

Our view on next week's key events

Discover what our analysts are looking out for next week in our global economic calendars

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By James Smith, Bert Colijn and Carsten Brzeski



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Article | 16 March 2018

Key events in developed markets next week

Will the new Fed chair result in a new Fed dot plot? Will the EU summit offer any sign of a Brexit transition deal?

✓ New Fed chair, new dot plot?

For markets, there's little doubt that a rate hike is on the way next week. Of the possible risks that may have knocked the Fed off course this month – a government shutdown, market turmoil, or data distortions from the cold weather – none have really come to pass.

So with a hike fully priced in, investors will instead be closely scrutinising the Fed's infamous 'dot plot' for any sign that the Fed, with a new chair at the helm, is considering upping the pace of hikes from three to four this year. Back in December, only four out of 16 Fed members expected four hikes in 2018, so arithmetically it will take another four or five to join this camp for the median dot to move upwards.

Whatever happens, with core inflation on the verge of returning to target and the economy continuing to perform strongly, we think the Fed will ultimately follow through with four rate rises this year.

✓ Crunch EU summit eyed for signs of Brexit transition deal

With negotiators scrambling to get a transition period agreed in principle ahead of the EU leader's meeting at the end of the week, there are signs that a deal may be in sight. The UK government appears to have accepted the EU's request for a shorter transition – after all, negotiating a longer period now would mean agreeing to additional budget contributions beyond December 2020, which would be politically very challenging for Theresa May at this stage.

That was one of the final sticking points in the transition negotiations, although there are still big disagreements over the Irish border. The EU has said that the UK government's proposal for post-Brexit trade doesn't go far enough to ensure there's no hard border. Whilst this issue is unlikely to be resolved anytime soon, there's a risk that disagreements in this area delay a transition deal.

✓ Will Eurozone indicators recover?

For the Eurozone, the question will be whether survey indicators recover after financial market volatility in February. Markets bounced back somewhat, but some of the surveys also indicated weakness in new orders. And with recent protectionist moves in the US, uncertainty about global economic conditions has not really subsided, suggesting March could be another soft month.

Only one number matters ahead of the Bank of England

In the UK, there are several economic reports of note:

- Core inflation looks set to grind lower as the effect of the pound's plunge continues to filter out (this process could see core CPI virtually back to target by the end of the summer).
- Retail sales could be a tad disappointing, as cold weather, combined with an ongoing squeeze in household income appears to have kept shoppers away from the high street in February.
- But what really matters for policymakers next week is wage growth. It looks as though the overall tightness in the jobs market is putting pressure on firms to lift pay – although it's also worth remembering that the year-on-year numbers are currently being flattered by the particularly weak wage figures at the same time last year.

Assuming progress can be made towards a Brexit transition period, we think the BoE will hike rates again in May. Keep an eye out for possible hints at this in the Bank's statement next week.

Relief over new German government or fear of US protectionism?

Next week will see an entire wave of German sentiment indicators. The big question all these indicators should answer is whether the relief of having a new government can outweigh fears of rising protectionism from the US.

Developed Markets Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 16 March					
US	1315	Feb Industrial Production (MoM%)	0.3	0.4	-0.05
	1400	Mar P U. of Mich. Sentiment Index	100	99.2	99.7
Japan	0430	Jan F Industrial production - Prel (MoM/YoY%)	-/-	-/-	-6.6/2.7
	-	Cabinet Office Monthly Economic Report for March			
Eurozone	1000	Feb F Core CPI (YoY%)	1	1	1
	1000	Feb F CPI (MoM/YoY%)	0.2/1.2	0.2/1.2	0.2/1.2
Italy	0900	Feb F HICP (YoY%)	0.7	0.7	0.7
Norway	0730	Norway Central Bank Deputy Governors Speech			
Portugal	1100	Portugal Reports Construction Licenses, Completed Works			
Sunday 18 March					
Japan	2350	Feb Exports (YoY%)	-	-	12.3
	2350	Feb Imports (YoY%)	-	-	7.7
Monday 19 March					
US	1340	Fed's Bostic Speaks on Community Reinvestment Act			
Eurozone	1000	Jan Trade Balance (€bn)	-	-	23756.6
Finland	0800	Finnish Financial Supervisory Authority Holds Press Conference			
Tuesday 20 March					
Japan	0500	Jan F Leading economic index	-	-	104.8
Eurozone	1500	Mar A Consumer Confidence	0	-	0.1
Germany	1000	Mar ZEW Survey Expectations	14	-	17.8
UK	0930	Feb CPI (MoM/YoY%)	0.5/2.8	-/-	-0.5/3
	0930	Feb Core CPI (YoY%)	2.5	-	2.7
Australia	0030	RBA March Meeting Minutes			
	0415	RBA's Bullock Takes Part in Panel in Sydney			
Switzerland	0645	SECO March 2018 Economic Forecasts			
Wednesday 21 March					
US	1400	Feb Existing Home Sales	-	5.42	5.38
	1800	FOMC Rate Decision (Upper bound)	1.75	1.75	1.5
UK	0930	Jan Weekly Earnings (3M avg)	2.6	-	2.5
	0930	Jan Weekly Earnings ex Bonus (3M avg)	2.5	-	2.5
	0930	Jan ILO Unemployment Rate (3M avg.)	4.4	-	4.4
	0930	Jan Employment Change (3M/3M)	110	-	88
	0930	Feb Public Finances (PSNCR)	-	-	-26.379
	0930	Feb PSNB ex Banks (€bn)	-	-	-10.008
Norway	0700	Jan Unemployment Rate AKU (%)	-	-	4.1
Australia	0230	RBA's Boge Gives Speech in Sydney			
New Zeal	2000	RBNZ OCR decision			
Thursday 22 March					
Japan	0430	Jan All industry activity index (MoM/YoY%)	-/-	-/-	0.5/1.4
	2330	Feb CPI ex-food, energy (YoY%)	-	-	0.4
	2330	Japan Feb CPI			
Eurozone	0900	Mar P Markit Manufacturing PMI	58.2	-	58.6
	0900	Mar P Markit Services PMI	56	-	56.2
	0900	Mar P Markit Composite PMI	56.8	-	57.1
	0900	ECB Publishes Economic Bulletin			
	-	EU leaders meet in Brussels (until 23/03)			
Germany	0900	Mar IFO Business Climate	114.8	-	115.4
	0900	Mar IFO Expectations	104.4	-	105.4
	0900	Mar IFO Current Assessment	126.1	-	126.3
UK	0930	Feb Retail Sales ex Auto Fuel (MoM/YoY%)	-0.2/0.6	-	0.1/1.5
	0930	Feb Retail Sales (MoM/YoY%)	-0.2/0.7	-	0.1/1.6
	1200	BoE Policy Rate	0.5	-	0.5
Canada	1900	Bank of Canada Senior Deputy Governor Carolyn Wilkins Speech			
Australia	0030	Feb Employment change ('000)	-	-	16
	0030	Feb Unemployment rate (%)	-	-	5.5
Sweden	0630	Riksbank Deputy Governor Floden Speech			
Switzerland	0630	SNB Publishes Annual Report			
Friday 23 March					
US	1230	Feb P Durable Goods Orders (MoM%)	1	1.7	-3.6
	1230	Feb P Durable Goods Orders (ex. Trans, MoM%)	0.5	0.5	-0.3
	1210	Fed's Bostic Speaks on the Economic Outlook			
	1430	Fed's Kashkari Speaks in Moderated Q&A			
Canada	1230	Feb CPI (MoM/YoY%)	-/-	-/-	0.7/1.7
Norway	0900	Mar Unemployment Rate, registered (%)	-	-	2.5

Source: ING, Bloomberg

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Asia week ahead: three central banks to meet

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Source: Shutterstock

4.5%

Higher than expected

Philippines inflation in February

Surpassing the 2-4% medium-term target

Philippines central bank defies tightening

The recent spike in Philippines' consumer price inflation (CPI) above the central bank's 2-4% target has put monetary policy under the spotlight ahead of the March 22 policy meeting.

Inflation jumped to 4% year-on-year in January and further to 4.5% in February from 3.3% in 2017. The impact of tax reforms, rising food and utility prices are the main reasons which we expect to continue in the coming months.

However, Bangko Sentral ng Pilipinas's (BSP) policymakers have flagged their intention of not rushing into tightening to curb inflation. They argue that inflation would return to the target zone within the next 12 months and given the 12-18 months of policy lag, any tightening now would be ineffective anyway.

ING revises rate hike forecast

ING's economist for the Philippines, [Joey Cuyegkeng](#) expects inflation to peak within the next three to six month and expects no rate hike next week. He has also revised his forecast to no change from two 25bp rate hikes this year.

The stable monetary policy and widening trade and current account deficits will keep the Philippine Peso Asia's underperforming currency this year.

Expect no change in Indonesia or Taiwan

The other two Asian central banks to meet next week are Bank Indonesia (BI) and Taiwan's Central Bank of China (CBC), and there is a unanimous consensus that there will be no policy change by either. We expect both central banks to maintain the current policy settings throughout 2018.

Running little over 3% inflation has faded to be a policy concern in Indonesia. The expectations are that it remains well-anchored within BI's 2.5-4.5% medium-term target. Growth is a bigger concern in Taiwan and weakening exports will put it above inflation as the policy goal this year. Taiwan data on export orders and industrial production will capture more attention next week.

A slew of inflation releases

February CPI inflation releases in Hong Kong, Malaysia and Singapore will be closely watched, and Malaysia and Singapore data will be of particular interest.

Our forecast of a further dip in Malaysian inflation below 2% means no pressure on the central bank to change policy anytime soon.

In Singapore, seasonally high food prices in the Lunar New Year month will pressure inflation up from zero percent in January, though these effects are transitory. We aren't so confident about our forecast of the Monetary Authority of Singapore (MAS) moving to tightening in April.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Thursday 15 March					
India	-	4Q Current account balance (Q) (US\$bn)	-12.9	-	-7.213
Friday 16 March					
Singapore	0030	Feb Non-oil domestic exports (MoM/YoY%)	-0.3/8.3	0.1/4.4	-0.3/13
Monday 19 March					
China	0130	China February Property Prices	5.5	-	5.4
Thailand	-	Feb Exports (Cust est, YoY%)	9.7	-	17.6
	-	Feb Imports (Cust est, YoY%)	15.3	-	24.3
Thailand	0400	Feb Trade balance (Cust est, US\$m)	831	-	-119
South Korea	2100	Feb PPI (MoM/YoY%)	-/0.8	-/-	-/1.2
Philippines	0845	Feb Balance of payments (US\$m)	-	-	-531
Tuesday 20 March					
Taiwan	0800	Feb Export orders (YoY%)	18	2.8	19.72
Hong Kong	0815	Feb Composite CPI (YoY%)	2.7		1.7
Wednesday 21 March					
Malaysia	0400	Feb CPI (YoY%)	1.7	2.8	2.7
Thursday 22 March					
Malaysia	0700	Mar 15 Forex reserves- Month end (US\$bn)	-	-	103.7
Indonesia	-	Mar 22 BI policy decision (7-day reverse repo,%)	4.25	-	4.25
Philippines	0800	Overnight Borrowing Rate	3	-	3
	-	Jan Budget balance (PHP bn)	-	-	-107.1
Taiwan	-	Benchmark Interest Rate	1.375	1.375	1.375
Friday 23 March					
Singapore	0500	Feb CPI (YoY%)	0.6	-	0
	0500	Feb CPI core (YoY%)	1.6	-	1.4
Taiwan	0800	Feb Industrial production (YoY%)	3	0.3	10.86
	0820	Feb Money supply (M2) (YoY%)	3.5	-	3.42

Source: Bloomberg, ING

Key events in EMEA and Latam next week

Next week looks set to be busy for EMEA, particularly in Poland with an array of activity and central bank meetings in Brazil and Russia

✓ **Poland: expect an improvement in the macroeconomic and fiscal outlook**

We expect Moody's to maintain current rating. The deterioration of institutional quality assessment is likely to be benign without a significant drop in the score. On the other hand, the macroeconomic and fiscal outlook should improve. Monthly activity data (production, retail sales) should support a strong GDP reading close to 5% year-on-year also in 1Q18.

✓ **Russia: an exciting week with an election and a central bank meeting**

Russians head to the polls this weekend to choose their next President for 2018-2024. There is no intrigue over the winner, but the PM chair, composition of the cabinet and its ability to push through Putin's recently announced priorities remain unclear.

There will also be a slew of February data including retail sales which should reaffirm the story of growing domestic demand as well as the Central Bank of Russia meeting, where we expect to see a 25bp rate cut as the base-case scenario.

✓ **Brazil: expect the central bank to extend the rate cutting cycle**

We expect falling inflation expectations to prompt the central bank to extend the rate cutting cycle next week.

Much of the market focus next week will be on the post-meeting statement, specifically on whether the central bank will keep the door open to further cuts, or close it more firmly this time. Given the potential for continued downside surprises on the inflation front, it's possible the Bank maintains the current guidance, which states that the base-case scenario would be consistent with no additional rate cuts. But cuts will be considered if the inflation outlook (once again) surprises to the downside.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 16 March					
Turkey	0700	Jan Industrial Production (MoM/YoY%)	-5.5	1.2/6.65	0.93/8.73
Poland	0900	Feb Avg Gross Wages (MoM/YoY%)	0.6/7.2	0.6/7.2	-7.7/7.3
	0900	Feb Employment (MoM/YoY%)	0.2/3.7	0.2/3.7	2/3.8
	1300	Jan C/A (€mn)	331	965	-1152
	1300	Jan Trade Balance (€mn)	-572	-35	-1268
	1300	Jan Exports (€)	16653	16986	15232
	1300	Jan Imports (€)	17225	17184	16500
	1300	Feb Core Inflation (MoM/YoY%)	0.0/0.9	0.1/1	0.1/0.9
Czech Rep	0800	Feb PPI (Industrial) (MoM/YoY%)	-/-	0.05/0.1	0.5/0.5
	0900	Jan C/A (CZKbn)	-	29	-2.92
Romania	-	Jan C/A YTD (€m)	-	-	-5581
Kazakhstan	-	Feb Industrial Production Yearly	-	-	5.2
Croatia	1000	Jan F Retail Sales (YoY%)	-	-	1.4
Monday 19 March					
Russia	-	Feb Industrial Production (YoY%)	-	2	2.9
Poland	0900	Feb Industrial Output (MoM/YoY%)	-0.7/8.9	-1.3/8.35	4.1/8.6
	0900	Feb PPI (MoM/YoY%)	-0.1/-0.1	0.1/0.1	0.1/0.2
Ukraine	-	4Q F GDP (YoY%)	-	1.8	1.8
Serbia	-	Jan C/A (€mn)	-	-	-397.4
Tuesday 20 March					
Russia	-	Feb PPI (MoM/YoY%)	-/-	0.2/4.4	0.1/5
Turkey	0700	Mar Consumer Confidence	-	-	72.25
Poland	0900	Feb Retail Sales (MoM/YoY%)	-1.7/9.5	-2.8/8.1	-20.5/8.2
Hungary	0800	Jan Avg Gross Wages (YoY%)	10	-	13.5
Croatia	-	Feb Unemployment Rate (%)	-	-	12.7
South Africa	0700	Jan Leading Indicator	-	-	104.6
Israel	1100	Jan Industrial Production (SA, MoM%)	-	-	-0.5
	-	Mar 12Mth Inflation Forecast (%)	-	-	0.8
Wednesday 21 March					
Russia	1300	Feb Retail Sales (YoY%)	-	2.7	2.8
	1300	Feb Real wages (YoY%)	-	6	6.2
Poland	-	National Bank of Poland Publishes Minutes of Rate Meeting (until 23/03)			
Hungary	2300	OTP Bank Publishes AGM Proposals			
South Africa	0800	Feb CPI (MoM/YoY%)	-/-	0.9/4.2	0.3/4.1
Israel	-	Feb Leading 'S' Indicator (MoM%)	-	-	0.28
Brazil	-	Selic Rate	-	6.5	6.75
Thursday 22 March					
Turkey	1130	Mar Real Sector Confidence Index Reel SA	-	-	110.8
	1130	Mar Industrial Confidence	-	-	110.8
	1130	Mar Capacity Utilization (%)	-	-	77.8
Poland	1300	Feb M3 Money Supply (MoM/YoY%)	0.1/4.6	0.5/5	-1.1/4.8
South Africa	1100	Jan Retail Sales (MoM/YoY%)	-/-	-/-	-2.6/5.3
Friday 23 March					
Russia	1030	Key Rate (%)	-	7.25	7.5
	1200	Bank of Russia Governor Nabiullina holds news conf.			
Poland	0900	Feb Unemployment Rate (%)	6.8	6.8	6.9
	-	Poland Sovereign Debt to Be Rated by Moody's			
Hungary	0730	4Q C/A (€mn)	885	-	805.8
Croatia	1000	Jan Tourism arrivals (YoY%)	-	-	11.3
South Africa	-	South Africa Sovereign Debt to Be Rated by Moody's			
Brazil	1330	Feb C/A Balance (\$mn)	-200	-	-4310.05

Source: ING, Bloomberg

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