Bundle | 11 November 2022

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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US: Fed officials will have to tread carefully regarding hiking expectations

The low CPI print from the US this week has boosted expectations that the Federal Reserve will raise interest rates by "only" 50bp in December after four consecutive 75bp hikes. However, the Fed will be nervous that Treasury yields fell so far as some market participants interpreted the number as an indication that the Fed's work is nearly done. However, Fed officials won't want to signal that yet as it will reinforce a loosening of financial conditions that could undermine all the hard work in trying to constrain inflation. We expect to hear some fairly hawkish rhetoric over the coming days, messaging that while there likely will be a moderation in the size of rate hikes, inflation is not defeated and there is likely to be a higher terminal interest rate than the central bank signalled in September.

In terms of data, we have retail sales, industrial production, producer price inflation, housing starts and existing home sales. Moderate growth is likely to be the order of the day in the activity reports, while the housing numbers will be soft due to the rapid rises in mortgage borrowing costs that have prompted a collapse in demand. PPI should come in on the softer side of expectations, thanks to falling commodity prices and freight costs plus the strong dollar and easing supply chain pressures.

UK: Autumn Statement in focus amid busy data week

Markets have generally given new UK prime minister Rishi Sunak and his chancellor Jeremy Hunt the benefit of the doubt when it comes to next week's Autumn Statement. That's partly because these announcements will be accompanied by new forecasts from the Office for Budget Responsibility – something that was lacking when the ill-fated mini-budget was announced in September. Investors no doubt expect the Chancellor to do enough to convince the OBR that debt will fall across the medium-term, closing a fiscal deficit that would probably otherwise be £30-40bn/year by 2026-27. Exactly how that will be achieved remains somewhat uncertain, and pretty much every possible lever available to the Chancellor has been touted in the press at some point over the past few weeks.

Recent reports suggest the Treasury will rely more on spending than taxes to do the heavy lifting. But given the real-term cuts (in some cases sizable) already facing certain government departments, it may be that this means more noticeable cuts to investment spending.

For the economy, much will depend on how much of the burden is placed on consumers via higher taxation, and how immediately those changes come through. But we'll also be looking out for further detail on how the government intends to re-structure its flagship Energy Price Guarantee. The price cap, which had been due to last for two years, will be scaled back from April. Our working assumption is that most households will be shifted back to the Ofgem regulated price, which we estimate will average £3,300 annually based on current futures prices, up from £2,500 at the current government-guaranteed level.

We also have a few key pieces of data:

- **Jobs (Tue):** Hiring indicators have begun to turn lower, but so far there's been little-to-no sign of increased redundancies. Firms continue to face material staff shortages, driven in part by rising rates of long-term sickness in older workers. We expect the unemployment rate to remain low next week, and greater scope for "labour hoarding" compared to previous recessions could feasibly limit how far and fast unemployment rises over the coming month.
- **Inflation (Wed):** Famous last words but October's inflation data is likely to mark the peak in UK CPI – or there or thereabouts. This data will include the latest rise in electricity/gas prices, but given they're now being fixed by the government until at least April, their contribution has probably peaked. Still, headline inflation is unlikely to slip back into single digits until March/April next year.
- **Retail sales (Fri):** We expect a third consecutive month-on-month fall in sales as the cost of living squeeze continues to bite.

Poland: inflation remains broad-based and core inflation momentum is high

Current account (Sep): €-3025mn

The external position remains under pressure and we expect another wide current account deficit for September amid a deep foreign trade imbalance and unfavourable secondary income balance, as September was a month when Poland paid more to the EU budget than received from it. On a

12-month cumulative basis, the current account is projected to have expanded to 4.1% of GDP vs. 3.9% of GDP in August.

CPI (Oct): 17.9% YoY

We expect the flash estimate of 17.9% year-on-year to be confirmed by the final data. Prices of petrol went up by 4.1% month-on-month and energy for housing by 2.0% MoM, so the energy crisis is not over yet. At the same time, prices of food and non-alcoholic beverages jumped up by 2.7% MoM as farmers, food manufacturers and retailers continue to pass on higher costs of energy and transport onto their final products. Inflation remains broad-based and core inflation momentum is high. We estimate that core inflation excluding food and energy prices went up by 1.2% MoM i.e. 11.2% YoY in October vs. 10.7% YoY in September.

GDP (3Q22): +3.5% YoY

The recent revision of national accounts point to an even stronger 1H22 and increases the upside risk to our forecast of 2022 GDP at 4.3%. We forecast that in 3Q22, GDP bounced back after declining by 2.1% quarter-on-quarter seasonally-adjusted in 2Q22, but annual growth moderated toward 3.5% YoY. The Polish economy is clearly slowing down and a strong performance in 1H22 has created a high reference base for 2022 so we expect dismal annual GDP figures at the beginning of 2023 and risks to our 1.5% forecast for the next year are increasingly skewed to the downside.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
		Monday 14 November			
Eurozone	1000	Sep Industrial Production (MoM/YoY)	-		1.5/2.5
		Tuesday 15 November			
US	1330	Oct PPI MoM%/YoY%	0.4/8.3	0.5/8.4	0,4/8,5
	1330	Oct core PPI (MoM%/YoY%)	0.3/7.1	0.4/7.2	0,3/7,2
Germany	1000	Nov ZEW expectations	-60.0		-59.2
France	0745	Oct CPI (MoM%/YoY%) NSA	-		1.0/6.2
UK	0700	Sep ILO Unemployment Rate	3.6		3.5
	0700	Sep Employment Change	-22		-109
Spain	0800	Oct CPI (MoM%/YoY%)	-/-		0.4/7.3
Sweden	0700	Oct CPI (MoM%/YoY%)	-/-		1.4/10.8
	0700	Oct CPIF (MoM%/YoY%)	-/-		1.1/9.7
Netherlands	0830	Q3 GDP Prelim SA (QoQ%/YoY%)	-/-		2.6/5.1
	0830	Sep Trade Balance	-		5.063
Eurozone	1000	Sep Total Trade Balance SA	-		-47.3
	1000	Q3 GDP Flash Estimate (QoQ%/YoY%)	-/-		0.2/2.1
	1100	Oct Reserve Assets Total	-		1135.79
		Wednesday 16 November			
US	1330	Oct Retail Sales (MoM%)	0.7	0.9	0.8
	1415	Oct Industrial Production (MoM%)	0.2	0.2	0.4
	1500	Nov NAHB housing index	35	36	38
UK	0700	Oct Core CPI (MoM%/YoY%)	-/-		0.6/6.5
	0700	Oct CPI (MoM%/YoY%)	1.5/10.6		0.5/10.1
Canada	1330	Oct CPI Inflation (MoM%/YoY%)	0.3/6.4		0.1/6.9
		Thursday 17 November			
US	1330	Oct housing starts (000s)	1400	1416	1439
	1330	Initial Jobless Claims (000s)	230	-	225
	1330	Continue Jobless Claims (000s)	1500	-	1493
Italy	0900	Sep Global Trade Balance	-		-9.569
Eurozone	1000	Oct CPI (YoY%)	-		10.7
		Friday 18 November			
US	1500	Oct existing home sales (mn)	4.25	4.38	4.71
UK	0700	Oct Retail Sales (MoM%/YoY%)	-0.4/-7.4		-1.4/-6.9
Norway	0700	Q3 GDP Growth Mainland	0.4		0.7
Sweden	0700	Oct Unemployment Rate	-		6.5

Source: Refinitiv, ING

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
		Monday 14 November			
Poland	1300	Sep Current Account	-3025		-3967
Czech Rep	0900	Sep Current Account Balance	-		-80.63
Ukraine	-	Sep Trade Balance YTD	-		-5.42
Kazakhstan	-	Oct Industrial Production (MoM%)	-		-0.6
Serbia	1100	Oct CPI (MoM%/YoY%)	1,0/14		1.5/14
		Tuesday 15 November			
Turkey	0800	Oct Budget Balance	-		-78.63
Poland	0900	Oct CPI (MoM%/YoY%)	1.8/17.9		1.8/17.9
	0900	Q3 GDP (QoQ%/YoY%) Flash	3.5/3.5		-2.1/5.8
Hungary	0700	Q3 GDP (YoY%) Prelim	3.8	3.5	6.5
Romania	0700	Q3 GDP Flash (YoY%)	9.3	5.5	5.1
Kazakhstan	-	Q3 GDP (YoY%)	3.0		3.6
		Wednesday 16 November			
Croatia	1000	Oct CPI (MoM%/YoY%) NSA	-		1.5/12.8
South Africa	1100	Sep Retail Sales (YoY%)	-		2

Source: Refinitiv, ING

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Asia week ahead: Central banks in Indonesia and the Philippines to hike rates

Two central bank meetings will be the highlight for the region next week

Bank Indonesia to hike rates as growth beats estimates

Bank Indonesia will likely hike rates by 50bp to help steady the Indonesian rupiah, which has been under some pressure of late. The third-quarter GDP growth report was better than expected, giving the central bank some room to be aggressive with its tightening now that core inflation is moving higher.

BSP governor to make good on his promise

In the Philippines, Bangko Sentral ng Pilipinas (BSP) will increase policy rates by 75bp next week. Governor Felipe Medalla pre-announced his intention to match any rate hike by the US Federal Reserve and will likely make good on that promise to push the policy rate to 5.0% next week.

China to leave rates untouched

China's central bank, the People's Bank of China, should keep the 1Y Medium Lending Facility rate unchanged at 2.75% and rollover with no change for the net injection of liquidity. Put simply, we expect no change in monetary policy in terms of interest rates and liquidity. The economy has weakened with the rising number of Covid cases and the relaxing of restrictions since August will not have helped the economy much as the main weakness stems from the partial lockdowns of some cities.

Japan's GDP and inflation

Third quarter GDP in Japan is expected to grow 0.5% quarter-on-quarter, seasonally adjusted, which is a slower pace than the previous quarter. Reopening effects still led the overall growth but higher inflation and the weak yen partially offset the recovery. Meanwhile, CPI inflation should rise to 3.5% year-on-year in October with utilities and other imported goods prices rising.

Other important releases: China's activity data and Australia's jobs report

China will also release activity data next week and we expect almost no growth in retail sales in October despite a long holiday for the month, as shown by the recent PMI numbers. Industrial production should also be slower than the previous month due to soft orders from the external market. Investment activity should speed up slightly due to a pickup in infrastructure investment. However, property investment activities should continue to be in contraction. Meanwhile, October is a quiet month for the job market, and therefore we expect no change in the surveyed jobless rate at 5.5%.

Lastly, Australia releases its jobs report for October. The market consensus expects the unemployment rate to remain at 3.5%.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
		Sunday 13 to Wednesday 16 November			
China	--	1Y Medium Lending Facility rate (%)	2.75		2.75
		Monday 14 November			
Japan	2350	Q3 GDP (QoQ%)	0.5	0.3	0.9
India	0630	Oct WPI Inflation (YoY%)	-		10.7
	1200	Oct CPI Inflation (YoY%)	-		7.41
	1130	Oct Fiscal Deficit (USD bn)	-		-
	1130	Oct Imports/Exports (USD bn)	-		-
		Tuesday 15 November			
Japan	2350	Core Machine Orders (MoM%)			-5.8
China	0200	Oct Industrial Output (YoY%)	4.5	5.2	6.3
	0200	Oct Retail Sales (YoY%)	0.71	0.9	2.5
	0200	Oct Fixed Assets Investments (YoY% YTD)	6.1		5.9
Indonesia	0400	Oct Trade Balance (USD bn)	4.65		4.99
	0400	Oct Imports/Exports Growth (YoY%)	24.2/18.7		22.0/20.3
		Wednesday 16 November			
Japan	2350	Oct Imports/Exports (YoY)	50/30		45.9/28.9
	2350	Oct Trade Balance Total Yen	-1549		-2094
		Thursday 17 November			
Japan	2330	Oct CPI NSA (YoY %)	3.5		3.0
Australia	0030	Oct Unemployment Rate	-		3.5
	0030	Oct Reserve Assets Total	-		82876
Indonesia	-	Nov 7-Day Reverse Repo	5.25		4.75
Philippines	0700	Policy Interest Rate	5.00		4.25

Source: Refinitiv, ING

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