

## Our view on next week's key events

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## Key events in developed markets

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Source: Shutterstock

### ✓ US: Data flow to show a moderate growth

The Federal Reserve is clear that it would take a big shift in the economic outlook for them to alter monetary policy after implementing three rate cuts through the second half of last year. There appears to be general contentment that that policy adjustment has stabilised the economic situation and with Presidents Trump and Xi set to sign the phase one trade deal on 15 January, protectionism fears should become less of a headwind for growth (at least for the next few months). Nonetheless, the relative performance of the economy will have implications for the Presidential election given that Donald Trump will want to see a robust jobs market and rising asset prices, as the battle for the Presidency heats up.

The coming data flow should, in general, remain consistent with the view that the economy is growing respectably, if unspectacularly. Business surveys are currently consistent with GDP growth running at a touch under 2% and this week's NFIB small business survey should continue that theme. Industrial production is likely to correct lower after the surge seen in November, which was (literally) driven by auto output restarting following the conclusion of the GM workers' strike in plants across the country. Retail sales could be interesting, too. Car sales were softer, which should drag down the headline figure, while anecdotal evidence has suggested that department stores had a tough holiday season period. This though should be more than offset by non-store sales, given that Mastercard reported internet purchases were up 18.8% year-on-year. Rounding out the releases we should see consumer price inflation remaining broadly in line with the 2% inflation

target.

## ✓ UK: A busy week of data

In a busy week for UK data, keep an eye on inflation where a fall in petrol prices should keep the headline rate fixed for now. But as we move into 2020, expect inflation to dip as a sharp decline in water bills and to a lesser extent other regulated energy costs feeds through. With wages growing more quickly, this should add a bit of support to consumer spending over coming months, albeit the trend is likely to remain relatively lacklustre.

Don't expect to see evidence of that just yet though; retail sales figures out later in the week may well disappoint, following numbers from the British Retail Consortium suggesting the festive period was not great for the high street.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 13 January</b>					
US	1500	Boston Fed's Rosengren Discusses Economic Outlook			
Japan	2350	Nov C/A Balance, adjusted (Yen bn)	-	-	1732
UK	0930	Nov Industrial Production (MoM%)	0.0	0.0	0.1
	0930	Nov UK Services Index (MoM%)	0.1	0.1	0.2
	0930	Nov UK GDP (MoM%)	0.1	0.0	0.0
<b>Tuesday 14 January</b>					
US	1100	Dec NFIB Small Business Optimism	104.5	104.9	104.7
	1330	Dec CPI (MoM%)	0.1/2.2	0.3	0.3
	1330	Dec CPI ex. food and energy (MoM%/YoY%)	0.2/2.3	0.2/-	0.2/2.3
	1400	Fed's Williams Discusses Behavioral Science at London Event			
	1800	Fed's George Speaks in Kansas City			
Sweden	0500	Dec PES Unemployment Rate	-	-	3.9
<b>Wednesday 15 January</b>					
US	1900	U.S. Federal Reserve Releases Beige Book			
Japan	2350	Nov Core machine orders (MoM%/YoY%)	-/-	-/-	-6.0/-6.1
	2350	Dec PPI (MoM%/YoY%)	-/-	-/-	0.2/0.1
	0030	Kuroda Speech at Branch Managers' Meeting			
Eurozone	1000	Nov Industrial Production (WDA, YoY%)	-	-	-2.2
	1000	Nov Trade Balance (€bn)	-	-	24500
Germany	0900	2019 GDP (YoY%)	-	-	1.5
UK	0930	Dec CPI (MoM%/YoY%)	0.2/1.5	-/-	0.2/1.5
	0930	Dec Core CPI (YoY%)	1.6	-	1.7
Spain	0800	Dec F HICP (MoM%/YoY%)	-/-	-/-	-0.1/0.8
Sweden	0830	Dec CPI (MoM%/YoY%)	-/-	-/-	0.1/1.8
	0830	Dec CPIF (MoM%/YoY%)	-/-	-/-	0.1/1.7
<b>Thursday 16 January</b>					
US	1330	Dec Advance Retail Sales (MoM%)	0.3	0.5	0.2
	1330	Dec Retail Sales ex. Auto and Gas (MoM%)	0.3	-	0.0
Germany	0700	Dec F CPI (YoY%)	-	-	1.5
	0700	Dec F CPI (MoM%)	-	-	0.5
<b>Friday 17 January</b>					
US	1415	Dec Industrial Production (MoM%)	-0.2	0.0	1.1
	1500	Jan P U. of Mich. Sentiment Index	98.6	99.0	99.3
Japan	0430	Nov Tertiary industry index (MoM%)	-	-	-4.6
Eurozone	1000	Dec CPI (YoY%)	-	-	0.7
UK	0930	Dec Retail Sales ex Auto Fuel (MoM/YoY%)	-0.2/1.9	-	-0.6/0.8
	0930	Dec Retail Sales (MoM%/YoY%)	-0.2/1.8	-/-	-0.6/1.0

Source: ING, Bloomberg

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# Asia week ahead: US-China trade deal is near, but uncertainty lingers

Trade and geopolitics will continue to influence investor sentiment next week. The economic calendar is busy, too



Source: Shutterstock

## 6.3%

China GDP growth in 4Q19

ING forecast, consensus 6.0%

## China

The US looks ready to sign the 'phase one' trade deal next week. However, President Trump's

unilateral decision to sign the agreement on 15 January, without consulting Beijing, together with Beijing's refusal to increase quotas of grain imports from the US add a great deal of uncertainty to this event. This is likely to be accompanied by reports of somewhat softer economic activity in December, suggesting the markets are probably in for a week of elevated volatility.

The good news is that the Chinese economy held up in the final quarter of 2019. Quarterly GDP data is due next week and we forecast growth of 6.3%, above the consensus estimate of 6.0% (unchanged from the third quarter). Trade, manufacturing, and consumption (retail sale) gained traction, investment growth was stable, and industrial profits started to rise – all pointing to faster GDP growth.

## Korea, Taiwan, Singapore

Korea's December labour report will help to shed light on the health of the economy, just ahead of the Bank of Korea's policy meeting on 17 January. With the worst of the growth slump over, the BoK will probably stay put throughout this year.

Politics will take a centre stage for markets in Taiwan following the presidential elections this weekend.

And in Singapore, the non-oil domestic exports data for December could offer clues about the risk to fourth quarter GDP growth, which was estimated at 0.8% year-on-year earlier this month.

## India

Of all the Indian economic data next week, a significant inflation spike, although widely expected, could unnerve local markets. We are in line with the consensus, with our forecast of 6.6% consumer price inflation in December, up from 5.5% in November and far ahead of the Reserve Bank of India's 2-6% policy target. High inflation shouldn't be a total surprise after the excessive boost to policy in the last year via both monetary and fiscal channels. This failed to stimulate growth while the negative output gap continued to widen.

The RBI is coming to terms with the inflation risk as Governor Shaktikanta Das recently highlighted. A shift in the policy stance to neutral from accommodative seems to be a reasonable starting point for the central bank's next policy meeting in early February. We no longer expect the RBI to cut rates this year. Nor do we see any policy tightening on the horizon, at least not until GDP growth recovers to more than 7%.

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 13 January</b>					
India	1200	Dec CPI (YoY%)	6.6	-	5.5
<b>Tuesday 14 January</b>					
China		- Dec Exports (YoY%)	2.5	1.6	-1.3
		- Dec Imports (YoY%)	17.9	8.2	0.5
		- Dec Trade Balance (US\$bn)	33.0	45.0	37.9
India	630	Dec WPI (YoY%)	2.5	-	0.6
South Korea	2300	Dec Unemployment rate (% SA)	-	-	3.6
<b>Wednesday 15 January</b>					
Brazil	1200	Nov Retail Sales (YoY%)	-	-	4.2
India		- Dec Imports (YoY%)	-10.0	-	-12.7
		- Dec Trade deficit (US\$bn)	-10.9	-	-12120
		- Dec Exports (YoY%)	-2.0	-	-0.34
Indonesia	400	Dec Exports (YoY%)	-0.7	-	-5.67
	400	Dec Imports (YoY%)	-4.4	-	-9.24
	400	Dec Trade balance (US\$m)	-277.2	-	-1329.9
Philippines		- Nov OCW remittances (YoY%)	3.2	-	8
<b>Friday 17 January</b>					
China	200	Dec Retail Sales (YoY%)	7.6	7.8	8
	200	Dec Industrial Production (YoY%)	6.4	5.8	6.2
	200	Dec Fixed asset investment (YTD, YoY%)	5.2	5.2	5.2
	200	4Q GDP (QoQ SA/YoY%)	-6.3	-6.0	1.5/6.0
Singapore	30	Dec Non-oil domestic exports (MoM/YoY%)	-2.0/2.0	-/-	5.8/-5.9
South Korea		- 7-Day Repo Rate	1.30	-	1.25

Source: ING, Bloomberg, \*GMT

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## Key events in EMEA and Latam

A busy week in EMEA. The focus will be on inflation numbers, which are expected to follow an upward trend in December as a result of higher energy prices,...



Source: Shutterstock

### ✓ Hungary: CPI to jump on the back of energy prices

Hungary will join the trend in terms of what we've seen lately in the main inflation readings across Europe.

We expect headline CPI to jump to 3.9% year on year, matching the highest level seen in 2019. The main reason behind the significant acceleration is the change in energy prices, namely the combination of the recent rise and the lowering base from a year ago. In the meantime, the non-volatile elements might show only moderate inflation, especially the durables, dragging the core CPI reading a touch below 4% again. If our forecast proves to be correct, it would also mean that incoming data is lower than the central bank's forecast, so there won't be any reason to even start thinking about a hawkish turn in the near future.

### ✓ Turkey: Benchmark rate on hold but risks are tilted to the downside

The decline in (ex-post) real interest rate with large rate reductions and the recent rise in inflation entails a risk to TRY stability while geopolitical developments are likely to make the central bank



more cautious in the near term. But risks are on the downside, depending on the performance of the TRY, further easing cannot be ruled out given the central bank's ongoing easing bias.

### **Poland: Final CPI data to explain the rise in core inflation**

The final CPI release for December (likely 3.4%YoY) should shed more light on the drivers of a surprising core inflation increase from 2.6% to 3.2% YoY. Still, even in case of a demand-driven shock related to the minimum wage hike, we expect the central bank to continue communicating an unwillingness to change rates.

### **Czech inflation to follow the upward trend**

December inflation will be the most watched release after the previous print surprised on the upside and exceeded the 3% upper tolerance band of the inflation target. So far the December CPIs that have been released in the region have also accelerated above expectations. The main uncertainty is concentrated in food prices again, which was the main factor behind the November CPI acceleration.

However, some preliminary figures suggest that food prices might grow just slightly in December (+0.4% month on month), while fuel prices fell by 0.5%. As such, we expect stagnation of CPI at 3.1%. Retail sales will be affected by the working day bias, so unadjusted figures will be weaker compared to the year-to-day average growth, though we expect some slowdown beyond the calendar effect due to weaker consumer confidence and Black-Friday timing, which partially shifted to December.

### **Romania: Inflation to move above target**

We expect monthly inflation to have advanced by 0.3% in December mainly due to higher food prices for which we estimate a 0.6% monthly advance. This will push the year-end inflation to 3.90%, above central bank's 3.50% upper band of the inflation target corridor which in fact means another year of missing the 2.5%  $\pm$ 1ppt inflation target corridor.

\* Updated on 13/01/2020

## **EMEA and Latam Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 13 January</b>					
Turkey	0700	Nov C/A (US\$bn)	-	-	1.5
	-	Dec Foreign Tourist Arrivals (YoY%)	-	-	11.4
Poland	1300	Nov C/A (€mn)	369	250	529
	1300	Nov Trade Balance (€mn)	473	200	440
	1300	Nov Exports (€)	20962	20675	21791
	1300	Nov Imports (€)	20488	20505	21351
Czech Rep	0800	Nov Retail Sales (YoY%)	1.0	-	2.4
	0800	Nov Retail Sales Excl. Motor Vehicles (YoY%)	1.8	-	3.4
	0800	Dec CPI (MoM/YoY%)	0.0/3.1	-/-	0.3/3.1
	0800	Nov Export Price Index (YoY%)	-	-	-0.8
	0800	Nov Import Price Index (YoY%)	-	-	-1.9
	0900	Nov C/A (CZKbn)	-6.0	-	-2.6
Romania	0700	Nov Avg Net Wages (YoY%)	14.5	-	14.6
	-	Nov C/A YTD (€mn)	-	-	-9201
Kazakhstan	-	Dec International Reserves (US\$bn)	-	-	28.7
Serbia	1100	Dec CPI (MoM/YoY%)	0.0/1.2	-/-	0.2/1.5
Croatia	1000	Nov Tourism arrivals (YoY%)	-	-	11.71
Israel	1100	Dec Trade Balance (US\$mn)	-	-	-1669
<b>Tuesday 14 January</b>					
Turkey	0700	Nov Industrial Production (MoM/YoY%)	-/-	-/-	-0.9/3.8
Hungary	0800	Dec CPI (MoM/YoY%)	0.2/3.9	-/-	0.1/3.4
Romania	0700	Dec CPI (MoM/YoY%)	0.3/3.9	-/-	0.2/3.8
	0700	Nov Industrial Sales (MoM%/YoY%)	-/-	-/-	7.0/3.3
	0700	3Q F GDP (QoQ SA/ YoY%)	0.6/3.0	-/-	0.6/3.1
South Africa	0800	4Q Consumer Confidence	-	-	-7
<b>Wednesday 15 January</b>					
Romania	0700	Nov Industrial Production (MoM%/YoY%)	-/-	-/-	-2.1/-7.7
Bulgaria	0900	Dec CPI (MoM/YoY%)	-/3.2	-/-	0.5/3.0
South Africa	1100	Nov Retail Sales (MoM/YoY%)	-/-	-/-	-0.2/0.3
Israel	1630	Dec CPI (MoM/YoY%)	-/-	-/-	-0.4/0.3
<b>Thursday 16 January</b>					
Turkey	1100	Benchmark Repurchase Rate	-	-	12
Poland	1300	Dec Core Inflation (MoM/YoY%)	3.2	3.2	2.6
Czech Rep	0800	Dec PPI (Industrial) (MoM/YoY%)	0.0/2.0	-/-	-0.1/0.9
South Africa	0930	Nov Mining Production (YoY%)	-	-	-2.9
	0930	Nov Mining Gold Production (YoY%)	-	-	-1.2
	0930	Nov Mining Production Volume Index YoY	-	-	-4.8
	-	Repo rate (%)	-	-	6.5
Israel	1100	3Q F GDP (QoQ Annualised %)	-	-	4.0
<b>Friday 17 January</b>					
Russia	1300	Nov Trade Balance (US\$bn)	-	12.2	12.4
	1300	4Q P C/A (US\$mn)	-	-	10581
Serbia	-	Nov C/A (€mn)	-	-	-297.1

Source: ING, Bloomberg

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