

# 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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By Peter Virovacz

## Key events in developed markets

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### ✓ Brexit process set to roll forward following election

Boris Johnson's Conservative party has gained a large majority at the ballot box, paving the way for the prime minister's Brexit deal to be ratified in January. That process could begin next week, where following the state opening of the parliament (Queen's Speech), the initial stages of the Withdrawal Agreement Bill could be completed. That means the UK is most likely set to leave the EU at the end of January. What happens thereafter is pretty uncertain, and the focus will quickly turn to whether the transition period will be extended. We think it will although given this will require the UK to commit to budget payments beyond 2020, talks could become messy.

In the meantime, we'll also get the Bank of England's first view on the post-election landscape. With activity stalling and the risks surrounding the jobs market rising, we are likely to see the Bank retain a cautious stance. We're sceptical about the prospects of a big investment rebound in 2020, but for now, we aren't fully convinced the BoE will pull the trigger on a rate cut.

### ✓ US: Another barrage of data, but the Fed is not worried

With the Federal Reserve having clearly indicated contentment with the current state of the economy, markets are unlikely to be too concerned about the upcoming data flow as we head towards year-end. We will be getting a combination of industrial production, housing numbers and personal income and spending. The narrative is likely to continue to be one of manufacturing in

recession as a result of the uncertainty caused by trade wars in combination with weak global demand and a strong dollar, although the return to work of 50,000 or so General Motors workers after the conclusion of their recent strike action will lead to a rebound in auto manufacturing output.

Consequently, we expect an unsustainable 0.8%MoM increase in total production for November. Housing numbers are likely to be supported by the decline in mortgage rates while personal spending should hold up fairly well. All this remains consistent with the Fed's view that their work to support the economy is done. Nonetheless, we continue to see growth risks skewed to the downside for 2020 and see a strong chance that the Fed will eventually choose to cut interest rates again.

### **Germany: Ifo to follow the ZEW's trend**

After this week's surprisingly strong ZEW index, the Ifo index should also show an improvement, albeit somewhat weaker than the ZEW index. We mainly expect an increase in the expectations component and a relatively stable current assessment.

### **Sweden: Riksbank set to exit negative rates**

The Riksbank has been pretty clear that despite the mounting economic risks, it wants to press ahead and exit negative rates in December. We're expecting a 25bp rate hike, but that is likely to be the last. One reason is that next year's key wage negotiations have the potential to be a little more disappointing than previously hoped.

Last week's Prospera Sinfo inflation expectation survey showed that both employee and employer organisations were lowering their CPI expectations.

## **Developed Markets Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 16 December</b>					
Japan	0430	Oct Tertiary industry index (MoM%)	-	-	1.8
Eurozone	0900	Dec P Markit Manufacturing PMI	47.5	-	46.9
	0900	Dec P Markit Services PMI	51.5	-	51.9
	0900	Dec P Markit Composite PMI	50.8	-	50.6
UK	0930	Dec P Markit/CIPS Manufacturing PMI	49.0	-	48.9
	0930	Dec P Markit/CIPS Services PMI	49.5	-	49.3
	0930	Dec P Markit/CIPS Composite PMI	49.5	-	49.3
	1600	BOE Publishes Financial Stability Report, Stress Tests			
Italy	0900	Nov F HICP (YoY%)	0.4	-	0.4
US	1330	Empire Manufacturing	4.0	5.0	2.9
	1500	NAHB Housing Market Index	69	71	70
<b>Tuesday 17 December</b>					
US	1330	Housing Starts	1320	1340	1314
	1415	Manufacturing (SIC) Production (MoM%)	0.8	0.7	-0.6
	1415	Nov Industrial Production (MoM%)	0.9	0.85	-0.84
	1415	Capacity Utilization (%)	77.5	77.4	76.7
	1730	Fed's Williams Holds Press Briefing on Economic Conditions			
Japan	2350	Nov Exports (YoY%)	-	-	-9.2
	2350	Nov Imports (YoY%)	-	-	-14.8
Eurozone	1000	Oct Trade Balance (€bn)	-	-	18331.9
UK	0930	Oct Weekly Earnings (3M avg)	3.3	-	3.6
	0930	Oct Weekly Earnings ex Bonus (3M avg)	3.4	-	3.6
	0930	Oct ILO Unemployment Rate (3M avg.)	3.8	-	3.8
	0930	Oct Employment Change (3M/3M)	0.0	-	-58
Australia	0030	RBA Minutes of Dec. Policy Meeting			
<b>Wednesday 18 December</b>					
US	1740	Fed's Evans Speaks in Indianapolis			
Eurozone	1000	Nov F CPI (MoM/YoY%)	-0.3/1.3	-/-	-0.3/1.3
Germany	0900	Dec IFO Business Climate	96.0	-	95
	0900	Dec IFO Expectations	93.0	-	92.1
	0900	Dec IFO Current Assessment	98.0	-	97.9
UK	0930	Nov CPI (MoM/YoY%)	0.3/1.5	-/-	-0.2/1.5
	0930	Nov Core CPI (YoY%)	1.7	-	1.7
Canada	1330	Nov CPI (MoM/YoY%)	0.2/2.1	-/-	0.3/1.9
New Zealand	2145	3Q GDP (Q) (SA QoQ/YoY%)	-/-	-/-	0.5/2.1
Sweden	0800	Dec Economic Tendency Indicator	-	-	94.7
	0815	Sweden's NIER Publishes New Forecasts			
<b>Thursday 19 December</b>					
US	1330	Philadelphia Fed Business Outlook	7.0	8.0	10.4
	1500	Nov Existing Home Sales (mn)	5.4	5.4	5.5
Japan	2330	Nov National CPI (YoY%)	-	-	0.2
	2330	Nov CPI ex-food, energy (YoY%)	-	-	0.7
	-	Policy Rate	-0.1	-	-0.1
	-	BoJ 10-year yield target (%)	-	-	0.0
	2350	The BOJ releases 3Q Money Flow			
UK	-	Earliest date for Queen's Speech and Opening of Parliament			
	0930	Nov Retail Sales ex Auto Fuel (MoM%/YoY%)	-/-	-/-	-0.3/2.7
	0930	Nov Retail Sales (MoM%/YoY%)	-/-	-/-	-0.1/3.1
	1200	BoE Policy Rate	0.75	-	0.75
Canada	1330	ADP Canada Releases Nov. Payroll Estimates			
Australia	0030	Nov Employment change ('000)	-	-	-19
	0030	Nov Unemployment rate (%)	-	-	5.3
Norway	0900	Deposit Rates	1.50	-	1.50
Sweden	0830	Riksbank Interest Rate	0.00	-	-0.25
<b>Friday 20 December</b>					
US	1330	3Q T GDP (QoQ Annualised %)	2.1	2.1	2.1
	1500	PCE Deflator (YoY%)	1.7	-	1.3
	1500	Real Personal Spending	0.4	-	0.1
	1500	Dec F U. of Mich. Sentiment Index	-	-	99.2
Canada	1330	Retail Sales (MoM%)	0.2	-	0.2
Eurozone	1500	Dec A Consumer Confidence	-7	-	-7.2
UK	0930	Nov Public Finances (PSNCR)	-	-	0.357
	0930	Nov PSNB ex Banks (€bn)	-	-	11.206
	0930	3Q F GDP (QoQ%)	0.3	-	0.3
	0930	Nov Public Finances (PSNCR)	-	-	0.357
	0930	Nov PSNB ex Banks (€bn)	-	-	11.206
Norway	0900	Dec Unemployment Rate	-	-	2.1
Sweden	0830	Nov Retail sales (Ex. Fuel, MoM/YoY%)	-/-	-/-	0.2/3.3

Source: ING, Bloomberg

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# Asia week ahead: Central banks getting busy again... for nothing

Central banks in Japan, Taiwan and Thailand meet next week, but rest assured there won't be much action, if any at all



Source: Shutterstock

## Busy doing nothing

Central banks in Japan, Taiwan, Thailand and Indonesia meet next week and all are expected to leave policies on hold.

In **Japan**, last week's announcement of US\$121 billion in fresh stimulus has taken the juice out of the Bank of Japan meeting, which otherwise also was going to be a boring event anyway with no ammunition left to support growth. **Taiwan's** central bank hasn't done any easing in this cycle so far and, with GDP growth holding up pretty well, we don't expect it to alter the existing policy settings anytime soon.

In **Thailand**, prolonged weak growth prospects ahead warrant some more Bank of Thailand rate cuts on top of two 25bp cuts this year, while inflation continues to be absent. Indeed, the Bank of Thailand has doors open for more cuts, though it's likely to cite an additional US\$3.3 billion worth of fiscal stimulus announced in late November as a reason to stay on hold next week.

The next batch of **China's** November economic data – industrial production, fixed-asset investment, retail sales, and home prices – will be an interesting watch for GDP in the current quarter. A surprising bounce in both manufacturing and non-manufacturing purchasing manager indexes foreshadowed November to be a better activity month after a holiday-distorted October.

Finally, **Australia's** jobs report will give some idea about the depth of the economic weakness in the current quarter, following a disappointing 3Q19 growth merited further Reserve Bank of Australia rate cuts in early 2020. A turnaround in the employment growth in November after an unexpected 19,000 fall in the previous month could upset central bank policy expectations.

Country	Time Data/event	ING Survey		Prev.
<b>Monday 16 December</b>				
China	0200 Nov Fixed asset investment (YTD, YoY%)	-	5.2	5.2
	0200 Nov Industrial Production (YoY%)	-	5	4.7
	0200 Nov Retail Sales (YoY%)	-	7.6	7.2
India	0630 Nov WPI (YoY%)	1.1	0.82	0.16
Indonesia	0400 Nov Exports (YoY%)	-4.2	-4.02	-6.13
	0400 Nov Imports (YoY%)	-14.3	-13.7	-16.39
	0400 Nov Trade balance (US\$mn)	-212	-75	161.3
Philippines	- Oct OCW remittances (YoY%)	4.2	4.8	6.3
<b>Tuesday 17 December</b>				
Singapore	0030 Nov Non-oil domestic exports (MoM/YoY%)	-/-	5.9/-5	-2.9/-12.3
<b>Wednesday 18 December</b>				
Thailand	0705 Benchmark Interest Rate	1.25	-	1.25
<b>Thursday 19 December</b>				
Indonesia	- Dec 19 BI policy decision (7-day reverse repo, %)	5	-	5
Taiwan	0800 Benchmark Interest Rate	1.375	-	1.375
South Korea	2100 Nov PPI (MoM/YoY%)	-	-	-0.6
<b>Friday 20 December</b>				
Malaysia	0400 Nov CPI (YoY%)	-	-	1.1
	0700 Forex reserves- Month end (US\$bn)	-	-	103.2
Taiwan	0800 Nov Export orders (YoY%)	-	-	-3.48
Thailand	0330 Nov Imports (Cust est, YoY%)	-	-	-7.6
	0330 Nov Exports (Cust est, YoY%)	-	-	-4.54

Source: ING, Bloomberg



## Key events in EMEA and Latam

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Source: Shutterstock

### ✓ Czech National Bank facing an unpleasant dilemma

The Czech national bank will have to deal with an unpleasant dilemma next Wednesday, as foreign uncertainty persists and weakening activity is becoming more visible in the domestic economy, while inflation hit the upper tolerance band in November. But inflation above the 3% border should be relatively short-lived, as current estimates suggest.

Also, some tightening was delivered by the koruna, which was stronger than the central bank expected by around 0.5% in 4Q19 (EUR/CZK 25.6 vs. 25.7).

We believe that an on-hold decision is more likely next week, which also reflects the latest public statements from some Board members, though two hands for a hike should remain in place like last time.

### ✓ Hungary: Hardly any change in the monetary setup for the last meeting

Taking into consideration the latest GDP and CPI figures, we hardly see any major change in the monetary policy setup by the National Bank of Hungary at its latest meeting in 2019. The only



change we can see is a small adjustment to the targeted amount of crowded out liquidity. The central bank might cut it back (again) to the HUF 200-400bn range, which will provide an opportunity to phase out some FX swaps and push 3-m Bubor a touch higher, back to the 20-25bp range.

As we expect the NBH to review the 2020 GDP forecast for an upward revision, the risk assessment is subject to change. So far, the NBH has signalled asymmetric risk to inflation as downside risks strengthened. With a stronger-than-anticipated domestic GDP growth, the central bank might point out that the balance of risks has now shifted back to symmetric.

### **Poland: Focus on labour market data**

We expect both employment and wages to stabilise in the enterprise sector in November. The next impulse for the labour market is expected in January due to an increase in the minimum wage by 15.6% year-on-year. This decision should result in an increase in average wage by 1.5 percentage points. The impact on employment is ambiguous – change of dynamics in January will be rather related to a rebalancing of the surveyed firms.

The changes in dynamics in industrial production and retail sales should be moderate after seasonal and working day adjustment. So far, there is no evidence of a further slowdown in the case of both aggregates.

## **EMEA and Latam Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Sunday 15 December</b>					
Israel	1630	Nov CPI (MoM/YoY%)	-/-	-0.3/0.4	0.4/0.4
<b>Monday 16 December</b>					
Russia	1300	Nov Industrial Production (YoY%)	2.5	2.6	2.6
Turkey	0700	Sep Unemployment Rate (%)	-	-	14.02
Poland	1300	Oct C/A (€mn)	442	250	171
	1300	Oct Trade Balance (€mn)	587	364	468
	1300	Oct Exports (€mn)	21569	21591	19279
	1300	Oct Imports (€mn)	20982	21227	18811
	1300	Nov Core Inflation (YoY%)	2.5	2.5	2.4
Czech Rep	0800	Nov PPI (Industrial) (MoM/YoY%)	-/-	-/-	-0.3/0.9
	0900	Oct C/A (CZKbn)	-	-	7.66
Romania	-	Oct C/A YTD (€m)	-	-	-8103
Bulgaria	0900	Nov CPI (MoM/YoY%)	-/-	-/-	0.8/2.4
<b>Tuesday 17 December</b>					
Russia	1300	Nov PPI (MoM%/YoY%)	-/-	0/-5.8	-0.2/-4.9
Hungary	1300	Policy Rate (%)	0.90	-	0.9
	1300	Overnight Deposit Rate (%)	-0.05	-	-0.05
South Africa	0700	Oct Leading Indicator	-	-	103.2
<b>Wednesday 18 December</b>					
Russia	1300	Oct Real wages (YoY%)	4.1	3.4	3.1
	1300	Nov Retail Sales (YoY%)	1	1.4	1.6
Poland	0900	Nov Avg Gross Wages (YoY%)	6.0	5.9	5.9
	0900	Nov Employment (YoY%)	2.5	2.5	2.5
Czech Rep	1200	Repo Rate	2.00	-	2.00
Israel	-	Dec 12Mth Inflation Forecast (%)	-	-	1.1
<b>Thursday 19 December</b>					
Poland	0900	Nov Industrial Output (YoY%)	0.9	0.9	3.5
	0900	Nov PPI (YoY%)	0.2	0.3	-0.1
	1300	National Bank of Poland Publishes Minutes of Rate Meeting			
Ukraine	-	3Q F GDP (YoY%)	-	-	4.2
Brazil	1300	Central Bank Q4 Inflation Report			
Mexico	1900	Overnight Rate	7.25	7.25	7.5
<b>Friday 20 December</b>					
Poland	0900	Nov Retail Sales (YoY%)	5.3	-/-	5.4
	-	Nov Budget Level (YTD)	-	-	-3192.1
Serbia	-	Oct C/A (€mn)	-	-	-164.7
Croatia	1000	Nov Unemployment Rate (%)	-	-	7.2
	1000	Oct Real Wages (YoY%)	-	-	3.2
South Africa	1200	Nov National Budget Balance (ZARbn)	-	-	-42.34
Brazil	1230	Nov C/A Balance (\$mn)	-6000	-	-7874
Mexico	1200	Oct Retail Sales (YoY%)	2.2	-	2.4
Hungary	0730	3Q C/A (€mn)	-129.6	-	-121.5
	2300	Dec Economic Sentiment	3.9	-	2.8
	2300	Dec Business Confidence	8.1	-	7
	2300	Dec Consumer Confidence	-8	-	-9.2

Source: ING, Bloomberg

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