

Our view on next week's key events

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In this bundle



Key events in developed markets next week

The developed markets this coming week are expected to be relatively steady given that the outcome of the trading war is still ambiguous

By James Knightley, James Smith and Carsten Brzeski



Asia week ahead: The trade war is on

Asian activity data doesn't yet speak about the trade war, which has just started. But it won't be too long



Key events in EMEA and Latam next week

A very quiet atmosphere next week for EMEA and Latam with Poland expecting a calm environment given the upcoming data releases

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Key events in developed markets next week

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✓ Fed's guidance to provide calm?

If it wasn't for the concerns on global trade we would likely see market expectations for US interest rates be significantly higher than they currently are. After all, the US economy looks set to have grown by an annualised 4% in 2Q18 while inflation looks set to breach the 3% level next month. At the same time the US is experiencing its strongest jobs market for around 50 years.

Nonetheless, the uncertainty that protectionist measures creates poses clear risks for investment and hiring in coming quarters, hence the markets' caution. As such, the tone of the Federal Reserve's semi-annual monetary policy report to Congress will be of huge importance to gauge the likely path of policy in the second half of the year. We expect it to suggest that the market is probably right to expect two further 25bp rate rises this year. In terms of US data the focus will be retail sales and given the strength in the jobs market and the robust readings for consumer confidence we expect the spending numbers to be strong.

✓ Calming atmosphere in the Eurozone could be clouded by the looming trade war

It will be very calm in the Eurozone and Germany ahead of the upcoming ECB meeting. In light of the recent escalation of the trade war, Eurozone trade numbers should get somewhat more

attention than normally.

Cooling UK inflation unlikely to throw BoE off course in August

It's a big week for UK data, and it kicks off with the jobs report where the key story is likely to be a slowdown in wage growth. Admittedly this is partly down to base effects, but the underlying momentum also seems to have slipped over recent months. This tallies with the slightly more muted earnings outlook in the latest BoE Agents report. There's also a risk that core CPI slips back to target (although we narrowly think it will stick at 2.1% for now), which also implies inflationary pressures are not getting out of hand at this stage.

None of this is likely to stop a rate hike in August – barring another flare-up in the politics around the time of the meeting. The economic data has been solid enough to support the Bank's forecasted 2Q rebound. That's likely to be emphasised by robust retail sales figures next week.

But lower inflation is another reason why the Bank is likely to move fairly slowly on rate rises. We expect the Bank to hike rates again in August, but with Brexit likely getting increasingly noisy, we currently don't expect the Bank to hike rates again before May 2019.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 13 July					
US	1500	Jul P U. of Mich. Sentiment Index	98	98	98.2
	1600	Fed Releases Monetary Policy Report to Congress			
	1730	Fed's Bostic Holds Town Hall Chat in Northern Virginia			
Japan	0530	May F Industrial production - Prel (MoM/YoY%)	-0.2/4.2	-/-	-0.2/4.2
Germany	-	Germany Sovereign Debt to Be Rated by Moody's			
UK	1200	Bank of England Deputy Governor Jon Cunliffe Speaks in Kendal			
Italy	1400	Bank of Italy Releases the Quarterly Economic Bulletin			
Spain	0800	Jun F HICP (MoM/YoY%)	-/-	0.2/2.3	0.2/2.3
	-	Spain Sovereign Debt to be rated by Fitch			
Portugal	0930	Portugal's Costa Speaks at State of the Nation Debate			
Sunday 15 July					
Denmark	-	Denmark Sovereign Debt to be rated by Fitch			
Monday 16 July					
US	1330	Jun Advance Retail Sales (MoM%)	0.7	0.6	0.8
	1330	Jun Retail Sales ex. Auto and Gas (MoM%)	0.4	0.4	0.8
Eurozone	1000	May Trade Balance (€bn)	18500	-	18104.5
new Zealand	2345	2Q CPI (Q) (QoQ/YoY%)	-/-	-/-	0.5/1.1
Sweden	0800	Valueguard Swedish Housing Price Data			
Tuesday 17 July					
US	1415	Jun Industrial Production (MoM%)	0.7	0.6	-0.09
	1500	Powell to Deliver Semi-Annual Testimony Before Senate Panel			
UK	0930	Jun Claimant Count Rate (%)	-	-	2.5
	0930	May Weekly Earnings (3M avg)	2.5	-	2.5
	0930	May Weekly Earnings ex Bonus (3M avg)	2.7	-	2.8
	0930	May ILO Unemployment Rate (3M avg.)	4.2	-	4.2
	0930	May Employment Change (3M/3M)	170	-	146
Italy	1000	Jun F HICP (YoY%)	-	-	1.5
Australia	0230	RBA July Meeting Minutes			
Wednesday 18 July					
US	1900	U.S. Federal Reserve Releases Beige Book			
Eurozone	1000	Jun F Core CPI (YoY%)	-	-	1
	1000	Jun F CPI (MoM/YoY%)	-/-	-/-	0.1/2
UK	0930	Jun CPI (MoM/YoY%)	0.1/2.6	-/-	0.4/2.4
	0930	Jun Core CPI (YoY%)	2.1	-	2.1
Thursday 19 July					
Japan	0050	Jun Exports (YoY%)	7.2	-	8.1
	0050	Jun Imports (YoY%)	7.3	-	14
	0050	Jun trade balance (JPY bn)	464	-	-580.5
UK	0930	Jun Retail Sales ex Auto Fuel (MoM/YoY%)	0.3/3.9	-/-	1.3/4.4
	0930	Jun Retail Sales (MoM/YoY%)	0.6/4.0	-/-	1.3/3.9
Canada	1330	ADP Publishes June Payrolls Report			
Australia	0230	Jun Employment change ('000)	16	-	12
	0230	Jun Unemployment rate (%)	5.5	-	5.4
Australia	0230	Jun Participation rate (%)	65.6	-	65.5
Friday 20 July					
US	1300	Fed's Bullard Speaks on Economy and Monetary Policy			
Japan	0030	Jun National CPI (YoY%)	-	-	0.7
	0030	Jun CPI ex-food, energy (YoY%)	-	-	0.3
	0530	May All industry activity index (MoM%)	-	-	1
	0030	Japan Jun CPI	-	-	-
France	-	France Sovereign Debt to be rated by Fitch			
UK	0930	Jun Public Finances (PSNCR)	-	-	4.507
	0930	Jun PSNB ex Banks (€bn)	-	-	4.966
Canada	1330	Jun CPI (MoM/YoY%)	-/-	-/-	0.1/2.2
Greece	-	Greece Sovereign Debt to be rated by S&P			
Austria	-	Austria Sovereign Debt to be rated by Fitch			

Source: ING, Bloomberg

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Asia week ahead: The trade war is on

Asian activity data doesn't yet speak about the trade war, which has just started. But it won't be too long



Next week in Asia kicks off with China's GDP data for the second quarter. This and a slew of trade releases elsewhere in the region will be examined in light of the ensuing global trade war. Indonesia's central bank has seen no fruits from the 100bp policy rate hikes in supporting the local currency and we don't think it will hike again next week.

6.7% ING forecast of China GDP growth in 2Q

China GDP slowdown

A tick down in China's GDP growth in line with the consensus to 6.7% in 2Q from 6.8% in 1Q does

not reflect the trade war impact. Not just yet. The trade war was proclaimed by president Trump in April but the execution only started in early July. However, the downside growth risk from damage to investments in the export sectors cannot be fully discounted. The impact will only be clear from activity data from July. And it could be significant given China's inability to retaliate on the same scale as the US's imposition.

We think a growth forecast downgrade cycle for China, and the rest of Asia may be just around the corner.

Now the US is aiming for tariffs of up to US\$200bn of imports from China, whereas China imports much less than that amount from the US. As such, qualitative barriers supplementing quantitative restrictions from the Chinese side should be crowding the financial headlines in coming days and weeks. [Here](#) is what our Greater China economist Iris Pang thinks about qualitative retaliation.

16.6% ING forecast for Singapore NODX growth in June

Who's next to post negative export growth?

A slew of the June trade releases from Indonesia, Singapore, Thailand, and India will also be examined in light of the trade war. Surprisingly, after a strong run in the last year the year-on-year export growth is still holding firm, still in double-digits for some countries like Singapore. But the base effect is becoming more punishing for others. Korea and Philippines have already started posting negative export growth and, based on our forecast, Indonesia will be the next to join this camp.

Underlying our 17% YoY growth forecast for Singapore non-oil domestic exports is almost flat month-on-month growth after a chunky 13% MoM bounce in May. But this will also need steady electronics exports, and the slowdown in electronics exports from Korea and Taiwan in June isn't a good news for Singapore.

5.25% Bank Indonesia policy rate

Bank Indonesia to take it easy after 100bp rate hike

Indonesia's central bank (BI) will be in the spotlight for the policy meeting next Thursday (19 July). BI's interest rate weapon for currency stability may have run out of the steam after a cumulative 100bp policy interest rate hike since mid-May failed to curb the IDR weakness. We aren't expecting BI to use this weapon further, at least not in the forthcoming meeting. There are domestic factors,

like wider current account deficit, responsible for the currency weakness. But there is also the global currency contagion from restrictive trade policies and the strong US dollar.

Judging by accelerated depletion of Indonesia's foreign reserves in recent months, exchange market intervention appears to be at disposal to stave off the IDR depreciation. This is further reflected in the USD/IDR rate meeting a strong resistance at 14,400 since late-June, possibly the BI line in the sand for the pair that's being protected. We remain sceptical of the policy success with our end-2018 forecast of 14,850.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 13 July					
China	-	Jun Trade Balance (US\$bn)	23	27.715	24.922
	-	Jun Exports (YoY%)	14.4	9.5	12.6
	-	Jun Imports (YoY%)	22.4	21.3	26
Monday 16 July					
China	0300	2Q GDP (QoQ, SA/YoY%)	-6.7	1.6/6.7	1.4/6.8
	0300	Jun Retail Sales (YoY%)	8.5	8.9	8.5
	0300	Jun Industrial Production (YoY%)	7	6.5	6.8
	0300	Jun Fixed Asset Investment (YTD, YoY%)	6	6	6.1
India	0730	Jun WPI (YoY%)	5.3	-	4.43
Indonesia	0400	Jun Exports (YoY%)	-5	-	12.5
	0400	Jun Imports (YoY%)	-3.2	-	28.2
	0400	Jun Trade balance (US\$m)	1400	-	-1524
Philippines	0650	May OCW remittances (YoY%)	5	-	12.7
Tuesday 17 July					
China	0130	Jun 70-cities New home prices (YoY%)	5.4/0.9	-/-	5.4/0.8
Singapore	0030	Jun Non-oil domestic exports (MoM/YoY%, SA)	0.2/16.6	-/-	10.3/15.5
Wednesday 18 July					
Malaysia	0400	Jun CPI (YoY%)	1.5	-	1.8
Thursday 19 July					
Indonesia	0600	BI policy decision (7-day reverse repo, %)	5.25	5.25	5.25
Korea	2300	Jun PPI (YoY%)	2.4	-	2.2
Philippines	0845	Jun Balance of payments (US\$m)	-	-	-583
Friday 20 July					
Taiwan	0800	Jun Export orders (YoY%)	8	-	11.7
Thailand	0400	Jun Exports (Cust est, YoY%)	7	-	11.4
	0400	Jun Imports (Cust est, YoY%)	19	-	11.7
	0400	Jun Trade balance (Cust est, US\$m)	-149	-	1204

Source: ING, Bloomberg

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Key events in EMEA and Latam next week

A very quiet atmosphere next week for EMEA and Latam with Poland expecting a calm environment given the upcoming data releases



Source: Shutterstock

✓ Poland sees a slowing economic environment in light of next week's data releases

We expect sub-consensus activity readings. Industrial production is expected to decline from 5.4% YoY to 3.8% YoY; a reflection of lower external demand from the Eurozone and a soft automotive performance. We predict retail sales to moderate at 7.2% YoY due to durable goods sales stagnating.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 13 July					
Turkey	-	Turkey Sovereign Debt to be rated by Fitch			
Poland	0900	Jun F CPI (MoM/YoY%)	0.1/1.9	-/-	0.1/1.9
Czech Rep	0800	Czech National Bank Publishes Minutes From Board Meeting			
Sunday 15 July					
Kazakhstan	-	Jun Industrial Production Yearly	-	-	6.4
Israel	1630	Jun CPI (MoM/YoY%)	-/-	0/1.2	0.5/0.5
Monday 16 July					
Russia	-	Jun Industrial Production (YoY%)	-	3.2	3.7
Turkey	0800	Apr Unemployment Rate (%)	-	-	10.12
Poland	1300	May C/A (€mn)	52	52	-21
	1300	May Trade Balance (€mn)	119	-129	314
	1300	May Exports (€)	17434	17325	17176
	1300	May Imports (€)	17315.5	17410	16862
	1300	Jun Core Inflation (MoM/YoY%)	0.0/0.5	0.1/0.6	-0.1/0.5
	0800	National Bank of Poland publishes July forecasts			
Czech Rep	0900	May C/A (CZKbn)	-	-	29.34
Romania	-	May C/A YTD (€m)	-	-	-2053
Bulgaria	0900	Jun CPI (MoM/YoY%)	-/-	-/-	0.3/2.6
Israel	1100	1Q F GDP (QoQ Annualised %)	-	-	4.5
Tuesday 17 July					
Turkey	0800	May Industrial Production (MoM/YoY%)	-/5.0	-/-	0.95/6.2
Poland	0900	Jun Avg Gross Wages (MoM/YoY%)	2.1/6.4	2.7/7	-3/7
	0900	Jun Employment (MoM/YoY%)	0.1/3.6	0.2/3.7	0/3.7
South Africa	0900	2Q Consumer Confidence	-	-	26
Wednesday 18 July					
Russia	1400	Jun Retail Sales (YoY%)	-	2.5	2.4
	1400	Jun Real wages (YoY%)	-	7	7.3
	-	Jun PPI (MoM/YoY%)	-/-	0.4/13.2	3.9/12
Poland	0900	Jun Industrial Output (MoM/YoY%)	1.1/3.8	3.3/5.95	1.6/5.4
	0900	Jun PPI (MoM/YoY%)	0.5/3.6	0.5/3.65	1.1/2.8
South Africa	0900	Jun CPI (MoM/YoY%)	-/-	-/-	0.2/4.4
	0900	Jun Core CPI (MoM/YoY%)	-/-	-/-	0/0.5
	1200	May Retail Sales (MoM%)	-	-	-1.2
Israel	-	Jul 12Mth Inflation Forecast (%)	-	-	1
Thursday 19 July					
Czech Rep	0800	Jun PPI (Industrial) (MoM/YoY%)	-/-	-/-	1/1.5
	0800	May Export Price Index (YoY%)	-	-	-3.9
	0800	May Import Price Index (YoY%)	-	-	-5.3
South Africa	-	Repo rate (%)	-	-	6.5
Friday 20 July					
Russia	-	Russia Sovereign Debt to be rated by S&P			
Poland	0900	Jun Retail Sales (MoM/YoY%)	0.7/7.4	1.5/8.2	2.7/7.6
Czech Rep	-	Czech Sovereign Debt to be rated by S&P			
Hungary	0800	May Avg Gross Wages (YoY%)	11.4	-	12.6
Serbia	-	May C/A (€mn)	-	-	-233.5
Croatia	-	Jun Unemployment Rate (%)	-	-	9.2

Source: ING, Bloomberg

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