Bundle | 30 September 2022

Our view on next week's key events

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Key events in developed markets next week

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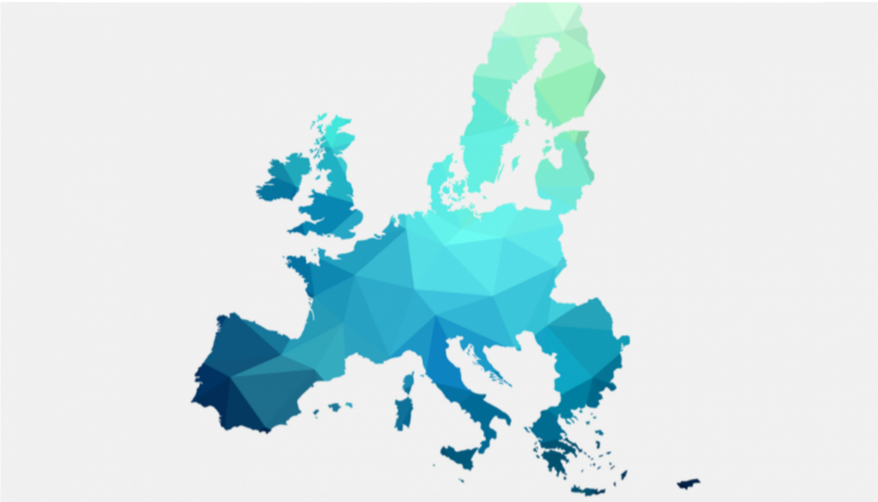

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US: Inflation is sticky as unemployment remains low and wage growth remains elevated

Financial markets are currently favouring the Federal Reserve implementing a fourth consecutive 75bp rate hike on 2 November and we agree. Inflation is sticky while the near-term growth story is looking OK and the economy continues to add jobs in significant numbers. That message should be reinforced by the upcoming labour report with unemployment staying at just 3.7%, payrolls increasing by around 200,000 and wage growth staying elevated. There are also plenty of Federal Reserve officials scheduled to speak and so far there is little sign of any inclination to slow the pace of policy tightening. The ISM business activity report should remain firmly in growth territory as well with the trade balance making further improvements. As such, we are expecting 3Q GDP to come in at close to 2%.

UK: Intermeeting Bank of England hike looks unlikely despite ongoing turmoil

UK markets remain volatile, and sensitive to further headlines over the coming week. We remain sceptical that the Bank of England will hike rates before its scheduled November meeting, despite a lot of tightening priced into swaps markets. Instead, we'll be watching for any update on the Bank's bond strategy. The BoE was forced to start buying long-dated gilts amid concerns about the stability of UK pension funds, but this is for a limited period and the Bank has said it plans to plough on with gilt sales from the end of the month. We think that's likely to get pushed back, however, given the strains in the gilt market. Markets will also remain hyper-sensitive to any headlines related to the government's controversial growth plan. In the first instance, press reports suggest the focus will be on spending cuts to offset some of the planned tax cuts, though this could be both practically and politically challenging. The Office for Budget Responsibility is due to provide a first draft of its post-Budget forecasts to the Chancellor privately on Friday.

Canada: Hopeful for a stabilisation in the jobs market

In Canada, the jobs market has wobbled of late with employment falling for three consecutive months after some very vigorous increases earlier in the year. We are hopeful of stabilisation in Friday's September report given the economy is still performing relatively well, but if we are wrong and we get a fourth consecutive fall then expectations for Bank of Canada tightening could be scaled back somewhat – especially after some softer than anticipated CPI prints. We are currently forecasting a 50bp rate hike at the October BoC policy meeting with a final 25bp hike in December.

Eurozone: Expecting declining trend in retail sales

For the eurozone, it's a pretty light week in terms of data. Retail sales on Thursday catch the eye as we'll get more information on consumer spending in the eurozone, as purchasing power remains under severe pressure. We've seen a declining trend in spending since last November and have little indication that August data will have shown a big turnaround. Continued declines would fuel our view that the eurozone economy could have already tipped into contraction in the third quarter.

Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
		Monday 3 October			
US	1500	Sep ISM Manufacturing PMI	52.5	52.8	52.8
	1500	Sep ISM Manufacturing Prices Paid	51		52.5
Germany	0855	Sep S&P Global/BME Manufacturing PMI	48.3		48.3
UK	0930	Sep S&P Global/CIPS Manufacturing PMI Final	48.5		48.5
Italy	0845	Sep S&P Global/IHS Manufacturing PMI	47.4		48
Switzerland	0730	Sep CPI (MoM%/YoY%)	-/-		0.3/3.5
Eurozone	0900	Sep S&P Global Manufacturing Final PMI	48.5		48.5
		Tuesday 4 October			
US	1500	Aug Factory Orders (MoM%)	0.3	0.4	-1
		Wednesday 5 October			
US	1315	Sep ADP National Employment (000s)	250	200	132
	1330	Aug International Trade (USD bn)	-67.5	-68.1	-70.7
	1445	Sep S&P Global Composite Final PMI	-		49.3
	1445	Sep S&P Global Services PMI Final	-		49.2
	1500	Sep ISM N-Manufacturing PMI	56.0	56.5	56.9
Germany	0700	Aug Imports/Exports	-5		-1.5/-2.1
	0700	Aug Trade Balance	4		5.4
	0855	Sep S&P Global Services PMI	-		45.4
	0855	Sep S&P Global Composite Final PMI	-		45.9
France	0745	Aug Industrial Output (MoM%)	-		-1.6
	0850	Sep S&P Global Composite PMI	-		51.2
UK	0930	Sep S&P Global/CIPS Services PMI Final	49.2		49.2
	0930	Sep Composite PMI Final	48.4		48.4
Italy	0845	Sep Composite PMI	-		49.6
Spain	0815	Sep Services PMI	-		50.6
Canada	1330	Aug Trade Balance (CAD bn)	3.8		4.05
Eurozone	0900	Sep S&P Global Services Final PMI	48.9		48.9
	0900	Sep S&P Global Composite Final PMI	48.2		48.2
		Thursday 6 October			
US	1330	Initial Jobless Claim (000s)	220	215	213
	1330	Continue Jobless Claim (mn)	1.4	1.39	1.38
Germany	0700	Aug Industrial Orders (MoM%)	-0.5		-1.1
Netherlands	0530	Sep CPI (MoM%/YoY% NSA)	-		2/12
Eurozone	1000	Aug Retail Sales (MoM%/YoY%)	0.5/-1.7		0.3/-0.9
		Friday 7 October			
US	1330	Sep Non-Farm Payrolls (000s)	220	250	315
	1330	Sep Private Payrolls (000s)	200	225	308
	1330	Sep Unemployment Rate (%)	3.7	3.7	3.7
	2000	Aug Consumer Credit ($bn)	25	25	23.81
Germany	0700	Aug Industrial Output (MoM%/YoY%)	0.5		-0.3/-1.11
France	0745	Sep Reserve Assets Total	-		242728
	0745	Aug Trade Balance	-		-14.54
Canada	1330	Sep Change in employment (000s)	0.0	-5.0	-39.7
	1330	Sep Unemployment Rate	-		5.4
Norway	0700	Aug GDP Month	-		0.3
	0700	Aug GDP Month Mainland	-		-0.3
Switzerland	0645	Sep Unemployment Rate Adjusted	-		2.1

Source: Refinitiv, ING

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Key events in EMEA next week

Turkish inflation is expected to increase to 83.5% in September due to significant price hikes in electricity and natural gas fees. In Hungary, we see the...

Source: Shutterstock

Turkey: Annual inflation to increase further

In September, we expect annual inflation to increase to 83.5% (3.1% on monthly basis) from 80.2% a month ago, given significant administrative price hikes in electricity and natural gas fees. Pricing pressures will likely remain broad-based on the back of a largely supportive policy framework along with a less supportive global backdrop leading to currency weakness.

Hungary: Retail sales to slow, industrial production to jump

The calendar for Hungary contains some activity data from August. We see retail sales slowing as prices rise quickly and households are increasingly conscious about their spending. On the other hand, industrial production will jump as the month of August this year contained two more working days than in the last year, boosting the unadjusted growth figure. When it comes to the September outlook for industry, the manufacturing PMI will give us some clues and we expect this to suggest expansion as orders books remain filled and supply chain issues have become less severe.

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
		Monday 3 October			
Russia	0700	Sep S&P Global Manufacturing PMI	-		51.7
Turkey	0800	Sep CPI (MoM%/YoY%)	3.1/83.5		1.5/80.2
	0800	Sep Manufacturing PMI	-		47.4
Poland	0800	Sep S&P Global Manufacturing PMI	40.1		40.9
Czech Rep	0830	Sep S&P Global PMI	46.1		46.8
	1300	Sep Budget Balance	-		-231.1
Hungary	0800	Sep Manufacturing PMI	58.2		57.8
	0800	Jul Trade Balance Final	-1150		-1150
Brazil	1400	Sep S&P Global Manufacturing PMI	-		51.9
Mexico	1530	Sep S&P Global Manufacturing PMI	-		48.5
		Tuesday 4 October			
Brazil	0900	Sep IPC-Fipe Inflation Index	-		0.12
		Wednesday 5 October			
Russia	0700	Sep S&P Global Services PMI	-		49.9
Romania	1300	Policy Rate	6.0	6.0	5.5
Poland	-	Policy Rate	7.00		6.75
South Africa	0815	Sep Std Bank Whole Econ PMI	-		51.7
Brazil	1300	Aug Industrial Output (MoM%/YoY%)	-/-		0.6/-0.5
	1400	Sep S&P Global Services PMI	-		53.9
	1400	Sep S&P Global Composite PMI	-		53.2
		Thursday 6 October			
Czech Rep	0800	Aug Retail Sales (YoY%)	-		-8.5
Hungary	0800	Aug Industrial Output (YoY%)	9.5		4
	0800	Aug Retail Sales (YoY%)	2.4		4.3
		Friday 7 October			
Russia	1700	Sep CPI (MoM%/YoY%)	0.0/13.6		-0.5/14.3
Czech Rep	0800	Aug Industrial Output (YoY%)	-		0.8
	0800	Aug Trade Balance	-		-22.8
Brazil	1300	Aug Retail sales (MoM%/YoY%)	-/-		-0.8/-5.2
Mexico	1200	Sep Headline Inflation	-		0.7
	1200	Sep Core inflation	-		0.8

Source: Refinitiv, ING

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Asia week ahead: RBA meeting plus regional trade and inflation data

A key central bank meeting and regional inflation and trade figures are in focus next week

The week ahead

In the coming week, we'll get readings on inflation, trade and PMI reports from the region. Also, with FX markets battered, data on dollar reserves will be in focus. Lastly, the Reserve Bank of Australia (RBA) meets to discuss policy, with the chance of a 50bp hike increasing.

RBA meets to discuss policy

Following some reasonable August labour market data, and stronger-than-expected retail sales figures, recent hints from the Reserve Bank of Australia that it may soon start to tighten rates at a slower pace are looking a bit less credible right now. With a strong and unified hawkish chorus from US Fed officials, the apparent ruling out by the US White House of a plaza-style currency agreement, and a further sliding of the Australian dollar, the odds are swinging back towards another 50bp RBA move at the coming meeting.

Most regional inflation readings to accelerate

Price pressures are likely to kick into high gear for both the Philippines and Indonesia which should keep their respective central banks on notice.

Indonesia's inflation has remained relatively subdued of late, but a recent price hike for subsidised fuel should push headline inflation past 6% year-on-year. Philippine inflation should also edge higher after a brief pause.

Meanwhile, the sharp depreciation of the Japanese yen should add pressure to inflation, with Tokyo CPI inflation expected to rise to 2.9%YoY in September. Inflation in Korea will also likely move higher, up 5.7%. Gasoline prices may have declined but food prices climbed quite sharply for the month.

Lastly, Taiwan's inflation should have a strong correlation with its trade data. Our outlook is for a slowdown in trade due to fading purchasing power for US and European markets. The weakness in the trade sector suggests softer demand in Taiwan given its dependence on external trade. Thus we expect lower CPI and WPI inflation for Taiwan.

Korea and Taiwan trade data

Korea's September trade data will also be in focus for the coming week. Set for release over the weekend, we expect export growth to slow to 2%YoY given the unfavourable calendar day effect. Semiconductors exports should rebound marginally after a sudden drop in August, but automobile exports are likely to turn negative as suggested by a recent industry report. Import growth is also expected to decelerate as the drop in oil prices overwhelms the weak Korean won.

Taiwan will also release trade figures in the coming days. Both exports and imports should be softer than in August, as high inflation in the US and Europe has led to a fall in purchasing power and thus weaker demand for Taiwan's exports.

PMI readings from Indonesia, Philippines and Singapore

Next week will feature the latest readings for PMI manufacturing. We can expect declines in PMI indices for both the Philippines and Singapore due to slower export demand although both indices are likely to remain in expansion. Indonesia on the other hand should see a modest improvement in activity tracking surging exports.

All about reserves

The ongoing rout in currency markets has central banks dipping into reserves to slow the depreciation of their currencies. Reserve levels are likely to fall in the coming months and both the Philippines and Indonesia could see lower levels given depreciation pressure for their respective currencies.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
		Saturday 1 October			
South Korea	0100	Sep Import/Export Growth Prelim	15.0/2.0		28.2/6.6
	0100	Sep Trade Balance Prelim	-2.0		-9.5
		Monday 3 October			
Japan	0050	Tankan Large Manufacturing Outlook	12		10
	-	Tanakn Large Non-Manufacturing Outlook	15		13
	0130	Sep Jibun Bank Manufacturing PMI	51		51
India	0600	Sep IHS S&P Global Manufacturing PMI	55.7		56.2
Indonesia	0130	Sep IHS S&P Global PMI	51.9		51.7
	0500	Sep Inflation (YoY%)	6.1		4.69
	0500	Sep Inflation (MoM%/YoY%)	1.2/3.6		-0.21/3.04
Philippines	0130	Sep Manufacturing PMI SA	51.1		51.2
Singapore	1400	Sep Manufacturing PMI	50		50
Taiwan	0130	Sep IHS S&P Global Manufacturing PMI	42.5		42.7
		Tuesday 4 October			
Japan		Tokyo CPI (%YoY)	-		2.9
Australia	0430	Oct RBA Cash Rate	2.85		2.35
South Korea	0130	Sep IHS S&P Global Manufacturing PMI	47.0		47.6
		Wednesday 5 October			
Japan	0130	Sep Services PMI	51.9		51.9
Philippines	0200	Sep CPI (MoM%/YoY%)	0.2/6/6		0.4/6.3
	0200	Sep Core CPI (YoY%)	4.8		4.6
Singapore	0600	Aug Retail Sales (MoM%/YoY%)	-/-		0.6/13.7
Taiwan	0920	Sep Foreign Exchange Reserve (USD bn)	543		545.5
South Korea	0000	Sep CPI Growth (MoM%/YoY%)	0.3/5.6		-0.1/5.7
		Thursday 6 October			
Australia	0130	Aug Trade Balance (AUD bn)	-		8733
India	0600	Sep IHS S&P Global Svcs PMI	-		57.2
Taiwan	0900	Sep WPI (YoY% NSA)	11.25		11.54
Taiwan	0900	Sep CPI (YoY% NSA)	2.4		2.66
		Friday 7 October			
China	-	Sep FX Reserves (USD tr)	3.004		3.055
Indonesia	0500	Sep Forex Reserves	130.1		132.2
Japan	0030	Aug All Household Spending (MoM%/YoY%)	-		-1.4/3.4
Philippines	-	Sep Forex Reserves (USD bn)	98.1		99
Singapore	1000	Sep Foreign Reserves (USD bn)	-		289.4
Taiwan	0900	Sep Imports/Exports	2.83/-5.85		3.5/2.0
	0900	Sep Trade Balance	3.19		3.0
South Korea	0000	Aug Current Account Balance NSA	-		1.1

Source: Refinitiv, ING

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