

Our view on next week's key events

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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

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

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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

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