

Our view on next week's key events

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✔ 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.
Sunday 17 March					
Japan	2350	Feb Exports (YoY%)	-	-	-8.4
	2350	Feb Imports (YoY%)	-	-	-0.6
	2350	Feb Trade Balance (JPY bn)	-757.0	-	-1415.2
Monday 18 March					
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			
Tuesday 19 March					
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			
Wednesday 20 March					
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
Thursday 21 March					
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
Friday 22 March					
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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Authors

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Article | 14 March 2019

Asia week ahead: Central banks frenzy

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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.
Monday 18 March					
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
Tuesday 19 March					
Philippines	0845	Feb Balance of Payments (US\$m)	500.0	-	2704.0
South Korea	2100	Feb PPI (YoY%)	0.0	-	0.2
Wednesday 20 March					
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
Thursday 21 March					
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
Friday 22 March					
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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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.
Monday 18 March					
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
Tuesday 19 March					
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
Wednesday 20 March					
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
Thursday 21 March					
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
Friday 22 March					
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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Author

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

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