

Our view on next week's key events

Discover what ING analysts are looking for next week in our global economic calendars

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By James Knightley, Bert Colijn and James Smith



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Source: Shutterstock

✓ US: The long and distant past

The upcoming July activity and inflation data is likely to be very constructive, but unfortunately, in the market's mind, this is the long and distant past and doesn't reflect the current situation of escalating US-China trade and geopolitical tensions. The fear is that recent developments will hit sentiment, lead to higher costs and damage supply chains. In turn, this will hurt profitability and make businesses more reluctant to invest and hire new workers, which could result in a broader economic downturn. Therefore while the small business sector, industrial production and retail sales may all post decent gains for July, the story may not be so positive for the rest of the year. As such, the market has moved to price in a greater chance of aggressive Federal Reserve interest rate cuts and it will, therefore, be trade and political developments that will drive market moves rather than the economic data next week.

✓ How bad is the eurozone industrial slump?

Next week will shed light on how broad-based the eurozone industrial slump really is. German data for June was rather alarming and the question is whether the problem is mainly centred around Germany or whether it is more widespread across the monetary union. Also important is the data on eurozone trade, which is due out on Friday. For now, eurozone exports have held up rather well and the pain was felt more in the production of intermediates. June data on trade will provide more insight into the impact of global trade uncertainty on eurozone exports.

✔ Hectic UK data calendar

Amid a busy week for UK data, what really stands out is that wage growth may well hit another post-crisis high. While an uplift in public sector wages back in April is partly behind the recent acceleration in regular pay growth, it's also true that skill shortages in the jobs market are pressuring firms into lifting earning levels more rapidly. This has been a lone hawkish factor for the Bank of England and means that despite a more benign consumer price inflation backdrop, talk of a rate cut seems a little premature.

Having said that, there's not too much to be cheery about in the UK growth mix at the moment. Retail sales are likely to have slipped back in July, despite a more favourable backdrop for real wage growth.

✔ Will Norges Bank hint at a September rate hike?

Despite the deteriorating global growth backdrop, the Norwegian central bank has hiked interest rates twice since the start of the year. And while there's a clear risk that trade tensions intensify further, the strong domestic story suggests Norges Bank could hike rates again in the second half of this year. Breakeven rates in the energy sector are considerably lower than current oil prices, according to the central bank, and this is translating into substantially higher investment.

So it's really a question of "when" rather than "if" when it comes to another Norges Bank rate hike. We have been pencilling in December for the next move, although it looks increasingly likely that it could occur as soon as September. The central bank has a habit of explicitly flagging rate hikes at the meeting prior to the move, so we'll be watching next week's statement for a clearer signal – although given that a lot could still change on trade between now and September, policymakers may choose to keep their options open.

| Country | Time | Data/event | ING | Survey | Prev. |
|----------------------------|------|---|-----------|---------|-----------|
| Monday 12 August | | | | | |
| Australia | 0000 | RBA's Debelle Gives Speech in Sydney | | | |
| Tuesday 13 August | | | | | |
| US | 1100 | Jul NFIB Small Business Optimism | 105.0 | 104.9 | 103.3 |
| | 1330 | Jul CPI (MoM%) | 0.2/1.6 | 0.3 | 0.1 |
| | 1330 | Jul CPI ex. food and energy (MoM/YoY%) | 0.2/2.1 | 0.2/2.1 | 0.3/2.1 |
| Japan | 0050 | Jul PPI (MoM/YoY%) | 0.3/-0.3 | -/- | -0.5/-0.1 |
| | 0530 | Jun Tertiary industry index (MoM%) | -0.1 | - | -0.2 |
| Germany | 0700 | Jul F CPI (MoM/YoY%) | | -/- | 0.5/1.7 |
| | 1000 | Aug ZEW Current Situation Index | | - | -1.1 |
| UK | 0930 | Jun Weekly Earnings (3M avg) | 3.6 | - | 3.4 |
| | 0930 | Jun Weekly Earnings ex Bonus (3M avg) | 3.8 | - | 3.6 |
| | 0930 | Jun ILO Unemployment Rate (3M avg.) | 3.8 | - | 3.8 |
| | 0930 | Jun Employment Change (3M/3M, 000s) | 70.0 | - | 28.0 |
| Spain | 0800 | Jul F HICP (MoM/YoY%) | -/- | -/- | -1.1/0.7 |
| Australia | 2300 | RBA's Kent Gives Speech in Sydney | | | |
| Sweden | 0500 | Jul PES Unemployment Rate | - | - | 3.6 |
| Wednesday 14 August | | | | | |
| Japan | 0050 | Jun Core machine orders (MoM/YoY%) | -6.8/-3.8 | -/- | -7.8/-3.7 |
| Eurozone | 1000 | Jun Industrial Production (WDA, YoY%) | -0.6 | - | -0.5 |
| | 1000 | 2Q P GDP (QoQ/YoY%) | 0.2/1.1 | -/- | 0.2/1.1 |
| Germany | 0700 | 2Q P GDP (QoQ/YoY%) | | -/- | 0.4/0.7 |
| UK | 0930 | Jul CPI (MoM/YoY%) | -0.1/2.0 | -/- | 0.0/2.0 |
| | 0930 | Jul Core CPI (YoY%) | 1.8 | - | 1.8 |
| Sweden | 0830 | Jul CPIF (YoY%) | 1.3 | -/- | 1.7 |
| Netherlands | 0830 | 2Q P GDP (QoQ%) | - | - | 0.5 |
| Portugal | 0930 | Portugal Reports Second-Quarter GDP Estimate | | | |
| Thursday 15 August | | | | | |
| US | 1330 | Jul Advance Retail Sales (MoM%) | 0.3 | 0.3 | 0.4 |
| | 1330 | Jul Retail Sales ex. Auto and Gas (MoM%) | 0.5 | - | 0.7 |
| | 1415 | Jul Industrial Production (MoM%) | 0.2 | 0.3 | 0.0 |
| Japan | 0530 | Jun F Industrial production - Prel (MoM/YoY%) | -/- | -/- | -3.6/-4.1 |
| UK | 0930 | Jul Retail Sales ex Auto Fuel (MoM/YoY%) | -0.4/2.1 | -/- | 0.9/3.6 |
| | 0930 | Jul Retail Sales (MoM/YoY%) | -0.4/2.4 | -/- | 1/3.8 |
| Australia | 0200 | Aug CPI expectations (YoY%) | 3.2 | - | 3.2 |
| | 0230 | Jul Employment change ('000) | 37.0 | - | 0.5 |
| | 0230 | Jul Unemployment rate (%) | 5.2 | - | 5.2 |
| | 0230 | Jul Participation rate (%) | 66.0 | - | 66.0 |
| Norway | 0900 | Deposit Rates | 1.25 | - | 1.25 |
| Friday 16 August | | | | | |
| US | 1500 | Aug P U. of Mich. Sentiment Index | 97.0 | - | 98.4 |
| Eurozone | 1000 | Jun Trade Balance (€bn) | 19032 | - | 20238.5 |

Source: ING, Bloomberg

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Key events in EMEA and Latam next week

A busy week in EMEA next week with lots of growth numbers, all pointing to a slowdown. Hungary and Poland GDP will probably head south but we think...



Source: Shutterstock

✓ Romania: Maintaining the good rhythm

The good economic momentum seems to have been maintained in the second quarter, but not to the extent that of acceleration. Retail sales have been virtually flat in 2Q19 versus 1Q19 while the trade balance continued widening at a constant rate. Some green shoots are visible in the construction sector while confidence indicators have been improving as well. We, therefore, maintain our 0.5% quarter-on-quarter growth forecast (3.7% year-on-year) for 2Q.

✓ Czech Republic: CPI stable with some upside risk

Czech inflation should remain at 2.7% YoY in July (0.2% MoM), taking into account that fuel prices declined slightly in annual terms (-1.2% MoM) and also food prices usually decline during the summer (-0.5% MoM) as the harvest reaches the market. Still, volatility in food and alcoholic beverages poses some risks towards higher price dynamics. The Czech National Bank also estimates 2.7% CPI in July in its latest forecast. Flash 2Q GDP should slow down slightly towards 2.5% after 2.8% in 1Q19, while the central bank expects 2.7%.

✔ Hungary: Weakening growth yet stronger than its neighbors

We see Hungarian GDP growth slowing down in 2Q19. Based on the high-frequency data in the retail sector, industry and construction, all of them closed a weaker period in April-June versus the first quarter. The quarterly growth rate could be the worst in the past two years. However, the annual economic performance at 4.5% is expected to be strong enough to keep Hungary in the top shelf of all EU member states when it comes to GDP growth. The main driver will remain consumption and investment activity.

✔ Poland: Softening growth expected at 4.6%

We expect 2Q GDP growth to slow down modestly from 4.7% to 4.6% YoY, slightly above the market consensus of 4.5%. Private consumption should remain sound (4.6% YoY), while investments are likely to decelerate after a very strong 1Q. Last quarter numbers were distorted by the weak performance in June related to breaks in manufacturing enterprises work after heat-related disruptions.

The final CPI reading should confirm 2.9% YoY dynamics. The major focus will be on the structure of core inflation. After the flash reading, we estimate an increase from 1.9% to 2.1% YoY. The key factor is whether higher dynamics was an effect of tourism-related activities (rather temporary) or a broad-based acceleration. We see recent growth as rather persistent and forecast CPI above 2% in the coming months and close to 2.5% YoY on average in the fourth quarter.

EMEA and Latam Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|----------------------------|------|--------------------------------------|----------|---------|-----------|
| Sunday 11 August | | | | | |
| Kazakhstan | - | Jul Industrial Production Yearly | - | - | 5.9 |
| Monday 12 August | | | | | |
| Czech Rep | 0800 | Jul CPI (MoM%/YoY%) | 0.2/2.7 | -/- | 0.2/2.7 |
| | 0800 | Jun Export Price Index (YoY%) | - | - | 2.0 |
| | 0800 | Jun Import Price Index (YoY%) | - | - | 2.0 |
| Romania | 0700 | Jul CPI (MoM/YoY%) | -0.3/4.0 | -/- | -0.2/3.8 |
| | 0700 | Jun Industrial Sales (MoM/YoY%) | -/- | -/- | 8.7/7.6 |
| Serbia | 1100 | Jul CPI (MoM/YoY%) | -0.4/1.4 | -/- | -0.3/1.5 |
| Tuesday 13 August | | | | | |
| Poland | 1300 | Jun C/A (€mn) | 198 | 243 | 1006.0 |
| | 1300 | Jun Trade Balance (€mn) | -22.0 | -150 | 96.0 |
| | 1300 | Jun Exports (€) | 19276 | 18650 | 19703.0 |
| | 1300 | Jun Imports (€) | 19297 | 18800 | 19607.0 |
| Czech Rep | 0900 | Jun C/A (CZKbn) | - | - | 11.2 |
| Romania | - | Jun C/A YTD (€m) | - | - | -3401 |
| Israel | 1100 | Jul Trade Balance (US\$m) | - | - | -1818.7 |
| Wednesday 14 August | | | | | |
| Poland | 0900 | 2Q P GDP (YoY%) | 4.6 | 4.5 | 4.7 |
| Czech Rep | 0800 | 2Q A GDP (QoQ/YoY%) | 0.5/2.5 | -/- | 0.6/2.8 |
| Hungary | 0800 | 2Q P GDP (SWDA QoQ, YoY%) | 0.8/4.5 | - | 1.5/5.3 |
| Ukraine | - | 2Q P GDP (YoY%) | - | - | 2.5 |
| Romania | 0700 | Jun Industrial Production (MoM/YoY%) | -/- | -/- | -2.0/-1.7 |
| | 0700 | 2Q A GDP (SA QoQ, YoY%) | 0.5/3.7 | - | 1.3/5.0 |
| Bulgaria | 0900 | 2Q P GDP (QoQ/YoY%) | -/- | -/- | 1.2/3.5 |
| | 0900 | Jul CPI (MoM/YoY%) | -/- | -/- | -0.6/2.8 |
| South Africa | 1200 | Jun Retail Sales (MoM/YoY%) | -/- | -/- | 0.1/2.2 |
| Thursday 15 August | | | | | |
| Russia | - | Jul Industrial Production (YoY%) | 4.7 | 2.9 | 3.3 |
| Turkey | 0800 | May Unemployment Rate (%) | - | - | 13.0 |
| Serbia | - | Jun C/A (€mn) | - | - | -124.2 |
| Israel | 1630 | Jul CPI (MoM/YoY%) | -/- | -/- | -0.6/0.8 |
| Mexico | 1900 | Overnight Rate | 8.00 | 8.00 | 8.25 |
| Friday 16 August | | | | | |
| Russia | - | Jul PPI (MoM/YoY%) | - | 0.2/3.4 | -0.6/4.1 |
| Turkey | 0800 | Jun Industrial Production (MoM/YoY%) | -/0.5 | -/- | 1.3/-1.3 |
| Poland | 1300 | Jul Core Inflation (YoY%) | 2.1 | - | 1.9 |
| Czech Rep | 0800 | Jul PPI (Industrial) (MoM/YoY%) | - | - | -0.7/2.5 |
| Kazakhstan | - | 2Q P GDP (YTD YoY%) | - | - | 3.8 |

Source: ING, Bloomberg

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Asia week ahead: Is this what calm after the storm looks like?

After the escalation of the trade and currency war unleashing a whole load of central bank policy easing in Asia this week, markets may get some room to...



Source: Shutterstock

➔ China: Still, steady as she goes

This week saw a further escalation in trade tensions, further diminishing hopes of the two sides returning to the negotiation table in September. The next event risk could be a hike in the newly-announced 10% US tariffs on \$300 billion of Chinese goods, (which are due to come into effect in September) to 25%, or even more as President Trump has hinted.

Despite all of this, the Chinese economy, especially exports have been performing quite well. Following slightly better manufacturing PMI for July, an [unusual export bounce](#) in July asserts this

view, while also sustaining the upside potential for the rest of July economic data next week. Hence the above-consensus growth forecasts by our Chinese economist Iris Pang, who expects manufacturing to rise by 6.5%, fixed asset investment by 6%, and retail sales by 9.5% (consensus 6.0%, 5.9%, and 8.6% respectively). Meanwhile, July monetary data due any time from now until 15 August should reinforce that the authorities aren't letting their guard down in providing the necessary fiscal stimulus.

[China: Exports better than expected with unusual jump in some items](#)

➔ India: Test of RBI's aggressive easing

India's forthcoming manufacturing, trade, and inflation releases will be gleaned in the light of [RBI's additional rate](#) cut this week. Like China, India's 2% export growth in the first half of 2019 - the fastest among Asian countries - testifies that the Indian economy is performing well despite external headwinds, while stimulatory economic policies support domestic spending. As this holds a line under GDP growth, rising food price inflation has already begun to drive headline consumer price inflation higher.

With the escalation of border tensions undermining growth prospects further, we can't rule out RBI cutting rates further this year. We now pencil in additional 50 bp easing by year end, replacing our stable policy view.

So far economic data conforms to our view that the economy has had enough stimulus and the latest RBI rate cut wasn't really required. However, coinciding with the RBI meeting, the events about the disputed state of Kashmir may have had government's heavy hands in the RBI's unexpectedly big, 35 basis point rate cut decision this week. With the escalation of border tensions undermining growth prospects further, we can't rule out RBI cutting rates further this year. We are now pencilling in additional 50 bp easing this year, replacing our stable policy view.

[India's RBI cuts more than consensus by 35bp](#)

➔ The rest of Asia: Reeling under export weakness

July trade figures from Singapore and Indonesia will inform on the growth of these economies coming into the third quarter of the year. Singapore seems to be the weakest link in export performance in Asia with contraction in non-oil domestic exports now running in high teens (-17% YoY in June, -20% ING forecast for July). If so, any recovery from a sharp GDP slowdown in the second quarter would be a far cry, though we estimate a slight upward revision to 2Q growth to 0.2% YoY from 0.1% in advance report. Our Singapore watcher, Rob Carnell, sees this week's [sharp fall in the 3-month SIBOR](#) (Singapore interbank offer rate) as a clue to the imminent off-cycle central bank policy easing.

However, alongside China and India, Malaysia is also another notable exception to the export-led GDP slowdown, as what we expect the country's GDP report for 2Q to reveal next week. Relatively

firmer exports and manufacturing growth led us to raise our 2Q GDP growth forecast to 4.8% from 4.6%, following a brief slowdown to 4.5% in the previous quarter.

Also due next week is Malaysia's inflation data for July, which is likely to underscore the lack of inflation pressures, allowing the central bank to cut rates in the event that growth deteriorates. That's not quite our baseline though, with a forecast of stable BNM policy maintained for now.

[Singapore short term rates drop](#)

Asia Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|----------------------------|------|---|-----------|--------|------------|
| Monday 12 August | | | | | |
| China | - | Jul Aggregate finance (Yuan bn) | 1862.9 | 1625 | 2262.9 |
| | - | Jul Financial institution loans (Yuan bn) | 1400 | 1275 | 1663.6 |
| | - | Jul Money supply (M2) (%YoY) | 8.5 | 8.4 | 8.5 |
| Tuesday 13 August | | | | | |
| India | 1300 | Jul CPI (YoY%) | 3.4 | 3.1 | 3.2 |
| | - | Jul Exports (YoY%) | -5.5 | - | -9.7 |
| | - | Jul Imports (YoY%) | -4.5 | - | -9.1 |
| | - | Jul Trade deficit (US\$bn) | -18.0 | -15.2 | -15.3 |
| Singapore | 0100 | 2Q F GDP (QoQ Annualised/ YoY%) | -2.9/0.2 | -/- | -3.4/0.1 |
| Wednesday 14 August | | | | | |
| China | 0300 | Jul Fixed asset investment (YTD YoY%) | 6.0 | 5.9 | 5.8 |
| | 0300 | Jul Industrial Production (YoY%) | 6.5 | 6.0 | 6.3 |
| | 0300 | Jul Retail Sales (YoY%) | 9.5 | 8.6 | 9.8 |
| India | 0730 | Jul WPI (YoY%) | 2.0 | 1.9 | 2.0 |
| South Korea | 0000 | Jul Unemployment rate (SA%) | 4.1 | - | 4.0 |
| Thursday 15 August | | | | | |
| China | 0230 | Jul 70-cities New home prices (% YoY/MoM) | 10.5/0.5 | - | 10.8/0.7 |
| Indonesia | 0500 | Jul Exports (YoY%) | -7.1 | - | -9.0 |
| | 0500 | Jul Imports (YoY%) | -16.2 | - | 2.8 |
| | 0500 | Jul Trade balance (US\$m) | -205 | - | 196 |
| Philippines | - | Jun OCW remittances (YoY%) | -0.1 | - | 5.7 |
| Friday 16 August | | | | | |
| Hong Kong | 0930 | 2Q F GDP (Q) (QoQ SA, YoY%) | -/0.6 | -/- | -0.3/0.6 |
| | 0930 | Unemployment rate | 2.9 | - | 2.8 |
| Malaysia | 0500 | Jul CPI (YoY%) | 1.5 | - | 1.5 |
| | 0500 | 2Q GDP (QoQ SA, YoY%) | 0.9/4.8 | -/- | 1.1/4.5 |
| | 0500 | 2Q Current account (Q) (MYR bn) | 5.3 | - | 16.4 |
| Singapore | 0130 | Jul Non-oil domestic exports (MoM SA, YoY%) | 3.9/-20.0 | -/- | -7.6/-17.3 |

Source: ING, Bloomberg, *GMT

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