

## Our view on next week's key events

Here's what ING analysts are looking for in the developed and EMEA markets next week

### In this bundle



#### Key events in developed markets next week

It is a busy week for central banks next week. We will be watching ECB speakers ahead of their next meeting and Fed speakers as US risks are re-assessed

By James Knightley, Carsten Brzeski and James Smith



#### Key events in EMEA next week

It's a week full of activity data in EMEA next week, we expect disappointing labour market and activity figures in Poland and strong wages in Hungary

By Peter Virovacz

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# Key events in developed markets next week

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## Fed speakers key as US risks are re-assessed

Between now and next Friday there are ten different Federal Reserve officials scheduled to speak, which will give us a clue as to whether markets should really be re-pricing the outlook for monetary policy. For now the economy is growing strongly and inflation pressures are rising with both headline and core CPI above the Fed's own 2% target.

This week's retail sales numbers should show a rebound from surprise weakness in February, aided by strong employment growth and a positive impulse from tax cuts. Industrial production should also be supported by a competitive dollar and stronger global demand together with robust domestic orders. Nonetheless, concerns over a potential trade war with China linger on. The minutes to the March FOMC meeting suggested that officials believe that were the situation to escalate the fear of downside risks for growth would outweigh the concern about upside risks to inflation resulting from the tariffs. There has been a slight easing of trade tensions recently, but this could quickly change, hence why getting the perspective of key officials is so important. For now we continue to look for three further interest rate rises this year.

## **Eurozone data and ECB comments to be watched ahead of next meeting**

As it is the week ahead of the next ECB meeting, market participants will have a close eye on Eurozone data and possible comments by ECB officials. Given increasing signs of an unexpected soft patch of the entire Eurozone economy in the first quarter, the doves at the ECB should gain the upper hand, increasing the odds of an QE extension not only until the end of the year but possibly even beyond.

## **A mixed week for UK data is unlikely to throw the Bank of England off course**

With markets now more-or-less fully pricing in a UK rate hike in May, the big question next week is whether the dataflow can change policymaker's minds. We suspect it won't.

Another increase in the annual rate of wage growth – a key factor for the BoE – should bolster the Bank's view that earnings will grow faster this year as firms encounter skill shortages. Like last month, it's worth remembering that these figures say just as much about the weak patch this time last year, as they do about current pay momentum. But even so, we suspect the committee will be happy enough that wages remain on-track.

The rest of the dataflow could be fairly mixed. Core inflation may temporarily notch back up because of the early Easter and resulting higher air fares. But as this unwinds and the effect of the pound's depreciation continues to wear-off, we think it could dip to 2.2% as early as next month. Coupled with rising wage growth, this means the worst of the household squeeze is behind us. But confidence remains depressed (particularly when compared to Europe/US) and we expect this to continue to weigh on spending in the near-term. We suspect that'll keep a lid on retail sales next week, although the torrid weather may be a bigger factor this time around.

## **German ZEW index to hint at a disappointing first quarter**

After disappointing hard data for the first two months and weakening sentiment indicators, the ZEW index will be the first soft data for the month of April, providing some guidance for the future path of the German economy. We expect some more weakening, hinting at a somewhat disappointing first quarter for the entire economy.

## **Developed Markets Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 13 April</b>					
US	1500	Apr P U. of Mich. Sentiment Index	100.5	100.5	101.4
	1300	Fed's Rosengren Speaks on Economic Outlook			
	1400	Fed's Bullard Speaks on Living Standards across U.S. Cities			
	1800	Fed's Kaplan Speaks in Odessa			
Eurozone	1000	Feb Trade Balance (€bn)	20.3	20.2	19936.2
Germany	0700	Mar F CPI (MoM/YoY%)	0.4/1.6	0.4/1.6	0.4/1.6
Spain	0800	Mar F HICP (MoM/YoY%)	-/-	1.2/1.3	1.2/1.3
Australia	0230	RBA Financial Stability Review			
Sweden	0700	Riksbank Deputy Governor Floden Gives Speech			
Portugal	1100	Portugal Releases Tourist Activity Report			
Finland	0900	Finnish Finance Ministry Publishes Economic Forecast			
<b>Monday 16 April</b>					
US	1330	Mar Advance Retail Sales (MoM%)	0.4	0.3	-0.1
	1330	Mar Retail Sales ex. Auto and Gas (MoM%)	0.2	-	0.3
	1815	Fed's Bostic Speaks on the Economy and Rural Market Trends			
Japan	0910	BOJ Amamiya speaks at IMF, FSA and BOJ's FinTech conference			
Sweden	-	Maklarstatistik (0500) and Valueguard (0800) Swedish Housing Price Data			
<b>Tuesday 17 April</b>					
US	1415	Mar Industrial Production (MoM%)	0.4	0.3	0.95
	1500	Fed's Quarles to Testify Before House Financial Services panel			
	-	Fed's Williams (1415), Harker (1600) and Evans (1810) Give Speeches			
Japan	0530	Feb F Industrial production - Prel (MoM/YoY%)	-/-	-/-	4.1/1.4
Germany	1000	Apr ZEW Current Situation Index	88	-	90.7
UK	0930	Feb Weekly Earnings (3M avg)	3	-	2.8
	0930	Feb Weekly Earnings ex Bonus (3M avg)	2.8	-	2.6
	0930	Feb ILO Unemployment Rate (3M avg.)	4.3	-	4.3
	0930	Feb Employment Change (3M/3M)	85	-	168
Italy	0900	Mar F HICP (YoY%)	-	-	1.1
Australia	0230	RBA April Meeting Minutes			
<b>Wednesday 18 April</b>					
US	1900	U.S. Federal Reserve Releases Beige Book			
	2000	Fed's Dudley (2000) and Quarles (2130) Give Speeches			
Japan	0050	Mar Exports (YoY%)	-	-	1.8
	0050	Mar Imports (YoY%)	-	-	16.5
	0050	Mar Trade Balance ( ¥ bn )	-	-	3.4
Eurozone	1000	Mar F Core CPI (YoY%)	-	-	1
	1000	Mar F CPI (MoM/YoY%)	-/-	-/-	1/1.4
UK	0930	Mar CPI (MoM/YoY%)	0.4/2.7	-/-	0.4/2.7
	0930	Mar Core CPI (YoY%)	2.5	-	2.4
Canada	1500	Bank of Canada Policy Rate	1.25	1.25	1.25
New Zeal	2345	1Q CPI (Q) (QoQ/YoY%)	-/-	-/-	0.1/1.6
<b>Thursday 19 April</b>					
US	1410	Fed's Quarles Speaks at Institute of International Finance Eve			
UK	0930	Mar Retail Sales ex Auto Fuel (MoM/YoY%)	-0.4/1.5	-/-	0.6/1.1
	0930	Mar Retail Sales (MoM/YoY%)	-0.4/2.2	-/-	0.8/1.5
Canada	1330	ADP Publishes March Payrolls Report			
Australia	0230	Mar Employment change ('000)	-	-	17.5
	0230	Mar Unemployment rate (%)	-	-	5.6
	0230	Mar Participation rate (%)	-	-	65.7
Norway	1700	Norway Central Bank Governor Olsen Speaks in Oslo			
	1815	Norway Central Bank Deputy Governor Speaks in Philadelphia			
<b>Friday 20 April</b>					
US	1440	Fed's Evans Speaks on the Economy and Monetary Policy			
Japan	0030	Mar National CPI (YoY%)	-	-	1.5
	0030	Mar CPI ex-food, energy (YoY%)	-	-	0.5
	0530	Feb Tertiary industry index (MoM%)	-	-	-0.6
	0210	Bank of Japan will announce the outright purchase no. of gov securities			
Eurozone	1500	Apr A Consumer Confidence	-0.1	-	0.1

Source: ING, Bloomberg

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## Key events in EMEA next week

It's a week full of activity data in EMEA next week, we expect disappointing labour market and activity figures in Poland and strong wages in Hungary



Source: Shutterstock

### Poland: no rating upgrade and disappointing labour market and activity figures

In our opinion Standard & Poor's is unlikely to upgrade their rating or perspective. The agency should highlight better fiscal and external positions as both the budget performance and current account balance strongly outperformed their forecasts. On the other hand, clashes with the European Commission, a still wide structural deficit and long-term challenges (such as demographic problems) are likely to be used as arguments against any improvement.

Looking at upcoming data, both the labour market and activity figures should disappoint in March. We see a slight deceleration of enterprise wages to 6.6% year-on-year. The growth trend that was visible in the second half of 2017 has stagnated within the majority of sectors. Secondly, we expect sub-consensus industrial production (1.5% YoY) and construction output (10.6% YoY), reflecting a bit of softer external demand and public investments outlays.

### Hungary: wages expected to grow rapidly

In Hungary, we are facing a relatively quiet week with only one important piece of hard data.

Wages are expected to grow rapidly on the back of the raised minimum wages, wage settlements and the mounting labour shortage. Moreover, we might see a higher than usual premium and bonus payments in the public sector.

## EMEA Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 13 April</b>					
Poland	0900	Mar F CPI (MoM/YoY%)	-/-	-/-	-0.1/1.3
	1300	Feb C/A (€mn)	-528	-343	2005
	1300	Feb Trade Balance (€mn)	-543	-487	-204
	1300	Feb Exports (€)	16713.3	16700	16853
	1300	Feb Imports (€)	17256.3	17221	17057
-	-	Poland Sovereign Debt to be rated by S&P			
Czech Rep	0900	Feb C/A (CZKbn)	29	32	28.88
Romania	-	Feb C/A YTD (€m)	-	-	216
Kazakhstan	-	Kazakhstan Sovereign Debt to be rated by Fitch			
Croatia	1000	Feb Tourism arrivals (YoY%)	-	-	18.7
<b>Sunday 15 April</b>					
Kazakhstan	-	Mar Industrial Production Yearly	-	-	6.1
Israel	1630	Mar CPI (MoM/YoY%)	-/-	0.26/0.1	0.1/0.2
<b>Monday 16 April</b>					
Russia	-	Mar Industrial Production (YoY%)	-	1.3	1.5
Turkey	0800	Feb Industrial Production (MoM/YoY%)	-/7.0	-/-	-0.8/11.98
	0800	Jan Unemployment Rate (%)	-	-	10.42
	-	Mar Central Administration Budget (TRY bn)	-	-	-1.9
Poland	1300	Mar Core Inflation (MoM/YoY%)	0/0.5	0.3/0.9	0/0.8
Romania	1300	National Bank of Romania publishes Minutes of Rate Meeting			
Kazakhstan	1200	Apr 16 Key Policy Rate (%)	-	-	9.5
Bulgaria	0900	Mar CPI (MoM/YoY%)	-/-	-/-	0.3/2
Israel	1100	4Q F GDP (QoQ Annualised %)	-	-	3.6
<b>Tuesday 17 April</b>					
Israel	-	Apr 12Mth Inflation Forecast (%)	-	-	0.8
<b>Wednesday 18 April</b>					
Russia	1400	Mar Retail Sales (YoY%)	-	2.1	1.8
	1400	Mar Real wages (YoY%)	-	8.2	9.7
	1400	Mar PPI (MoM/YoY%)	-/-	0.5/6.2	1/5.7
Poland	0900	Mar Avg Gross Wages (MoM/YoY%)	6.1/6.6	6.1/6.5	0.2/6.8
	0900	Mar Employment (MoM/YoY%)	0.1/3.7	0.1/3.7	0.2/3.7
Czech Rep	0800	Mar PPI (Industrial) (MoM/YoY%)	0.2/0	-0.1/-0.4	-0.4/-0.3
	0800	Feb Export Price Index (YoY%)	-	-	-4.1
	0800	Feb Import Price Index (YoY%)	-	-	-5.8
Hungary	0800	Hungary Central Bank's Nagy, OTP Bank's Wolf Speak			
S. Africa	0900	Mar CPI (YoY%)	-	-	4
	1200	Feb Retail Sales (MoM%)	-	-	-1.6
<b>Thursday 19 April</b>					
Poland	0900	Mar Industrial Output (MoM/YoY%)	10.9/1.5	12.7/3	-2.2/7.4
	0900	Mar PPI (MoM/YoY%)	-0.1/-0.1	0.1/0	-0.3/-0.2
Serbia	-	Feb C/A (€mn)	-	-	-72.9
<b>Friday 20 April</b>					
Turkey	0800	Apr Consumer Confidence	-	-	71.31
Czech Rep	-	Czech Sovereign Debt to Be Rated by Moody's			
Hungary	0800	Feb Avg Gross Wages (YoY%)	14.2	-	13.8
Ukraine	-	Ukraine Sovereign Debt to be rated by S&P			
Croatia	-	Mar Unemployment Rate (%)	-	-	12.3

Source: ING, Bloomberg

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