

Our view on next week's key events

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By Robert Carnell

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US: On course for a December hike

We get a few second tier US data releases over the coming week, but none of them are likely to alter the outlook for the December FOMC meeting, where we have a high conviction call that the Federal Reserve will raise its main policy rate by 25 basis points for the fourth time this year.

The economy is growing strongly, inflation is above the Federal Reserve's 2% target and the jobs market is robust, with wage pressures on the rise. Given good momentum we expect the Fed to continue hiking interest rates next year. However, they are likely to be less aggressive than in 2018 – we expect three rate moves next year. The economy is facing more headwinds with the lagged effects of higher interest rates and a strong dollar set to slow growth, while trade tensions and weaker external demand are also a threat.

Furthermore, there are some tentative signs of softness in real data, particularly the housing market and investment. The durable goods orders report is already pointing to a slower path ahead for corporate investment while higher mortgage rates are resulting in a slowdown in the housing market. Next week's data is likely to give us more information on whether this is something that is becoming more troubling.

✔ Eurozone weakness through the lens of confidence data

In the eurozone, confidence data will be released. After the dismal third quarter, PMIs will be closely watched to get a sense of economic performance in November. With downside risks ever present, a strong bounce back from the weak 3Q performance seems unlikely.

✔ Canada: Energy will put upward pressure on prices

Canada's inflation in September was -0.4% month-on-month, largely undershooting expectations. But we're unlikely to see a similar figure in October; we forecast 0.2% MoM, with the main contributor likely to be energy prices.

The oil price rally started at the back-end of September, meaning price gains only made a mild impact and were actually down on the month; the majority of the gains will be seen in October gasoline prices. And despite a high base, there should be an uptick in energy prices on the year too – though more moderate than expected; the heavy WCS discount to WTI and Brent crude will likely add some negative impetus. This should keep the headline print sitting above the Bank of Canada's 2% inflation target; we forecast a healthy 2.3% YoY.

Developed Markets Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|------------------------------|------|---|---------|--------|----------|
| Sunday 18 November | | | | | |
| Japan | 2350 | Oct Exports (YoY%) | 2.2 | - | -1.3 |
| | 2350 | Oct Imports (YoY%) | 11.9 | - | 7.0 |
| | 2350 | Oct Trade Balance (JPY bn) | -334.0 | - | 139.6 |
| Monday 19 November | | | | | |
| US | 1545 | Fed's Williams Speaks in Moderated Q&A in the Bronx | | | |
| Japan | 0330 | BOJ Kuroda Speaks at EuroPlus in Tokyo | | | |
| Norway | 1400 | Norges Bank Deputy Governor Nicolaisen Speaks in Oslo | | | |
| Sweden | 1030 | Riksbank's af Jochnick Speaks in Copenhagen | | | |
| Portugal | 0900 | Bank of Portugal Governor at Conference on Portuguese Economy | | | |
| Tuesday 20 November | | | | | |
| Canada | 1745 | Bank of Canada's Carolyn Wilkins Speaks In Montreal | | | |
| Australia | 0030 | RBA Nov Meeting Minutes | | | |
| | 0820 | RBA's Lowe Gives Speech in Melbourne | | | |
| Austria | 0900 | ECB's Nowotny Presents Austrian Financial Stability Report | | | |
| Wednesday 21 November | | | | | |
| US | 1330 | Oct P Durable Goods Orders (MoM%) | -2.2 | -2.0 | 0.7 |
| | 1330 | Oct P Durable Goods Orders (ex. Trans, MoM%) | 0.3 | 0.4 | 0.0 |
| | 1500 | Oct Existing Home Sales | 5.15 | 5.2 | 5.2 |
| | 1500 | Nov F U. of Mich. Sentiment Index | 98.3 | 98.3 | 98.3 |
| Japan | 0430 | Sep All Industry Activity Index (MoM/YoY%) | -0.8/- | -/- | 0.5/1.2 |
| | 2330 | Oct CPI (YoY%) | 1.4 | - | 1.2 |
| | 2330 | Oct CPI ex. Food, Energy (YoY%) | 0.4 | - | 0.4 |
| Eurozone | 1000 | OECD Economic Forecasts | | | |
| UK | 0930 | Oct PSNB ex. Banks (£bn) | - | - | 4.1 |
| | 0930 | Oct Public Finances (PSNCR) | - | - | 15.8 |
| Norway | 0700 | Sep Unemployment Rate AKU | - | - | 4.0 |
| Sweden | 0830 | Riksbank Financial Stability Report | | | |
| Thursday 22 November | | | | | |
| Eurozone | 1500 | Nov A Consumer Confidence | -3.0 | - | -2.7 |
| Sweden | 0700 | Riksbank Deputy Governor Skingsley Gives Speech | | | |
| Friday 23 November | | | | | |
| Eurozone | 0900 | Nov P Market Manufacturing PMI | 51.8 | - | 52.0 |
| | 0900 | Nov P Market Services PMI | 53.6 | - | 53.7 |
| | 0900 | Nov P Market Composite PMI | 53 | - | 53.1 |
| Canada | 1330 | Oct CPI (MoM/YoY%) | 0.2/2.3 | -/- | -0.4/2.2 |
| Portugal | 0000 | Angolan President Joao Lourenco in Portugal For Two-day Visit | | | |
| | 0830 | Portugal's Centeno, ESMA's Majoor Speak at Finance Conference | | | |

Source: ING, Bloomberg

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Key events in EMEA and Latam next week

Data from Russia next week should show weakness in household income and spending- which could impact budget policy



Source: Shutterstock

✓ National Bank of Hungary: Don't hold your breath

The National Bank of Hungary (NBH) meets next week to decide monetary policy - but don't expect any change. Despite the October CPI figure being surprisingly high (3.8% year-on-year), the NBH has signalled that this was driven by temporary factors and it plans to evaluate the situation in detail in December - when it prepares the next inflation report. The bottom line is, don't hold your breath for a change in policy at this meeting.

There's one other key event to watch; Moody's plans to review its sovereign debt rating. This is the only rating agency which does not have a positive outlook on the country.

✓ Russia: Easier on the budget policy?

Russian activity data for October should show a further post-electoral deceleration in household income and consumption growth.

The weakness in consumption is driven by the low-income segment, which is dependent on the budget policy. Declining consumer optimism, combined with overall weakness in economic activity (GDP growth decelerated to 1.3% YoY in 3Q from 1.9% YoY in 2Q) as well as lower popular support in the regions, could strengthen calls in favour of easing in the budget policy in 2019-21. This is relative to a very tight draft.

EMEA and Latam Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|------------------------------|------|---|-----|----------|----------|
| Sunday 18 November | | | | | |
| Israel | 1100 | 3Q A GDP (QoQ Annualised %) | - | - | 1.8 |
| Monday 19 November | | | | | |
| Poland | 0900 | Oct Avg Gross Wages (MoM/YoY%) | -/- | -/- | -0.6/6.7 |
| | 0900 | Oct Employment (MoM/YoY%) | -/- | -/- | -0.1/3.2 |
| Tuesday 20 November | | | | | |
| Russia | 1300 | Oct Retail Sales (YoY%) | 2.0 | 2.4 | 2.2 |
| | 1300 | Oct Real Wages (YoY%) | 6.0 | 6.9 | 7.2 |
| | - | Oct PPI (MoM/YoY%) | -/- | 1.7/14.5 | 1.3/14.4 |
| Poland | 0900 | Oct Industrial Output (MoM/YoY%) | -/- | -/- | 3.5/2.8 |
| | 0900 | Oct PPI (MoM/YoY%) | -/- | -/- | 0.4/2.9 |
| Hungary | 1300 | Policy Rate (%) | 0.9 | - | 0.9 |
| Serbia | 1100 | 3Q F GDP (YoY%) | - | - | 3.7 |
| Croatia | - | Oct Unemployment Rate (%) | - | - | 8.4 |
| South Africa | 0700 | Sep Leading Indicator | - | - | 104.9 |
| Israel | 1100 | Sep Industrial Production (SA, MoM%) | - | - | 7.2 |
| | - | Nov 12Mth Inflation Forecast (%) | - | - | 1.1 |
| Wednesday 21 November | | | | | |
| South Africa | 0800 | Oct CPI (MoM/YoY%) | -/- | -/- | 0.5/4.9 |
| | 0800 | Oct Core CPI (MoM%, NSA) | - | - | 0.5 |
| Israel | - | Oct Leading 'S' Indicator (MoM%) | - | - | 0.3 |
| Thursday 22 November | | | | | |
| Turkey | 0700 | Nov Consumer Confidence | - | - | 57.3 |
| Poland | 0900 | Oct Retail Sales (MoM/YoY%) | -/- | -/- | -3.4/5.6 |
| | 1300 | National Bank of Poland Publishes Minutes of Rate Meeting | | | |
| Hungary | 0800 | Sep Avg Gross Wages (YoY%) | 9.8 | - | 10.1 |
| South Africa | - | Repo Rate (%) | - | - | 6.5 |
| Friday 23 November | | | | | |
| Poland | 1300 | Oct M3 Money Supply (MoM/YoY%) | -/- | -/- | 0.8/7.9 |
| Hungary | - | Hungary Sovereign Debt to be Rated by Moody's | | | |
| South Africa | - | South Africa Sovereign Debt to be Rated by S&P | | | |
| Mexico | 1400 | 3Q F GDP (YoY%) | 2.6 | - | 2.6 |

Source: ING, Bloomberg

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Asia week ahead: Policy clues in the data

Public holidays will keep the Asian calendar relatively quiet for the week ahead, with markets closed in India, Indonesia, Japan and Malaysia. There are...



➔ Japan - back in the red

Japan will likely report a trade deficit next week but we don't think this will have any strong implications for the currency. The country essentially operates a balance on trade these days and drifts in and out of deficit with little impact on the yen.

Japanese CPI will rise a little further – in line with the earlier Tokyo release, but core inflation will remain anchored a little above zero. Nothing to excite the Bank of Japan here.

➔ Singapore's core inflation - reassurance for the central bank

Singapore's 3Q GDP might well be revised slightly lower than the initial 2.6% year-on-year figure, based on weaker industrial production data for September. On the expenditure side, retail sales point to slower consumer spending growth, though this may be offset by strength in investment.

Singapore also releases October inflation figures which shouldn't unduly change the prevailing picture, namely a weak headline rate. But stripping out private accommodation and transport, we

could see a much higher core figure, allowing the Monetary Authority of Singapore to feel vindicated in their decision to tighten last month. So long as the core rate remains below 2.0%, a subsequent April tightening will hang in the balance.

➔ Bank of Thailand - hawkish tone could be subdued

Thai GDP for 3Q18 will likely deliver a weak 3.7% YoY growth rate, following soft manufacturing data released late last month. Weak service sector indicators may also reflect declining tourism inflows from China. Despite this, the Bank of Thailand has been sounding increasingly hawkish. So it's possible that the run of next week's data will curb their enthusiasm for hikes a little.

➔ South east Asia picks - Taiwanese export numbers up from 2Q18

Other south-east Asian releases include the Philippine's October balance of payments data. This should improve as we move into year-end on lower oil prices and rising remittances.

The pick of the Taiwanese data next week is probably 3Q18 export orders. Weakness in electronics demand across the region and especially from key economies like Korea, and a generally downbeat mood in the tech sector may be outweighed this quarter by attempts to front-run incoming and rising tariff rates, so the 7.0% forecast would be an improvement from 2Q18.

Asia Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|------------------------------|------|--|---------|--------|---------|
| Monday 19 November | | | | | |
| Thailand | 0230 | 3Q GDP (QoQ, SA/YoY%) | 0.2/3.7 | -/- | 1.0/4.6 |
| South Korea | 2100 | Oct PPI (MoM/YoY%) | -/2.5 | -/- | 0.3/2.7 |
| Philippines | 0845 | Oct Balance of Payments (US\$m) | - | - | -2696.0 |
| Tuesday 20 November | | | | | |
| Taiwan | 0800 | Oct Export orders (YoY%) | 7.0 | - | 4.2 |
| | 0820 | 3Q Current Account Balance (US\$bn) | 20.5 | - | 17.8 |
| Hong Kong | 0815 | Oct Composite CPI (YoY%) | 2.8 | - | 2.7 |
| Wednesday 21 November | | | | | |
| Thailand | 0330 | Oct Exports (Cust est, YoY%) | 3.0 | - | -5.2 |
| | 0330 | Oct Imports (Cust est, YoY%) | 5.0 | - | 9.9 |
| | 0330 | Oct Trade Balance (Cust est, US\$m) | -186.0 | - | 487.0 |
| Thursday 22 November | | | | | |
| Malaysia | 0700 | Nov 15 Forex Eeserves-Month End (US\$bn) | - | - | 101.7 |
| Taiwan | 0800 | Unemployment Rate | 3.7 | - | 3.7 |
| Friday 23 November | | | | | |
| Malaysia | 0400 | Oct CPI (YoY%) | 0.5 | - | 0.3 |
| Singapore | 0000 | 3Q Revised GDP (QoQ/YoY%) | 3.9/2.4 | -/- | 4.7/2.6 |
| | 0500 | Oct CPI (YoY%) | 0.8 | - | 0.7 |
| | 0500 | Oct CPI Core (YoY%) | 1.8 | - | 1.8 |
| Taiwan | 0800 | Oct Industrial Production (YoY%) | 4.0 | - | 1.5 |
| | 0820 | Oct Money Supply (M2) (YoY%) | 3.4 | - | 3.3 |
| | 0820 | 3Q GDP F (YoY%) | 2.3 | - | 2.3 |

Source: ING, Bloomberg

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