

Our view on next week's key events

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Key events in developed markets and EMEA next week

In the US, retail sales data may show solid growth for December while sticky services inflation will be in focus in the UK

By Adam Antoniak , James Knightley and James Smith



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Asia week ahead: GDP figures, unemployment data and a Bank Indonesia decision

China's usual data deluge, Australia's unemployment rate and a policy decision for Bank Indonesia will be in focus next week

By Min Joo Kang

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Key events in developed markets and EMEA next week

In the US, retail sales data may show solid growth for December as consumer confidence was buoyed by rising equity markets. In the UK, sticky services inflation will be in focus, as this could delay a Bank of England rate cut until the summer. And in Poland, we forecast the initial estimate of December CPI inflation to be confirmed at 6.1%



✓ US: Retail sales are likely to have grown solidly in December

Even though the December jobs and inflation numbers came in somewhat hotter than expected, financial markets continue to gun for rate cuts, with 150bp priced for the end of 2024. We expect reasonably firm data again this coming week, but the focus is likely to be on whether Federal Reserve officials look to push back against what the market believes.

US retail sales are likely to have grown solidly in December, with consumer confidence buoyed by rising equity markets. We know that auto volumes rose 3% to an annualised 15.8m units while weekly credit card spending numbers held up well, with prices rising 0.3% month-on-month, according to CPI data – remember this is a dollar value figure report. Industrial production won't be as robust though, expanding perhaps 0.1%, with manufacturing set to be close to flat on the month given the ISM manufacturing report has been in contraction territory since October 2022. Autos may be a bright spot as output continues to recover from earlier strike action, but weak order books are an issue for most other sub-sectors. Utilities output will be a drag given warm weather implies less heating demand while oil and gas extraction may have been helped by those

warmer weather conditions.

Housing starts and existing home sales data will also be published. Housing starts surged 14.8% in November and a substantial correction lower is expected for December in what has become quite a volatile series. There is a lack of existing homes for sale and this is supporting new home construction, but means that existing home sales are likely to continue to languish. Mortgage applications for home purchases remain close to 30-year lows and home sales are likely to remain at the levels seen at the bottom of the housing crash during the Global Financial Crisis.

Also watch out for the Federal Reserve's Beige Book. This anecdotal survey on the state of the economy often contains valuable insights on what is happening in the economy that don't get reflected in some of the official data until much later. The Fed also places a lot of significance on this report.

UK: Sticky services inflation to delay BoE rate cut until the summer

UK services inflation looks set to come in at 6.1% next week, well below where the Bank of England had forecast it back in its November policy report. Along with wage growth, which has also finally started to moderate, these are the key metrics upon which the Bank has signalled it will base its rate cut decisions. For now though, 6%+ services CPI is still too high and it's likely to stay in this region into the first couple of months of 2024. But things will start to change as we head towards summer. Thanks to moderating food and consumer goods inflation, as well as lower petrol prices, headline inflation is set to fall to 1.6% in May on our current forecasts. Services inflation should be down to 4% by the summer too. Assuming we get a fiscal boost in March – we forecast the Chancellor's £13bn headroom will double at the next budget, enabling tax cuts – the Bank of England may be tempted to wait a little longer before cutting rates. We're forecasting an August cut, though faster-than-expected declines in services CPI and/or wage growth could conceivably see that date come forward.

Poland: We expect the initial estimate of December CPI inflation to be 6.1% YoY

CPI (December): 6.1% YoY

We expect the initial estimate of December CPI inflation to be confirmed at 6.1% year-on-year. Food price growth fell short of our forecast and the decline in monthly gasoline prices turned out to be smaller than we expected. According to our estimates, core inflation excluding food and energy prices continued to moderate, reaching around 6.9% year-on-year vs. 7.3% YoY in November.

PPI (December): -6.0% YoY

Following a temporary pause in late 3Q23, the level of producer prices started to head south, contributing to continued deflation in YoY terms. We forecast that in December, PPI fell by 6.0% YoY following a 4.7% YoY drop in November. The MoM prices fell in all the main areas (manufacturing, mining, energy production) with the exception of water supply. PPI deflation may be continued until mid-2024.

Key events in developed markets next week

| Country | Time | Data/event | ING | Survey | Prev. |
|-----------------------------|------|--|----------|----------|----------|
| Monday 15 January | | | | | |
| Sweden | 0700 | Dec CPI (MoM%/YoY%) | -/- | / | 0.3/5.8 |
| | 0700 | Dec CPIF (MoM%/YoY%) | -/- | / | 0.1/3.6 |
| Eurozone | 1000 | Nov Total Trade Balance SA | - | | 10.9 |
| | 1100 | Dec Reserve Assets Total | - | | 1145.5 |
| Tuesday 16 January | | | | | |
| Germany | 0700 | Dec CPI Final (MoM%/YoY%) | 0.1/3.7 | / | 0.1/3.7 |
| UK | 0700 | Nov Avg. Weekly Earnings (3M/YoY%) | 6.8 | | 7.2 |
| | 0700 | Nov Avg. Weekly Earnings (3M/YoY% ex bonus) | 6.7 | | 7.3 |
| | 0700 | Dec Payroll Employees Change ('000s) | -10 | | -13 |
| Canada | 1330 | Dec CPI Inflation (MoM%/YoY%) | -0.3/3.3 | -0.3/3.2 | 0.1/3.1 |
| Norway | 0700 | Nov GDP Month | - | | 2.1 |
| | 0700 | Nov GDP Month Mainland | - | | 0.4 |
| Wednesday 17 January | | | | | |
| US | 1330 | Dec Retail Sales (MoM%/YoY%) | 0.6 | 0.4 | 0.3 |
| | 1415 | Dec Industrial Production (MoM%) | 0 | -0.1 | 0.2 |
| | 1700 | Federal Reserve Beige Book | | | |
| UK | 0700 | Dec Core CPI (MoM%/YoY%) | 0.3/4.9 | | -0.3/5.1 |
| | 0700 | Dec CPI (MoM%/YoY%) | 0.2/3.8 | | -0.2/3.9 |
| | 0700 | Dec Services CPI (YoY%) | 6.1 | | 6.3 |
| Eurozone | 1000 | Dec CPI (YoY%) | - | 3.4 | 3.4 |
| Thursday 18 January | | | | | |
| US | 1330 | Dec housing starts (000) | 1425 | 1415 | 1560 |
| Eurozone | 0900 | Nov Current Account SA, EUR | top | | 33.809 |
| Friday 19 January | | | | | |
| US | 1500 | Jan University of Michigan Sentiment Prelim | 69 | 68 | 69.7 |
| | 1500 | Jan University of Michigan Conditions Prelim | 73 | | 73.3 |
| | 1500 | Jan University of Michigan Expectations Prelim | 66.6 | | 67.4 |
| | 1500 | Dec existing home sales (mn) | 3.82 | 3.84 | 3.82 |
| UK | 0700 | Dec Retail Sales (MoM%/YoY%) | 0.1/1.8 | / | 1.3/0.1 |
| | 0700 | Dec Retail Sales ex fuel (MoM%/YoY%) | 0.1/2.1 | / | 1.2/0.3 |
| Canada | 1330 | Nov Retail Sales (MoM%) | -0.1 | 0 | 0.7 |
| Eurozone | 1500 | Jan Consumer Confidence Flash | - | | -15 |

Source: Refinitiv, ING

Key events in EMEA next week

| | | | | | |
|-----------------------------|------|-----------------------------------|-------|------|-----------|
| Monday 15 January | | | | | |
| Russia | 1400 | 2023 Budget Fulfilment (% of GDP) | -2.2 | | -2.3 |
| Turkey | 0800 | Dec Budget Balance | - | | 75.63 |
| Poland | 0900 | Dec CPI (MoM%/YoY%) | -/- | / | 0.1/6.1 |
| Ukraine | - | Nov Trade Balance YTD | - | | -22.3 |
| Kazakhstan | 0900 | Dec Industrial Production (MoM%) | - | | 3.7 |
| Tuesday 16 January | | | | | |
| Poland | 1300 | Dec Net Inflation (YoY%) | 6.9 | | 7.3 |
| Croatia | 1000 | Dec CPI (YoY%) | 4.9 | | 4.7 |
| | 1000 | Dec CPI (MoM%) | -0.1 | | -0.1 |
| Wednesday 17 January | | | | | |
| Russia | 1600 | Dec PPI (MoM%/YoY%) | -/- | / | -0.1/21.9 |
| South Africa | 1100 | Nov Retail Sales (YoY%) | - | | -2.5 |
| Brazil | 1200 | Nov Retail sales (MoM%/YoY%) | -/- | / | -0.3/0.2 |
| Thursday 18 January | | | | | |
| Russia | 1400 | Nov Foreign Trade | - | 8.5 | 9.428 |
| Friday 19 January | | | | | |
| Kazakhstan | 0600 | Dec Base Interest Rate | 15.25 | | 15.75 |
| Mexico | 1200 | Nov Retail Sales (YoY%) | - | | 3.4 |
| | 1200 | Nov Retail Sales (MoM%) | - | | 0.8 |
| Poland | 0900 | Nov PPI (YoY%) | -6.0 | -5.4 | -4.7 |

Source: Refinitiv, ING

Author

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

James Knightley

Chief International Economist, US

james.knightley@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Asia week ahead: GDP figures, unemployment data and a Bank Indonesia decision

Next week features China's usual data deluge plus GDP, India's trade data and Australia's unemployment rate. Meanwhile, Japan reports CPI inflation and Bank Indonesia decides on policy



China data deluge plus latest GDP report

The monthly deluge is accompanied by GDP data for December and the fourth quarter of 2023 this month. We believe that the seasonally adjusted quarter-on-quarter growth rate was similar in the fourth quarter to the third last year, at about 1.3%. We think that this will result in a slight uptick in GDP growth to 5.2% year-on-year in the fourth quarter, and also 5.2% for the full-year figure – slightly in excess of the government's 5.0% target. Box ticked.

For the rest of the data, we expect no improvement in any of the real estate-related data, though it will be interesting to see whether any of the recent increases in lending volumes of the MLF have any impact at all on infrastructure spending. We may see some very small further improvements in manufacturing and industrial production growth.

The key area to look out for remains the retail spending figures, which have been a pocket of relative resilience – although they have been punching a little bit above their longer-run trend growth in recent months and may not be able to sustain this for long.

Unemployment figures from Australia

While the market seems to have decided that the Reserve Bank of Australia (RBA) has finished hiking and were given an encouraging nod by the recent inflation data, the fact is that monthly inflation increases are not yet low enough for the central bank to hit its inflation target on a 12-month timeframe, and it will need to slow further. For that to look more probable, it would certainly help if indicators such as employment growth slowed.

In November, employment surged, and most of the jobs that were created were full-time. Both the strength of the full-time numbers and the weakness of the part-time figures were at odds with their recent trends. We would not be surprised to see a reversal with about 30,000 part-time jobs, but a dip to only 10,000 full-time jobs for a full employment change of +40,000. Unemployment may push up by about 20,000, and though this will remain slower than trend labour force growth, we may see the unemployment rate push up to 4.0%.

India's trade report

Trade data for December is not likely to diverge substantially from the November figures, which delivered a trade deficit of USD 20.6bn. With the Reserve Bank of India de-facto pegging the INR, this is unlikely to have a material impact on markets.

Japan inflation likely to moderate, core machinery orders to rise

Japan's CPI inflation is expected to decelerate to 2.7% YoY in December from 2.9% YoY in November, with falling utility prices and other energy prices weighing on the overall number. Service sector prices, however, will likely rise on the back of high demand in travel related items such as accommodations and eating out.

Meanwhile, core machinery orders should advance in November, supported by solid vehicle demand and recent recovery of semiconductor sector.

Bank Indonesia to extend their pause

Bank Indonesia (BI) is likely to extend its pause into 2024, with Governor Perry Warjiyo wary over a potential flare up in food inflation. Inflation has been relatively stable, but a looming El Nino episode and an expected acceleration in domestic activity ahead of the national elections in February could stoke price pressures in the near term. Concern over inflation should keep BI on hold, with the central bank also attempting to support the IDR, which is down 0.58% early in 2024.

Singapore NODX to post modest rise again

Singapore's non-oil domestic exports (NODX) could post another modest expansion in December after recently snapping a string of negative growth for 13 months. A favorable base and a recent pickup in select electronics shipments likely supported NODX in December 2023. We can expect this trend to extend into early 2024.

Key events in Asia next week

| Country | Time (GMT+8) | Data/event | ING | Survey | Prev. |
|-----------------------------|--------------|-------------------------------|------|--------|----------|
| Sunday 14 January | | | | | |
| Japan | 2350 | Dec M2 Money Supply (YoY%) | - | | 12407932 |
| Monday 15 January | | | | | |
| India | 0630 | Dec WPI Inflation (YoY%) | 1.2 | 0.9 | 0.26 |
| Indonesia | 0400 | Dec Trade Balance (Bln of \$) | 2.5 | | 2.41 |
| | 0400 | Dec Exports Growth (YoY%) | -9.5 | | -8.56 |
| | 0400 | Dec Imports Growth (YoY%) | 4.6 | | 3.29 |
| Tuesday 16 January | | | | | |
| Indonesia | 0700 | Jan 7-Day Reverse Repo | 6 | | 6 |
| Wednesday 17 January | | | | | |
| China | 0200 | Dec Industrial Output (YoY%) | 6.7 | | 6.6 |
| | 0200 | Dec Retail Sales (YoY%) | 6 | | 10.1 |
| | 0200 | Q4 GDP (YoY%) | 5.2 | | 4.9 |
| | 0200 | Q4 GDP (QoQ%, SA) | 1.3 | | 1.3 |
| Singapore | | Non-oil domestic exports | 3.5 | | 1 |
| Thursday 18 January | | | | | |
| Japan | 2330 | Dec CPI (YoY%) NSA | 2.7 | | 2.8 |
| | 2330 | Dec CPI NSA | - | | |
| Australia | 0030 | Dec Unemployment Rate | 4 | | 3.9 |
| | 0030 | Dec Reserve Assets Total | - | | 91918 |

Source: Refinitiv, ING

Author

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

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