

## 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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##### Key events in developed markets next week

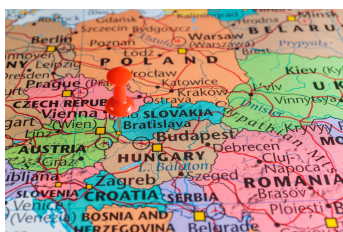
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By Dmitry Dolgin

# Key events in developed markets next week

There's talk that next Tuesday could see PM May's third (and likely final) attempt at getting her deal through parliament, but we remain sceptical. The Brexit debate is likely to dominate the EU summit next week too and the main question will be how long will be the delay to the 29 March Brexit deadline?



Source: Shutterstock

## ✓ More of the same from the Fed, but don't rule out a hike

The Fed has taken a decidedly more cautious stance since the start of the year. Pointing to various "cross-currents" - a reference to trade uncertainty, the recent government shutdown and financial market volatility, among other things - the central bank has signalled it's prepared to be patient when it comes to further tightening. We suspect there will be more of the same next week.

Markets seem to have interpreted this as the Fed won't hike again this cycle. However there are a few reasons why we think a hike in the third quarter of this year remains likely. Firstly, while the economy will undoubtedly slow from its strong 2018 performance, the outlook remains solid. The jobs market continues to fuel higher wage pressures, which when coupled with the fall in gasoline prices, better equity prices and an easing in long-term mortgage rates, makes for a decent consumer backdrop.

A lot depends on trade policy, and despite previous positive signals, talks appear to have stalled more recently. But if a deal can be struck between the US and China, then we suspect the Fed

would be inclined to look at a rate hike later in the year.

### ✓ **Brexit: Get ready for 'Meaningful Vote 3 - the ultimatum'**

Despite having been decisively rejected again by parliament, UK Prime Minister Theresa May is hoping the combined threat of a long Brexit delay and the likelihood of 'indicative votes' on different Brexit options will be enough to bring her opponents on-side. Reports suggest she may stage a third meaningful vote on Tuesday, although [we are sceptical](#) that it will be any more successful than the previous two attempts.

### ✓ **European Council Meeting: Likely a Brexit takeover, but key points will still be discussed**

It will be a very light week for German data, but don't forget that we will have the big European summit next week. Obviously, the summit will once again be hijacked by Brexit, and here the focus is on whether the EU is prepared to offer the UK an extension to the Article 50 period - and assuming it is, how long would it actually last.

Brexit aside, European leaders will also officially appoint Philip Lane as the new member of the ECB's executive board, succeeding Peter Praet, and will discuss a new European strategy vis-à-vis China.

### ✓ **Canada: Inflation, back on its feet?**

Transitory pressures from service-related components, such as travel tours and transportation, prompted an upside surprise in December. But this wasn't the case in January and, in turn, weak gasoline prices took a toll on price levels. As a result, headline inflation sunk to 1.4%.

In February the story should be somewhat better. The adverse effect of energy prices should begin to dissipate, and – although we still expect a below-target headline figure (1.5%) number, we reckon this is the beginning of an upward trend. Our commodity team reinforces this view that oil prices should edge slightly higher throughout 2019 and 2020 unless we see a negative twist in the trade story.

## **Developed Markets Economic Calendar**

| Country                   | Time | Data/event   | ING       | Survey | Prev.    |
|---------------------------|------|--|-----------|--------|----------|
| <b>Sunday 17 March</b>    |      |  |           |        |          |
| Japan                     | 2350 | Feb Exports (YoY%)   | -         | -      | -8.4     |
|                           | 2350 | Feb Imports (YoY%)   | -         | -      | -0.6     |
|                           | 2350 | Feb Trade Balance (JPY bn)                                     | -757.0    | -      | -1415.2  |
| <b>Monday 18 March</b>    |      |  |           |        |          |
| Japan                     | 0430 | Jan F Industrial Production, Prel (MoM/YoY%)                   | -/-       | -/-    | -3.7/0.0 |
|                           | 2350 | BOJ Releases 4Q Money Flow                                     |           |        |          |
| Eurozone                  | 1000 | Jan Trade Balance (€bn)  | -         | -      | 15630.5  |
| Australia                 | 2200 | RBA's Kent Speaks in Sydney                                    |           |        |          |
| Sweden                    | 0500 | Valueguard Swedish Home-Price Data                             |           |        |          |
| <b>Tuesday 19 March</b>   |      |  |           |        |          |
| Japan                     | 2350 | BOJ Minutes of January Policy Meeting                          |           |        |          |
| Germany                   | 1000 | Mar ZEW Current Situation Index                                | 17.0      | -      | 15.0     |
| UK                        | 0930 | Jan Weekly Earnings (3M avg)                                   | 3.2       | -      | 3.4      |
|                           | 0930 | Jan Weekly Earnings ex. Bonus (3M avg)                         | 3.4       | -      | 3.4      |
|                           | 0930 | Jan ILO Unemployment Rate (3M avg)                             | 4.0       | -      | 4.0      |
|                           | 0930 | Jan Employment Change (3M/3M)                                  | 130.0     | -      | 167.0    |
|                           | -    | Third Vote on May's Brexit Deal (Tentative)                    |           |        |          |
| Australia                 | 0030 | RBA Minutes of March Policy Meeting                            |           |        |          |
|                           | 0030 | 4Q18 House Price Index (QoQ/YoY%)                              | -1.8/-5.0 | -      | 1.5/-1.9 |
| Sweden                    | 1300 | Riksbank's Skingsley Speaks                                    |           |        |          |
| <b>Wednesday 20 March</b> |      |  |           |        |          |
| US                        | 1800 | FOMC Rate Decision (Upper bound)                               | 2.5       | 2.5    | 2.5      |
| UK                        | 0930 | Feb CPI (MoM/YoY%)   | 0.4/1.9   | -/-    | -0.8/1.8 |
|                           | 0930 | Feb Core CPI (YoY%)  | 1.8       | -      | 1.9      |
| Australia                 | 0000 | RBA's Bullock Speaks in Perth                                  |           |        |          |
| New Zealand               | 2145 | 4Q GDP (Q) (QoQ, SA/YoY%)                                      | -/2.5     | -/-    | 0.3/2.6  |
| <b>Thursday 21 March</b>  |      |  |           |        |          |
| Japan                     | 2330 | Feb National CPI (YoY%)  | 0.3       | -      | 0.2      |
|                           | 2330 | Feb CPI ex. Food & Energy (YoY%)                               | 0.4       | -      | 0.4      |
|                           | -    | Jan F Leading Economic Index                                   | -         | -      | 95.9     |
| Eurozone                  | 1500 | Mar A Consumer Confidence                                      | -         | -      | -7.4     |
|                           | 0900 | ECB Publishes Economic Bulletin                                |           |        |          |
|                           | -    | Spring EU Council Meeting                                      |           |        |          |
|                           | -    | EU Council: Article 50 Extension Decision                      |           |        |          |
| UK                        | 0930 | Feb Public Finances (PSNCR)                                    | -         | -      | -25.4    |
|                           | 0930 | Feb PSNB ex. Banks (£bn)                                       | -         | -      | -14.9    |
|                           | 0930 | Feb Retail Sales ex. Auto Fuel (MoM/YoY%)                      | 0.3/4.2   | -/-    | 1.2/4.1  |
|                           | 0930 | Feb Retail Sales (MoM/YoY%)                                    | 0.3/4.0   | -/-    | 1.0/4.2  |
|                           | 1200 | BoE Policy Rate  | 0.75      | -      | 0.75     |
| Australia                 | 0030 | Feb Employment change ('000)                                   | 30.0      | -      | 39.1     |
|                           | 0030 | Feb Unemployment rate (%)                                      | 5.1       | -      | 5.0      |
| Norway                    | 0900 | Deposit Rates  | 1.0       | -      | 0.75     |
|                           | 0930 | Norges Bank Press Conference Post-Rate Decision                |           |        |          |
| Switzerland               | 0830 | SNB Sight Deposit Interest Rate                                | -0.75     | -      | -0.75    |
| <b>Friday 22 March</b>    |      |  |           |        |          |
| US                        | 1400 | Feb Existing Home Sales  | -         | 5.1    | 4.9      |
| Eurozone                  | 0900 | Mar P Markit Manufacturing PMI                                 | -         | -      | 49.3     |
|                           | 0900 | Mar P Markit Services PMI                                      | -         | -      | 52.8     |
|                           | 0900 | Mar P Markit Composite PMI                                     | -         | -      | 51.9     |
| Canada                    | 1230 | Feb CPI (MoM/YoY%)   | 0.2/1.5   | -/-    | 0.1/1.4  |
| Portugal                  | 0930 | ESM's Regling, Centeno Speak at Conference on Europe in Lisbon |           |        |          |

Source: ING, Bloomberg

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## Asia week ahead: Central banks frenzy

Asian central bank meetings dominate the agenda next week, and while all four are likely to pass without any policy changes, we'll be looking for clues if Asia's aggressive duo in 2018 – Indonesia and the Philippines – continue to defy easing over currency stability



Source: Shutterstock

### ➔ Four central bank meetings, but only two matter

Asian central banks in Indonesia, Philippines, Taiwan, and Thailand all have monetary policy meetings next week.

We think the market is interested in what Indonesia and the Philippines central bank's will do and look for any signs of easing after their aggressive policy hikes in 2018. The inflation argument for easing is getting stronger in both countries, and the argument for currency stability doesn't seem to hold much ground anymore in an increasingly dovish G3 central bank environment. But the key resistance to currency appreciation in these countries is the wide current account deficit. We think

the central banks will look over the inflation data and remain on hold next week.

In Taiwan, the central bank has been on hold since the last rate cut to 1.375% in June 2016. We don't think it will do anything this year despite falling exports dragging GDP growth lower in the recent quarter. The trend is likely to continue ahead while inflation is almost non-existent. And given that the Bank of Thailand tightened policy in December, it has been flagging a stable policy ahead even though economic data has shown increased downside growth risk. But look out for February export figures from Taiwan and Thailand next week.

## ➔ Malaysia's central bank likely to get ahead of the curve

Malaysia's consumer price data for February will be interesting to watch after the deflation surprise in January, which we believe was largely a transitory phenomenon due to administrative cut in fuel prices. Factors underlying our forecast of 0.5% year-on-year inflation, which is a reversal from -0.7% in January, are the Lunar New Year-related rise in the food component and narrowing negatives in the fuel-related transport component.

We don't think inflation will be a policy problem for the central bank in 2019, as risks remain tilted toward growth. Nor are there any strong arguments for central bank policy easing just yet, but a pre-emptive move to support growth won't hurt when there is room. We see the central bank moving to cut rates at the next meeting in early May 2019 - a shift from our previous forecast of no change in 2019.

[Malaysia: The doors open for central bank policy easing](#)

## ➔ Singapore NODX data will help shape central bank

In Singapore, the non-oil domestic exports is the critical data release for next week, signalling the possible course the central bank could take at the next semi-annual meeting in April. 2019 started with weak export and manufacturing performance, and both indicators posted sharp year-on-year declines in January. The Lunar New Year effect is likely to have sustained the weakness in February and if so; quarterly GDP growth is poised to slow further in 1Q19 from 1.9% YoY in 4Q18 - which was already the slowest in two years.

Having tightened policy twice in 2018, a stable Monetary Authority of Singapore policy in April seems to be the safest forecast for now. But we're not ruling out the central bank joining the potential easing bandwagon led by G3 central banks just yet.

## Asia Economic Calendar

| Country                   | Time* | Data/event                                  | ING      | Survey | Prev.      |
|---------------------------|-------|---|----------|--------|------------|
| <b>Monday 18 March</b>    |       |   |          |        |            |
| Philippines               | -     | Jan Budget Balance (PHP bn)                 | -        | -      | -81.0      |
| Singapore                 | 0030  | Feb Non-oil Domestic Exports (MoM/YoY%)     | 2.4/-6.1 | -/-    | -5.7/-10.1 |
| <b>Tuesday 19 March</b>   |       |   |          |        |            |
| Philippines               | 0845  | Feb Balance of Payments (US\$m)             | 500.0    | -      | 2704.0     |
| South Korea               | 2100  | Feb PPI (YoY%)                              | 0.0      | -      | 0.2        |
| <b>Wednesday 20 March</b> |       |   |          |        |            |
| Malaysia                  | 0400  | Feb CPI (YoY%)                              | 0.5      | -      | -0.7       |
| Taiwan                    | 0800  | Feb Export Orders (YoY%)                    | -5.0     | -      | -6.0       |
| Thailand                  | 0705  | Benchmark Interest Rate                     | 1.75     | -      | 1.75       |
| <b>Thursday 21 March</b>  |       |   |          |        |            |
| Hong Kong                 | 0815  | Feb CPI (YoY%)                              | 2.0      | -      | 2.4        |
| Indonesia                 | -     | Mar Policy Decision, 7-day Reverse Repo (%) | 6.0      | 6.0    | 6.0        |
| Philippines               | 0800  | Overnight Borrowing Rate                    | 4.75     | -      | 4.75       |
| Taiwan                    | -     | Benchmark Interest Rate                     | 1.38     | -      | 1.38       |
| -                         | -     | Feb M2 Money Supply (YoY%)                  | -        | -      | 3.1        |
| Thailand                  | -     | Feb Exports (Cust est, YoY%)                | -1.0     | -      | -5.7       |
| -                         | -     | Feb Imports (Cust est, YoY%)                | 8.0      | -      | 14.0       |
| -                         | -     | Feb Trade Balance (Cust est, US\$m)         | -883.0   | -      | -4032.0    |
| <b>Friday 22 March</b>    |       |   |          |        |            |
| Malaysia                  | 0700  | Mar Forex reserves, Month-end (US\$bn)      | -        | -      | 102.4      |
| Taiwan                    | 0800  | Unemployment Rate (%)                       | 3.8      | -      | 3.7        |

Source: ING, Bloomberg, \*GMT

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## Key events in EMEA and Latam next week

Poland will receive an influx of domestic data next week, and in our view, it looks pretty good. The strong labour market should reinforce solid domestic activity. Although we can't say the same for Russia, as the additional measures to support household income won't translate into wages straight away



Source: Shutterstock

### ✓ Russia: Little reason to hike more

Russia is likely to report higher industrial output growth - thanks to the additional working day in February 2019 vs February 2018, rather than an improvement in sentiment. On the contrary, consumption indicators are set to deteriorate; the acceleration of CPI should have turned real wage growth negative, while the additional measures to support household income, recently announced by President Putin, will take some time to kick in. After the recent VAT hike and weakening income fundamentals, we remain cautious on retail trade.

The central bank of Russia will meet at the end of the week, and there aren't any strong arguments in favour of further hikes from 7.75%, as inflation growth of 5.2% YoY in February - and most likely 5.4-5.5% YoY in March, is comfortably within the central bank's line in the sand' of 6.0%. Also, CPI expectations by households and corporates seem to have moderated in February after several months of growth; economic activity is subdued, and finally, markets conditions haven't really deteriorated since the previous meeting.



The downward rate cycle seems remote too, as the gasoline price freeze expires at the end of March, leaves the mid-term CPI trend uncertain. Also, RUB retail deposit growth slowed to a 3.5-year low of 7.8% YoY, amid an acceleration of retail loan growth to an almost 5-year high of 23% and finally mid-term market uncertainties related to global and Russia-focused risk-appetite haven't evaporated.

## **Poland: Domestically, things are looking pretty good**

February's labour market data should bring another month of solid wage growth. We expect 7.6% YoY with a very balanced structure, where all major sectors should oscillate in a narrow 7.2-7.9% range. Growth in February is likely to be the highest this year - we expect a benign moderation in the coming months, with lower contributions from construction and services.

Industrial production should decelerate modestly from 6.1% to 5.1% YoY in February, close to local market consensus (4.7%). The contribution from the energy sector should be lower compared to January, where we saw an increase due to frostbite effects. Nevertheless, the export sector remains solid, and producers of domestically orientated non-durable goods should provide a higher input.

Solid domestic demand should also be visible in retail sales data - we anticipate an increase of the headline figure from 6.6% to 7.5% YoY, related to an improvement in car sales after a very weak January.

## **EMEA and Latam Economic Calendar**

| Country                   | Time | Data/event  | ING      | Survey  | Prev.     |
|---------------------------|------|---|----------|---------|-----------|
| <b>Monday 18 March</b>    |      |   |          |         |           |
| Russia                    | -    | Feb Industrial Production (YoY%)                          | 1.6      | 1.5     | 1.1       |
| Poland                    | 1300 | Jan C/A (€mn)   | 2324.0   | -       | -1400.0   |
|                           | 1300 | Jan Trade Balance (€mn)                                   | 49.0     | -       | -1340.0   |
|                           | 1300 | Jan Exports (€)   | 18521.0  | -       | 16005.0   |
|                           | 1300 | Jan Imports (€)   | 18472.0  | -       | 17345.0   |
|                           | 1300 | Feb Core Inflation (MoM/YoY%)                             | 0.0/1.0  | -/-     | 0.0/0.6   |
| Czech Rep                 | 0800 | Feb PPI (Industrial) (MoM/YoY%)                           | 0.3/3.7  | -/-     | 1.0/2.9   |
|                           | 0900 | Jan C/A (CZKbn)   | 25.0     | -       | 0.5       |
| Romania                   | -    | Jan C/A YTD (€m)  | -        | -       | -9416.0   |
| <b>Tuesday 19 March</b>   |      |   |          |         |           |
| Russia                    | -    | Feb PPI (MoM/YoY%)  | -/-      | 0.5/8.9 | -3.3/9.5  |
| Poland                    | 0900 | Feb Avg Gross Wages (MoM/YoY%)                            | 0.4/7.6  | -/-     | -6.5/7.5  |
|                           | 0900 | Feb Employment (MoM/YoY%)                                 | 0.0/2.8  | -/-     | 2.2/2.9   |
| Serbia                    | -    | Jan C/A (€mn)   | -        | -       | -349.7    |
| Israel                    | -    | Mar 12Mth Inflation Forecast (%)                          | -        | -       | 1.2       |
| <b>Wednesday 20 March</b> |      |   |          |         |           |
| Russia                    | 1300 | Feb Real Wages (YoY%)                                     | -0.3     | 0.0     | 0.2       |
|                           | 1300 | Feb Retail Sales (YoY%)                                   | 1.0      | 1.6     | 1.6       |
| Poland                    | 0900 | Feb Industrial Output (MoM/YoY%)                          | -3.2/5.1 | -/-     | 7.4/6.1   |
|                           | 0900 | Feb PPI (MoM/YoY%)  | 0.4/2.8  | -/-     | 0.2/2.2   |
| South Africa              | 0800 | Feb CPI (MoM/YoY%)  | -/-      | -/-     | -0.2/4.0  |
|                           | 0800 | Feb Core CPI (MoM/YoY%)                                   | -/-      | -/-     | 0.2/-1.4  |
|                           | 1100 | Jan Retail Sales (MoM%)                                   | -        | -       | -4.8      |
| Israel                    | 1100 | Jan Industrial Production (MoM%, SA)                      | -        | -       | -0.4      |
| Brazil                    | -    | Selic Rate  | 6.5      | -       | 6.5       |
| <b>Thursday 21 March</b>  |      |   |          |         |           |
| Poland                    | 0900 | Feb Retail Sales (MoM/YoY%)                               | -2.1/7.5 | -/-     | -19.1/6.6 |
|                           | 1300 | National Bank of Poland Publishes Minutes of Rate Meeting |          |         |           |
| Ukraine                   | -    | 4Q F GDP (YoY%)   | -        | -       | 3.4       |
| <b>Friday 22 March</b>    |      |   |          |         |           |
| Russia                    | 1030 | Key Rate (%)  | 7.75     | 7.75    | 7.75      |
| Poland                    | 1300 | Feb M3 Money Supply (MoM/YoY%)                            | 0.4/8.8  | -/-     | -1.4/8.8  |

Source: ING, Bloomberg

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