be released for August. Shortages continue to bite on the production front, and expectations are for another decline in August. Despite all of the supply chain frictions and transport problems, trade continues to increase though. This will make the August trade balance an interesting figure to watch to get a bit of a sense of how net exports will perform in the third quarter.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 11 October					
UK	0001	Sep BRC Retail Sales (YoY%)	-		1.5
Norway	0700	Sep CPI (MoM%/YoY%)	-/-		0/3.4
	0700	Sep Core Inflation (MoM%/YoY%)	-/-		-0.6/1
Italy	0900	Aug Industrial Output (MoM%/YoY%)	-0.4/2.0		0.8/7
Tuesday 12 October					
US	1100	Sep NFIB small business optimism	99.5	99.5	100.1
	1500	Aug JOLTS job openings (000s)	11000	10925	10934
UK	0700	Aug ILO Unemployment Rate	4.5		4.6
	0700	Aug Employment Change	265		183
Germany	-	ZEW Index	25.0		26.1
Sweden	-	Sep Reg Unemployment Rate	-		7.7
Netherlands	0530	Aug Trade Balance	-		5.836
Wednesday 13 October					
US	1330	Sep Core CPI (MoM%/YoY%)	0.3/4.1	0.2/4.0	0.1/4
	1330	Sep CPI (MoM%/YoY%)	0.4/5.3	0.3/5.3	0.3/5.3
Germany	0700	Sep CPI Final (MoM%/YoY%)	0.0/4.1		0.0/4.1
UK	0700	Aug GDP Estimate (MoM%/YoY%)	0.5/5.5		0.1/7.5
	1530	BOE's Cunliffe speaks	-		-
Portugal	1100	Sep CPI (MoM%/YoY%)	-/-		0.9/1.5
Euro Zone	1000	Aug Industrial Production (MoM%/YoY%)	-1.5/4.7		1.5/7.7
Thursday 14 October					
US	1330	Initial Jobless Claims (000)	335	-	326
	1330	Continuing Jobless Claims (000)	2700	-	2714
Spain	0800	Sep CPI (MoM%/YoY%)	-/-		0.8/4.0
Sweden	0830	Sep CPIF (MoM%/YoY%)	-/-		0.5/2.4
UK	1110	BOE's Tenreyo speaks on currency and monetary policy	-		-
	1540	BOE's Catherine Mann speaks on Covid-19	-		-
Friday 15 October					
US	1330	Sep Retail Sales (MoM%/YoY%)	-0.5	-0.3	0.7
	1330	Sep Retail Sales ex autos (MoM%/YoY%)	0.6	0.5	1.8
	1500	Oct University of Michigan Sentiment Prelim	74.5	73.5	72.8
	1500	Oct University of Michigan Conditions Prelim	82	-	80.1
	1500	Oct University of Michigan Expectations Prelim	69.5	-	68.1
France	0745	Sep CPI (MoM%/YoY%)	-	-	-0.2/2.1
Italy	1000	Aug Global Trade Balance	-	-	8.76
Norway	0700	Sep Trade Balance	-	-	42.6
Euro Zone	1000	Aug Total Trade Balance	14.2	-	13.4
	1100	Sep Reserve Assets Total	-	-	1009.4

Source: Refinitiv, ING, *GMT

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Key events in EMEA next week

Rising inflation figures and current account balance readings across emerging markets dominate next week's calendar



Source: Shutterstock

✓ Russian balance of payments to shed light on ruble's prospects through year-end

Russia will report its 3Q21 balance of payments, which we believe will include a very strong current account surplus of \$32b on strong fuel and non-fuel proceeds amid still restrained imports of services (outward foreign tourism). The current account surplus was enough to cover the \$12.8b in mandatory FX purchases, and [we expect a similar situation for 4Q21](#). The capital account is a more problematic issue. On the one hand, the government enjoyed net portfolio inflows of \$5.7b into local currency public debt (OFZ), but on the other, the private sector saw substantial net outflows. The upcoming data release will help to shed light on whether this was technical or systemic.

In other news, the Finance Ministry will report its Federal budget fulfilment for the first nine months of 2021, which we believe to be in RUB1.1t surplus, ahead of the seasonal year-end spending splurge, which should lead to a small deficit for the full year, according to our expectations. As a reminder, the recently released budget draft is guiding for a [sharp consolidation in 2022](#), which bodes ill for GDP growth next year. But we believe the actual fulfilment could be less stringent in the event of a weaker ruble, higher than expected CPI, and if household income trends disappoint.

EMEA Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 11 October				
Russia	1400	3Q Current account surplus (\$ bn)	32	18.2
Turkey	0800	Aug Current Account Balance	0.5	-0.7
Turkey	0800	Aug Unemployment Rate	-	12.1
Czech Rep	0800	Sep CPI (MoM%/YoY%)	-/-	0.7/4.1
Kazakhstan	-	Sep Industrial Production (YoY%)	-	2.4
Tuesday 12 October				
Turkey	0700	Aug Industrial Production (MoM/YoY%)	2.8/8.6	-4.2/8.7
Russia	-	9M Budget Balance (RUB tr)	1.1	0.9
Romania	0700	Sep CPI (YoY%)	5.8	5.25
Serbia	1100	Sep CPI (MoM%/YoY%)	0.3/5.1	0.9/4.3
Mexico	1200	Aug Industrial Output (MoM%/YoY%)	-	1.1/7.3
Wednesday 13 October				
Ukraine	-	Aug Trade Balance YTD	-	-1.7
Kazakhstan	-	Sep Industrial Production (MoM%)	-	0.5
South Africa	1200	Aug Retail Sales (YoY%)	-	-0.8
Thursday 14 October				
Poland	1300	Aug Current Account Balance	-1152	-1827
Czech Rep	0900	Aug Current Account Balance	-	-19.5
Friday 15 October				
Turkey	0900	Sep Budget Balance	-	40.8
Poland	0900	Sep CPI (MoM%/YoY%)	-/-	0.6/5.8
Croatia	1000	Sep CPI (MoM%/YoY%) NSA	1.2/3.5	0.2/3.1

Source: Refinitiv, ING, *GMT

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Asia Week Ahead: Bank of Korea rate hike in the offing

A policy meeting in Korea, GDP figures from Singapore and inflation figures from China and India are next week's highlights



One of the main highlights of the Asian economic calendar next week is the Bank of Korea's policy setting meeting. With a new member of the monetary policy board, Park Ki Young, forecasting the result is a little harder as there is no voting history to go by. But the economic backdrop is supportive of a hike. Above target inflation, reasonable economic activity but a very weak currency, make us think that there is a chance the BoK will not wait until November, as the consensus believes, but will hike again at this October meeting.

There is also food for thought for other central banks – the Reserve Bank of Australia has been adamant about maintaining its accommodative stance and will probably find some further excuse to continue that, with another set of likely weak employment figures (stemming from the latest round of lockdowns) justifying a continuation of their dovish guidance. Still, a strong pick-up in vaccination rates may quickly result in this situation changing in the months ahead.

India's Reserve Bank, meanwhile, may take some comfort from CPI inflation falling back below 5%

year-on-year in September, though with energy and imported commodity prices rising and the rupee weakening, this trend may be short-lived.

Trade data for both the Philippines and Indonesia are also set for release next week. We expect Indonesia's trade balance to remain in surplus for another month as exports benefit from higher commodity prices. But the Philippines will likely see its trade deficit widen as imports rebound after mobility restrictions were relaxed.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 11 October					
China	-	Sep M2 Money Supply (YoY)	-	8.2	8.2
	-	Sep FDI (YTD)	-	-	22.3
Indonesia	0500	Aug Retail Sales Index (YoY)	-	-	-2.9
Tuesday 12 October					
Japan	0050	Sep M2 Money Supply (YoY%)	4.3	4.3	4.7
India	1300	Sep CPI Inflation (YoY%)	4.8	4.5	5.3
	1300	Aug Industrial Output (YoY%)	12.1	12.2	11.5
Philippines	0200	Aug Exports (YoY%)	14.6	-	12.7
	0200	Aug Imports (YoY%)	21.2	-	24
	0200	Aug Trade Balance	-3004	-	-3290
South Korea	0200	Oct Bank of Korea Base Rate	1	0.75	0.75
	0000	Sep Unemployment Rate	3.1	-	2.8
Wednesday 13 October					
China	-	Sep Exports	-	-	25.6
	-	Sep Imports	-	-	33.1
	-	Sep Trade Balance	-	-	58.3
Thursday 14 October					
Australia	0130	Sep Unemployment Rate	4.5	-	4.5
Australia	0130	Employment change (total, in 000s)	-125	-	-146
China	0230	Sep CPI (MoM%/YoY%)	-	-	0.1/0.8
India	0730	Sep WPI Inflation (YoY%)	-	-	11.39
Singapore	0100	Q3 GDP Flash (QoQ%/YoY%)	-/-	-	-7.2/14.7
Friday 15 October					
India	1230	Sep Fiscal Deficit - USD	-	-	22.9
	1230	Sep Imports - USD	-	-	56.4
	1230	Sep Exports - USD	-	-	33.4
Indonesia	0500	Sep Consumer Confidence Index	-	-	77.3
	0500	Sep Trade Balance (Bln of \$)	2.62	-	4.7
	0500	Sep Exports Growth (YoY%)	26.1	-	64.1
	0500	Sep Imports Growth (YoY%)	29.4	-	55.3

Source: Refinitiv, ING, *GMT

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