

Our view on next week's key events

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By Robert Carnell, Lynn Song and Min Joo Kang

Article | 16 February 2024

Key events in developed markets next week

Next week's calendar looks light in the US, with much of the data unlikely to have a significant impact



Source: Shutterstock

✓ US: Existing home sales and leading index the highlights of next week

Federal Reserve interest rate cut expectations have been significantly scaled back in the wake of strong GDP, jobs and consumer price inflation. At the start of the year, the market was looking for 175bp of cuts this year starting in March, today the pricing is for a mere 100bp of cuts starting in June. The upcoming data is unlikely to have that much impact though with next week's calendar looking light. Existing home sales and the leading index will be the highlights in terms of the data, but we will at least have several Fed speeches to digest and the minutes of the 31 January FOMC meeting.

✓ UK: PMIs to point to recovery in activity during 1Q

The UK entered a technical recession in the final quarter of 2023, though in practice the economy broadly stagnated last year. Things are looking up in 2024 though, and we've seen an encouraging recovery in the service-sector purchasing managers index (PMI) over the past couple of months. Interestingly that's in contrast to the eurozone equivalent index, which has been more subdued.

We think the economy should return to modest growth both in this and coming quarters, with the consumer outlook improving and rate cuts on the horizon. That said, the growth figures aren't what will determine the timing of the first rate cut from the Bank of England, which instead is focused on services inflation and wage growth as key guiding metrics.

✓ Canada: Inflation hovering just above 3%

In Canada we will have inflation data which is likely to show inflation hovering just above 3%. This won't be enough to trigger an imminent Bank of Canada policy rate cut, but we do expect them to start easing by the June policy meeting.

Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 19 February					
Sweden	0700	Jan CPI (MoM%/YoY%)	-/-	/	0.7/4.4
	0700	Jan CPIF (YoY%)	3.0	/	2.3
Tuesday 20 February					
US	1500	Jan leading index (MoM%)	-0.3	-0.3	-0.1
Canada	1330	Jan CPI Inflation (MoM%/YoY%)	0.3/3.2	0.4/3.3	-0.3/3.4
	1330	Jan CPI BoC Core (MoM%/YoY%)	-	-	-0.5/2.6
Eurozone	0900	Dec Current Account SA, EUR	-	-	24.6
Wednesday 21 February					
US	1700	Jan 31 FOMC meeting minutes	-	-	-
Eurozone	1500	Feb Consumer Confidence Flash	-	-	-16.1
Thursday 22 February					
US	1330	Initial Jobless Claims	225	-	212
	1330	Continuing Jobless Claims	1910	-	1895
	1445	Feb S&P Global Manufacturing Flash PMI	-	50.1	50.7
	1445	Feb S&P Global Services Flash PMI	-	52	52.5
	1445	Feb S&P Global Composite Flash PMI	-	-	52
	1500	Jan existing home sales (mn)	3.92	3.97	3.78
Germany	0830	Feb S&P Global Manufacturing Flash PMI	45.7	-	45.5
	0830	Feb S&P Global Service Flash PMI	47.3	-	47.7
	0830	Feb S&P Global Composite Flash PMI	47.1	-	47
France	0815	Feb S&P Global Composite Flash PMI	-	-	44.6
UK	0930	Feb Flash Composite PMI	53.1	-	52.9
	0930	Feb Flash Manufacturing PMI	47.5	-	47
	0930	Feb Flash Services PMI	54.5	-	54.3
Canada	1330	Dec Retail Sales (MoM%)	-	-	-0.2
Eurozone	0900	Feb S&P Global Manufacturing Flash PMI	-	-	46.6
	0900	Feb S&P Global Services Flash PMI	-	-	48.4
	0900	Feb S&P Global Composite Flash PMI	-	-	47.9
	1000	Jan CPI (YoY%)	-	-	3.3
Friday 23 February					
Germany	0700	Q4 GDP Detailed (QoQ%/YoY%)	-0.3/-0.4	/	-0.3/-0.4
	0900	Feb Ifo Business Climate	85.5	-	85.2
	0900	Feb Ifo Current Conditions	87.5	-	87
	0900	Feb Ifo Expectations	83.7	-	83.5
Eurozone	0900	Jan Money-M3 Annual Grwth	-	-	0.1
	0900	Jan Broad Money	-	-	16112378

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Key events in EMEA next week

Retail sales are set to rise in Poland, Hungary will likely see a further increase in the jobless rate and interest rates should remain steady in Turkey



Source: Shutterstock

✓ Poland: Positive expectations on future retail sales

Retail sales (Jan): 2.6% YoY

Consumers remain under pressure and seem hesitant to spend, despite the ongoing improvement in real disposable income. The Christmas season was poor for retailers, but we still expect a gradual improvement in household consumption over the course of this year. We forecast a positive retail sales reading in January. Improving consumer sentiment also gives some grounds for positive expectations regarding future retail sales and household consumption.

Wages (Jan): 11.7% YoY

As we expected in December, wage growth moderated to a single-digit pace, but we believe this is only temporary. The shift in bonus payments in large state-owned enterprises from December to October last year translated into lower average wages at the end of 2023. In January, we expect a return to double-digit wage growth as the minimum wage went up to PLN4242 from PLN3600 (gross monthly). In the pipeline are wage hikes for teachers (30%) and civil servants (20%), so we may witness yet another year of robust wage growth close to or above 10%, especially because the unemployment rate remains close to an all-time low and is among the lowest in the

EU.

Employment (Jan): -0.2% YoY

Employment in the corporate sector is expected to continue shrinking in annual terms. The January forecast is subject to exceptionally high uncertainty as the StatOffice updates the statistical sample of polled enterprises at the beginning of each year. The potential for employment growth in Poland is limited given the shrinking working-age population.

Unemployment (Jan): 5.4%

We expect a seasonal upswing in the unemployment rate in January. The preliminary estimate of the Ministry of Family, Labour and Social Policy is in line with our 5.4% January unemployment rate forecast. We do not expect any significant increase in unemployment this year, especially given the expected acceleration in economic growth.

Industrial output (Jan): 3.1% YoY

In line with our expectations, industrial output growth turned negative in December amid unfavourable calendar effects and soft external demand, but in January we expect a rebound to positive territory again as we had one more working day than in January last year. Still, the rebound in global manufacturing remains slow so far and Poland's main trading partner (Germany) continues to underperform vs. European and global industrial developments.

Hungary: Further increase in the unemployment rate in January

Next week's focus is on the labour market statistics in Hungary. Due to seasonal factors and based on the latest statistics from the National Employment Service, we expect a further increase in the unemployment rate in January 2024. As far as wage growth is concerned, due to the minimum wage increase in December and its spillover effects, we see an accelerating rise in average wages, reaching the 15% year-on-year mark. The combined impact of rising unemployment and higher wages on the economy remains to be seen, but the fourth quarter GDP growth statistics suggest that the negative impact may prove to be stronger, pointing to a more gradual path of economic recovery.

Turkey: Policy rate at 45% in February MPC

Last month, the Central Bank of Turkey concluded that the monetary tightness required to establish disinflation has been achieved. The bank also reiterated that the monetary tightening required for sustained price stability would be maintained for as long as necessary. Accordingly, we expect the bank to keep the policy rate at 45% in February MPC, remaining on hold until the fourth quarter of the year.

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 19 February					
Serbia	1100	Jan CPI (MoM%/YoY%)	0.7/6.9	0.3/6.8	0.1/7.6
Tuesday 20 February					
Poland	0900	Jan Industrial Output (YoY%)	3.1	3.1	-3.9
	0900	Jan PPI (YoY%)	-7.5	-8.2	-6.4
	0900	Jan Wages (YoY%)	11.7	10.9	9.6
	0900	Jan Employment (YoY%)	-0.2	-0.2	-0.1
Wednesday 21 February					
Russia	1600	Jan PPI (MoM%/YoY%)	-/-	/	-3.1/19.2
South Africa	0800	Jan CPI (MoM%/YoY%)	-/-	/	0/5.1
	0800	Jan Core inflation (MoM%/YoY%)	-/-	/	0.2/4.5
Thursday 22 February					
Turkey	1100	Feb CBT Weekly Repo Rate	45		45
	1100	Feb O/N Lending Rate	46.5		46.5
	1100	Feb O/N Borrowing Rate	43.5		43.5
Poland	0900	Jan Retail Sales (YoY%)	2.6	1.4	-2.3
	1300	Jan M3 Money Supply (YoY%)	7.9	7.9	8.5
Hungary	0730	Dec Average Gross Wages (YoY%)	15.1		14.1
Croatia	1000	Jan CPI (MoM%/YoY%)	-		-0.5/4.5
Friday 23 February					
Poland	0900	Jan Unemployment Rate	5.4	5.4	5.1
Hungary	0730	Jan Unemployment Rate 3M	4.5		4.4
Kazakhstan	0600	Feb Base Interest Rate	14.75		15.25

Source: Refinitiv, ING

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Asia week ahead: Central bank decisions, RBA minutes and activity data from Japan

All of the latest from our team on what to expect for central bank decisions and data releases across Asia next week



RBA minutes and wage price inflation

The minutes of the February Reserve Bank of Australia (RBA) meeting will be published next week. It was a no change decision, but the RBA removed a phrase about the possibility of further monetary tightening and added another in its place about not being able to rule out further tightening – which could be viewed as a modest relaxation of its tightening bias. It's unlikely that we will learn too much more from the minutes.

The ongoing evolution of inflation will provide us with better clues as to the likely path of rates, rather than any scrutiny of official texts – though that won't stop the market from trying.

We also get the release of 2023's fourth quarter wage price inflation figures. These extremely lagged figures are forecast to deliver an annual wage growth rate of 4%, unchanged from the third

quarter. The last RBA statement said that wage price inflation is not expected to rise much more and remain consistent with the inflation target. That suggests that it should not be much over 4%, though it could come in a shade above that – maybe 4.1% YoY.

India PMI out next week

PMI releases for February will confirm that India's economy continues to grow strongly. The service sector PMI in particular is likely to remain above 60 and manufacturing PMI should remain in the high 50s, both signalling decent growth.

PBoC likely on hold

The People's Bank of China (PBoC) will announce its interest rate decisions for the MLF on Sunday, and the LPR on Tuesday. Our baseline case remains for no changes in this month's key interest rates.

As the PBoC's room for easing is limited before global central banks start easing, a rate cut may be used in conjunction with a broader policy package following the Two Sessions in March. With that said, given the recent emphasis on stabilising the markets, the probability for a February rate cut providing a boost to markets as they reopen after the Lunar New Year holiday has risen somewhat over the past several weeks. Aside from the PBoC, we will also get an update on the January 70-city housing prices on Friday, where data will likely show a continued decline in prices to start 2024.

Hawkish pause from BoK expected

The Bank of Korea (BoK) will meet on Thursday, and another hawkish pause is expected. Inflation came down to the 2% level but household borrowing reaccelerated despite tight monetary conditions. Survey data is expected to improve to support the BoK's hawkish stance. Meanwhile, business sentiment should improve on the back of a solid recovery in exports and the semiconductor sector.

Activity data out from Japan next week

Over the coming week, Japan will release core machinery orders, January trade, and flash PMI, which will likely advance. The recent rebound for the semiconductor sector coupled with solid demand of vehicles should be the main driver for the improvement. We don't believe that the January earthquake should have a significant negative impact on the outcome.

Singapore inflation to pickup in January

Singapore's headline inflation could accelerate to 3.9% year-on-year, up from the 3.7% reported in the previous month. The latest round of implementation for the goods and services tax coupled with still-vibrant demand could have pushed up headline inflation. Meanwhile, core inflation should also rise to 3.6% YoY from 3.3% previously. Elevated inflation should keep the Monetary Authority of Singapore (MAS) from adjusting policy settings anytime soon and we expect possible changes only in the second half of the year.

Bank Indonesia likely to pause

Bank Indonesia (BI) will likely keep rates untouched at 6% next week, with Governor Perry Warjiyo

remaining wary of a potential flare up in inflation in the first half of the year. Warjiyo did, however, indicate that he believes he will have the space to cut rates in the latter half of the year.

Key events in Asia next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 19 February					
Japan	2350	Core Machine Ordes (MoM%)	1.5		-4.9
South Korea	2100	Feb BoK Consumer Sentiment Index	101		101.6
Tuesday 20 February					
Japan	2350	Jan Exports (YoY%)	3.8		9.7
	2350	Jan Imports (YoY%)	-11.5		-6.9
	2350	Jan Trade Balance Total Yen	-2100		68.9
China	0115	Feb Loan Prime Rate 1Y	3.45		3.45
	0115	Feb Loan Prime Rate 5Y	4.2		4.2
South Korea	2100	Mar BOK Manufacturing BSI	74		72
Wednesday 21 February					
Australia	2200	Feb Manufacturing PMI Flash	48		50.1
	2200	Feb Services PMI Flash	48.5		49.1
	2200	Feb Composite PMI Flash	-		49
		4Q23 Wage price index (QoQ/YoY%)	1.1/4.1		1.3/4.0
Indonesia	0700	Feb 7-Day Reverse Repo	6.0		6.0
Thursday 22 February					
Indonesia	-	Q4 Balance of Payments	-		-1.5
	-	Q4 Current Account/GDP	-		-0.2
India	-	Feb Manufacturing PMI	56		56.5
	-	Feb Services PMI	60.5		61.8
South Korea	0100	Feb Bank of Korea Base Rate	3.5		3.5
Friday 23 February					
Indonesia	0400	Jan M2 Money Supply (YoY%)	-		3.5
Singapore	0500	Jan Core CPI (YoY%)	3.6		3.3
	0500	Jan CPI (MoM%/YoY%)	0.4/3.9		0.4/3.7

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