

Our view on next week's key events

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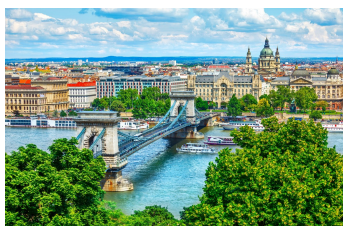


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Pork

Trade reports out from India, Indonesia and Japan

Next week's calendar features several trade reports with India, Indonesia and Japan all reporting recent export and import performance. For Indonesia, we could see the January trade balance remain in surplus but narrow sharply. A ban on coal for the first week of the month possibly led to weaker export earnings, trimming the surplus for January. A narrowing current account surplus for Indonesia could translate to depreciation pressure for the Indonesian rupiah in the near term.

Inflation numbers

The coming week also features inflation reports, although not all of Asia is tracking the general pickup in prices in the West. Both consumer price index (CPI) and producer price index (PPI) in China could drop slightly in January from a year ago. China's CPI has been dominated by the year-on-year effect of lower pork prices. But this development could be partially offset by higher vegetable prices this month due to the cold weather. For PPI, coal prices and other commodity prices

continued to rise during the period. But PPI on a year-on-year basis should come in at around 10%, similar to last month. We aren't too worried about this high PPI inflation as the government will likely implement offsetting policies to counteract the effect.

Meanwhile, despite some further moderation in food prices in January, in particular tomatoes, the year-on-year inflation rate in India will likely tick higher to 6.1%YoY with imported energy price increases driving the price level higher. This would leave inflation just above the top of the Reserve Bank of India's inflation target (2-6%), providing another reason to anticipate some gradual tightening of policy in the coming months, on top of the recent expansionary budget, which may need some leaning against.

Central bank decisions

China's central bank, the People's Bank of China, will decide on the 1Y Medium Lending Facility interest rate, which is currently at 2.85% down from 2.95% in December. We expect a 5bps cut in the rate for this month, which should bring a lower 1Y and 5Y Loan Prime Rate on the 20th. The factors for a rate cut have not faded, including the increase in the credit premium for the real estate sector, a worsening of the trade situation with the US, and the drag from pursuing a zero-Covid policy.

Meanwhile, we don't expect any changes in policy from Bangko Sentral ng Pilipinas (BSP), at least for now. BSP Governor Benjamin Diokno stepped up his dovish rhetoric after inflation moderated in January, indicating that he did not want to "change course" in the middle of a recovery. However, the dovish BSP stance against the backdrop of a hawkish Fed could translate into additional pressure on the Philippine peso in the near term.

Japan's 4Q GDP report

4Q21 GDP should reflect the re-opening of the economy after the delta restrictions caused 3Q to contract by 0.9% quarter-on-quarter. We look for GDP to bounce back by around 1.3%QoQ in 4Q21, which would leave full-year growth at 1.6%YoY. Considering the economy contracted by 4.5% in 2020, this is not a particularly impressive result, and should banish any thoughts of a change to an easier Bank of Japan stance.

Australia's labour data

With the unemployment rate already at a level that the Reserve Bank of Australia has previously highlighted as being consistent with the removal of policy accommodation, this series does not have too much further work to do. Additional job gains seem likely, though the unemployment rate may jump around a bit on participation rate volatility and is not guaranteed to fall. The more interesting release will be the wage price index on 23 February.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 7 February					
Indonesia		- Q4 Balance of Payments	-		10.7
		- Q4 Current Account/GDP	-		1.5
Thursday 10 February					
China		- Jan M2 Money Supply (YoY)	-	9.2	9.0
Taiwan	0800	Q4 GDP Final (YoY%)	-	4.88	4.9
Friday 11 February					
India	1130	FX Reserves, USD	-		629.8
Monday 14 February					
China		1Y Medium Term Lending Facility interest rate (%)	2.80		2.85
Japan	2350	Q4 GDP (QoQ%)	1.3	1.4	-0.9
India	0630	Jan WPI Inflation (YoY%)	-		13.56
	1130	Jan Fiscal Deficit - Bln INR	-		7594
	1130	Jan Imports (YoY%)	27		52.0
	1130	Jan Exports (YoY%)	26.8		34.1
	1200	Jan CPI Inflation (YoY%)	6.1		5.6
Philippines		- Jan Forex Reserves USD	-		108.9
Tuesday 15 February					
Indonesia	0400	Jan Trade Balance (Bln of \$)	1.12		1.02
	0400	Jan Exports Growth (YoY%)	35.3		35.3
	0400	Jan Imports Growth (YoY%)	46.8		47.9
South Korea	2300	Jan Unemployment Rate	3.5		3.8
Wednesday 16 February					
Japan	2350	Jan Exports (YoY%)	18		17.5
	2350	Jan Imports (YoY%)	38.6		41.1
	2350	Jan Trade Balance Total Yen	-1639		-582.4
China	0130	Jan CPI (YoY%)	1.2	1.2	1.5
	0130	Jan PPI (YoY%)	10.0		10.3
Thursday 17 February					
Japan	2330	Jan CPI (YoY%)	0.6		0.8
Australia	0030	Jan Unemployment Rate	4		4.2
	0030	Jan Employment Change (000s)	21.4		64.8
	0030	Jan Reserve Assets Total	-		83544
Philippines	0700	Policy Interest Rate	2		2

Source: Refinitiv, ING, *GMT

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Key events in EMEA next week

GDP data from Hungary and other central and eastern European countries, plus a central bank meeting in Turkey are the key things to watch next week



Hungary will release data on fourth-quarter GDP growth

✔ Hungary: GDP growth will reflect solid end to 2021

The only data release during the next week will be related to fourth-quarter GDP growth. Based on high-frequency data as well as remarks from government officials, it seems that Hungary closed 2021 on a high note. Quarter-on-quarter GDP growth of 1.5% will translate into year-on-year growth of 6.1% in 4Q21. As this is only a flash estimate we will hardly see any detailed clues from the Statistical Office regarding the drivers. But we expect the domestic demand to be sitting in the driving seat.

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 14 February					
Poland	1300	Dec Current Account	-		-1112
Czech Rep	0800	Jan CPI (MoM%/YoY%)	-/-		0.4/6.6
	0900	Dec Current Account Balance	-		-6
Ukraine	-	Dec Trade Balance YTD	-		-3.6
Romania	0700	Jan CPI (YoY%)	-	7.7	8.2
Kazakhstan	-	Jan Industrial Production (MoM%)	-		10.8
Croatia	1000	Jan CPI (MoM%/YoY%)	-		0.0/5.5
Tuesday 15 February					
Turkey	0800	Jan Budget Balance	-		-145.7
Poland	0900	Jan CPI (MoM%/YoY%)	-/-		-
	0900	Q4 GDP Flash (QoQ%/YoY%)	-		2.3/5.3
Hungary	0800	Q4 GDP Flash (YoY%)	6.1	5.5	6.1
Romania	0700	Q4 GDP Flash (YoY%)	-	4.8	7.4
Kazakhstan	-	Q4 GDP (YoY%)	-		3.6
Wednesday 16 February					
Russia	1600	Jan PPI (MoM%/YoY%)	-/-		0.8/28.5
South Africa	0800	Jan CPI (MoM%/YoY%)	-/-		0.6/5.9
	0800	Jan Core inflation (MoM%/YoY%)	-/-		0.3/3.4
	1100	Dec Retail Sales (YoY%)	-		3.3
Thursday 17 February					
Turkey	1100	Feb CBT Weekly Repo Rate	14		14.0
	1100	Feb O/N Lending Rate	15.5		15.5
	1100	Feb O/N Borrowing Rate	12.5		12.5
Friday 18 February					
Poland	0900	Jan Industrial Output (YoY%)	-		16.7

Source: Refinitiv, ING, *GMT

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Key events in developed markets next week

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We expect a decent bounce-back in UK retail sales after December's fairly shocking decline

✓ US: Markets continue to price in more rate hikes

Financial markets are now fully pricing in six rate hikes from the Federal Reserve following the very strong jobs data for January and the fact inflation is at a 40-year high. Fed funds futures contracts imply a better than evens chance of a 50bp hike, with St Louis Fed President James Bullard seemingly on board. Other officials are more cautious though. What can interest rate increases do when inflation is primarily the result of labour market shortages, supply chain strains and production bottlenecks? However, taking some of the strength out of the economy can allow a better demand-supply balance. We will be closely following the Fed commentary over the coming weeks to see how balance of thought is shifting within the Federal Open Market Committee.

Of course, the data could yet have an influence. The highlights next week will be retail sales and industrial production. Retail sales have been soft in recent months, but auto sales jumped in January and should ensure a decent overall gain. However, outside of this component sales growth is likely to be softer given that the Omicron variant clearly had a detrimental impact on consumer

behaviour with a notable drop-off in restaurant dining, air passenger numbers, and mobility in areas of retail and recreation. Should sales come in softer than hoped it could reignite fears of a potential flat to even negative 1Q GDP reading. Industrial production should be OK, with the cold January set to boost utility output as people tried to heat their homes. The ISM survey also points to ongoing growth.

Busy UK data week to keep Bank of England on course for more rate hikes

The Bank of England appears on track to hike interest rates at both the March and May meetings, and there's not much in next week's data calendar that's likely to alter that timeline.

We expect another notch lower in the unemployment rate, which now sits virtually where it was pre-virus – albeit beneath the surface employment is still some way below, while the number of working-age people who have left the labour market has risen. Elsewhere, the consensus for UK inflation looks a touch high, and in fact we expect headline CPI to tick slightly lower. However, this is only a temporary blip. Inflation is set to peak close to 7% in April when the electricity price hike comes through.

Finally, we expect a decent bounce-back in retail sales after December's fairly shocking decline. At the time that appeared to be partly the consequence of people shifting Christmas shopping into October and November relative to past years. Still, the outlook for retail looks difficult this year amid the rising cost of living and an ongoing rotation away from goods spending towards services.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 14 February					
Italy	0900	Dec Global Trade Balance	-		4.16
Tuesday 15 February					
UK	0700	Dec ILO Unemployment Rate	4.0		4.1
	0700	Dec Employment Change	35		60.0
Spain	0800	Jan CPI (MoM%/YoY%)	-/-		-0.5/6
Netherlands	0830	Q4 GDP Flash (QoQ%/YoY%)	-/-		2.1/5.2
	0830	Dec Trade Balance	-		4.6
Greece	1000	Jan CPI (YoY%)	-		5.1
Eurozone	1000	Dec Total Trade Balance SA	-		-1.3
	1000	Q4 GDP Flash (QoQ%/YoY%)	0.3/4.6	0.3/4.6	0.3/4.6
	1100	Jan Reserve Assets Total	-		1057
Wednesday 16 February					
US	1330	Jan Retail Sales (MoM%/YoY%)	1.5	1.7/-	-1.9/16.9
	1415	Jan Industrial Production (MoM%/YoY%)	0.4	0.4/-	-0.1/3.7
UK	0700	Jan CPI (MoM%/YoY%)	-0.2/5.3		0.5/5.4
Canada	1330	Jan CPI Inflation (MoM%/YoY%)	0.4/4.6		-0.1/4.8
	1330	Jan CPI BoC Core (MoM%/YoY%)	-		0.0/4.0
Norway	0700	Q4 GDP Growth Mainland	1.2		2.6
Eurozone	1000	Dec Industrial Production (MoM%/YoY%)	0.0/-2.2		2.3/-1.5
Thursday 17 February					
US	1330	Initial Jobless Claims	215		223
	1330	Cont Jobless Claims	1590		1621
Friday 18 February					
France	0745	Jan CPI (MoM%/YoY%)	-		0.3/2.9
UK	0700	Jan Retail Sales (MoM%/YoY%)	1.7/9.9		-3.7/-0.9
Canada	1330	Dec Retail Sales (MoM%)	0.1		0.7
Sweden	0830	Jan CPIX (MoM%/YoY%)	-/-		1.3/4.1
Eurozone	0900	Dec Current Account SA, EUR	-		23.6
	1500	Feb Consumer Confidence Flash	-8.0		-8.5

Source: Refinitiv, ING, *GMT

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