

## 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 James Knightley



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## Key events in developed markets

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Source: Shutterstock

### ✓ US: On the verge of a 'brutal doom loop'

Financial markets risk getting themselves into a brutal doom loop with plummeting bond yields and tumbling equities feeding each other despite the US economy continuing to post decent numbers. Global growth worries and ongoing trade tensions are at the root of this so we will be focusing more on newsflow surrounding these areas while also looking to see how the Federal Reserve may respond. After all the US data calendar is light with existing home sales and new homes sales (both supported by firm consumer confidence, rising wages and falling mortgage rates) the main releases to follow.

We will also get the minutes to the July FOMC meeting where the Federal Reserve cut the policy rate by 25bp, so we may hear more about risk scenarios from them, but it will be the Federal Reserve's annual symposium in Jackson Hole (August 22-24) that will be the main draw.

Numerous Fed officials will speak, including Jerome Powell, so we will get an update from him on how he sees the threats facing the economy and whether the Fed could be tempted to move more swiftly and aggressively to head off a potential economic downturn.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 19 August</b>					
Japan	0050	Jul Exports (YoY%)	-	-	-6.6
	0050	Jul Imports (YoY%)	-	-	-5.2
Eurozone	1000	Jul F Core CPI (YoY%)	0.9	-	0.9
	1000	Jul CPI (MoM%/YoY%)	-0.4/1.1	-/-	-0.4/1.1
<b>Tuesday 20 August</b>					
Australia	0230	RBA Minutes of August Policy Meeting			
<b>Wednesday 21 August</b>					
US	1500	Jul Existing Home Sales (mn)	5.4	5.4	5.3
	1900	FOMC Meeting Minutes			
UK	0930	Jul Public Finances (PSNCR)	-	-	15.2
	0930	Jul PSNB ex Banks (£bn)	-	-	7.2
Canada	1330	Jul CPI (MoM%/YoY%)	-/-	0.2/1.6	-0.1
Norway	0700	Jun Unemployment Rate AKU	-	-	3.4
<b>Thursday 22 August</b>					
Japan	0530	Jun All industry activity index (MoM%)	-	-	0.3
Eurozone	0900	Aug P Markit Manufacturing PMI	46.9	-	46.5
	0900	Aug P Markit Services PMI	52.7	-	53.2
	0900	Aug P Markit Composite PMI	51.2	-	51.5
	1500	Aug A Consumer Confidence	-	-	-6.6
Sweden	0830	Jul Unemployment Rate (%)	7.6	-	7.6
<b>Friday 23 August</b>					
Japan	0030	Jul National CPI (YoY%)	-	-	0.7
	0030	Jul CPI ex-food, energy (YoY%)	-	-	0.5
US	1500	New home sales ('000)	649	640	646

Source: ING, Bloomberg

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## Asia week ahead: Spotlight on Indonesia and Thailand

Indonesia's central bank meeting and Thailand's second-quarter GDP report are the highlights in an otherwise light economic calendar



Source: Shutterstock

# 5.75%

Expected BI policy rate

ING forecast - no change

### ➔ Indonesia to pause easing

Indonesia's central bank is due to meet next week but is unlikely to cut rates, however, that doesn't

quite make it a non-event, given the backdrop of accelerated central bank easing in the region.

Last month, the central bank cut rates by 25 basis points, which doesn't imply that it can't cut rates again and admittedly, data since the last meeting has shown growth stuck at about 5% and inflation below the 3.5% policy target (mid-point of the 2.5%-4.5% target range) – supporting expectations for rate cuts using the huge buffer created by the 175bp hikes in 2018.

But throwing a spanner in the works is the heightened currency volatility from the escalation of the trade war into a currency war. The rupiah's 1.6% month-to-date depreciation reasserts its vulnerability in times of emerging market contagion. After all, currency stability was the reason behind the aggressive policy tightening in 2018 after the economic crisis in Argentina that jolted emerging markets. This time is no different and we don't think BI will want to risk more currency depreciation by cutting rates next week but we're not ruling out more rate cuts later in the year.

[Indonesia: 2Q GDP at 5.05%, in line with forecasts](#)

**2.3%** Thai 2Q GDP growth  
ING forecast

## ➔ Thailand growth grinds lower

Thailand's economic report card for the second quarter arrives on 19 August. GDP growth hit a four-year low of 2.8% in 1Q19. Weak exports and manufacturing and fewer tourists amid elevated political uncertainty foreshadow a further slowdown in 2Q. We recently cut our growth forecast for the quarter to 2.3% from 3.0%, and to 2.8% from 3.1% for the full-year, well below the official 3.3% forecast for the year.

We don't think the Bank of Thailand's 25bp rate cut earlier this month is the last for the year as that merely reverses the hike in late 2018. With rising global headwinds to growth and slow progress on domestic fiscal stimulus, the central bank will have to do all the heavy lifting to support growth. We have already pencilled in one more 25bp rate cut in the fourth quarter but don't quite rule out more as the global central bank easing cycle gathers speed later in the year.

Meanwhile, the government is due to submit the THB 170 billion (about 1% of 2018 GDP) stimulus package for cabinet approval on Monday. Besides measures to boost tourism, the package will reportedly contain measures to support farmers, middle-income earners, and small businesses.

[Thailand: Downgrading GDP growth forecast](#)

## ➔ And everything else?

Singapore's consumer price index for July is likely to show a further dip in headline inflation to 0.5% from 0.6% in June, as the lower housing component due to the quarterly rebate of services and conservancy charges (S&CC) for public housing more than offset a 6.4% hike in electricity tariffs for

the current quarter. We also see core inflation slowing to 1.0% from 1.2% in June, raising odds of imminent central bank easing. Just as the government this week cut its growth outlook for the year of 0% to 1%, the MAS dashed hopes of an off-cycle easing. Probably, something big is in the pipeline in the October semi-annual statement.

Hong Kong's July CPI will also be an interesting observation as disruption to both supply and demand from anti-government protests will have influenced inflation. Political uncertainty is negative for the territory's hot property market, making housing a key drag on inflation by depressing rents. That said, our forecast has inflation rising to 3.5% in July from 3.3% in the previous month.

Finally, in Taiwan, we will be looking at July figures on export orders and manufacturing for what they say about GDP growth coming in the third quarter. Positive growth of electronics exports in three months through July is a hopeful sign of electronics-driven slowdown bottoming out. More such green shoots will be positive for markets.

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 19 August</b>					
Thailand	0330	2Q GDP (SA QoQ/YoY%)	0.7/2.3	-/-	1.0/2.8
<b>Tuesday 20 August</b>					
Hong Kong	0930	Jul CPI (% YoY)	3.5	-	3.3
Taiwan	0900	Jul Export orders (YoY%)	-7.0	-5.5	-4.5
	0920	2Q Current account balance (US\$bn)	19.2	-	17.1
South Korea	2200	Jul PPI (YoY%)	-	-	0.1
<b>Wednesday 21 August</b>					
Thailand	-	Jul Exports (Cust est, YoY%)	-3.0	-	-2.2
	-	Jul Imports (Cust est, YoY%)	-8.0	-	-9.4
	-	Jul Trade balance (US\$m)	636	-	3212
	0300	Bank of Thailand's MPC Minutes			
<b>Thursday 22 August</b>					
Malaysia	0800	Forex reserves- Month end (US\$bn)	-	-	103.9
Indonesia	-	BI policy decision (7-day reverse repo, %)	5.75	-	5.75
<b>Friday 23 August</b>					
Philippines	-	Jul Budget balance (PHP bn)	-115	-	-41.8
Singapore	0600	Jul CPI (YoY%)	0.5	-	0.6
	0600	Jul CPI core (YoY%)	1.0	-	1.2
Taiwan	0900	Jul Industrial production (YoY%)	-1.5	-	-0.4
	0920	Jul Money supply (M2) (YoY%)	3.1	-	3.1

Source: ING, Bloomberg, \*GMT

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## Key events in EMEA and Latam next week

It's another quiet week in EMEA and Latam. But expect the Polish industrial production and the labour market to recover partly thanks to cooler weather



Source: Shutterstock

### ✓ Poland: Recovery ahead

We expect both the labour market and activity data to recover after a very weak June. Wages should increase by 1.5 percentage points to 6.8% year-on-year. Last month's reading showed a negative drag from manufacturing & utilities subtracting 1.3pp from the headline. The mining sector subtracted another 0.5pp. The weak performance in these sectors was likely related to the forcibly shorter working hours due to the heatwave. Given more benign weather in July we expect a recovery.

A similar situation should be visible in industrial production – we expect a rebound from -2.7% to 6.5% YoY. The June figure showed broad-based deceleration, which we link to the extreme weather conditions rather than cyclical factors (eurozone slowdown should hamper only export-oriented sectors).

## EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Sunday 18 August</b>					
Israel	1100	2Q A GDP (QoQ Annualised %)	-	1.5	5.0
<b>Monday 19 August</b>					
Russia	1400	Jul Real wages (YoY%)	2.3	2.6	2.3
	1400	Jul Retail Sales (YoY%)	1.5	1.5	1.4
Croatia	1000	Jul Unemployment Rate (%)	-	-	7.2
	1000	Jun Real Wages (YoY%)	-	-	1.2
Israel	1100	Jun Industrial Production (SA, MoM%)	-	-	-0.3
<b>Tuesday 20 August</b>					
Poland	0900	Jul Avg Gross Wages (YoY%)	6.8	7.1	5.3
	0900	Jul Employment (MoM/YoY%)	2.7	2.7	2.8
South Africa	0800	Jun Leading Indicator	-	-	103.9
Israel	-	Aug 12Mth Inflation Forecast (%)	-	-	1.3
	-	Jul Leading 'S' Indicator (MoM%)	-	-	0.2
<b>Wednesday 21 August</b>					
Poland	0900	Jul Industrial Output (YoY%)	6.5	6.3	-2.7
	0900	Jul PPI (YoY%)	0.9	0.7	0.6
South Africa	0900	Jul CPI (MoM%/YoY%)	-/-	-/-	0.4/4.5
	0900	Jul Core CPI (MoM%/YoY%)	-/-	-/-	0.4/4.3
Mexico	1200	Jun Retail Sales (YoY%)	2.5	-	2.8
<b>Thursday 22 August</b>					
Poland	0900	Jul Retail Sales (YoY%)	7.8	-/-	5.3
	1300	National Bank of Poland Publishes Minutes of Rate Meeting			
<b>Friday 23 August</b>					
Poland	1300	Jul M3 Money Supply (MoM%/YoY%)	9.3	9.5	9.3
Kazakhstan	-	Jul M3 Money Supply (MoM%)	-	-	-1.0
Mexico	1200	2Q F GDP (YoY%)	0.4	-	-0.7

Source: ING, Bloomberg

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