

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 and James Smith



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Source: Shutterstock

✓ Bank of Canada may not hold fire for much longer

The Bank of Canada meets next week, and while we expect it to remain on hold for the moment, we still suspect the market is underestimating the chances of a rate cut in the next few months. The Bank seems relatively relaxed about the risks facing the economy saying that "nascent evidence" points to a "stabilising" global economy and that Canada's growth is likely to "edge higher over the next couple of years". But we still think the BoC might have to step in, albeit reluctantly, to provide a little more support to the economy early this year. The labour market has offered some temporary respite but retail sales were much lower than consensus, falling 1.2% in November. This shows, as Governor Stephen Poloz stated last week, that "the Canadian economy is not immune to global developments" and key risks might materialise in 2020, hence providing some justification for a cut.

✓ Norges Bank meeting: A non-event

The Norwegian central bank is also meeting next week, although this is only an interim meeting where the central bank traditionally doesn't make any changes to interest rates or its rate path. We expect the bank to reiterate that 'the policy rate will most likely remain at this level in the coming period' but communication should be fairly limited and as such, we should see very little market reaction. The risks remain tilted to the upside, and our base case is currently a hike in the second quarter as the central bank is still pencilling in the probability of a partial rate hike in the first half of this year.

Developed Market Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 20 January				
Japan	0430 Nov F Industrial production - Prel (MoM/YoY%)	-/-	-/-	-0.9/-8.1
Sweden	0500 Valueguard HOX Sweden Home-Price Index			
Tuesday 21 January				
Japan	- Policy Rate	-0.1	-	-0.1
	- Jan 21 BoJ 10-year yield target (%)	-	-	0
Germany	1000 Jan ZEW Current Situation Index	-	-	-19.9
UK	0930 Dec Claimant Count Rate (%)	-	-	3.5
	0930 Nov Weekly Earnings (3M avg)	3.1	-	3.2
	0930 Nov Weekly Earnings ex Bonus (3M avg)	3.3	-	3.5
	0930 Nov ILO Unemployment Rate (3M avg.)	3.8	-	3.8
	0930 Nov Employment Change (3M/3M)	120	-	24
Wednesday 22 January				
US	1500 Dec Existing Home Sales	-	5.45	5.35
Japan	2350 Dec Exports (YoY%)	-	-	-7.9
	2350 Dec Imports (YoY%)	-	-	-15.7
UK	0930 Dec Public Finances (PSNCR)	-	-	9.862
	0930 Dec PSNB ex Banks (Ebn)	-	-	5.575
Canada	1330 Dec CPI (MoM/YoY%)	-/-	-/-	-0.1/2.2
	1500 Bank of Canada Policy Rate	1.75	1.75	1.75
Thursday 23 January				
Japan	0430 Nov All industry activity index (MoM%)	-	-	-4.3
	0500 Nov F Leading economic index	-	-	90.9
	2330 Dec National CPI (YoY%)	-	-	0.5
	2330 Dec CPI ex-food, energy (YoY%)	-	-	0.8
	2350 BOJ Minutes of December Meeting			
Eurozone	1245 ECB Main Refinancing Rate	0.00	-	0.00
	1245 ECB Marginal Lending Facility	0.25	-	0.25
	1245 ECB Deposit Facility Rate	-0.50	-	-0.50
	1500 Jan A Consumer Confidence	-	-	-8.1
Australia	0000 Jan CPI expectations (YoY%)	-	-	4
	0030 Dec Employment change ('000)	18	-	39.9
	0030 Dec Unemployment rate (%)	5.2	-	5.2
New Zealand	2145 4Q CPI (Q) (QoQ/YoY%)	-/-	-/-	0.7/1.5
Norway	0700 Nov Unemployment Rate AKU	-	-	3.8
	0900 Deposit Rates	1.5	-	1.5
Sweden	0830 Dec Unemployment Rate SA (%)	-	-	7.3
	0700 Prospera Swedish Inflation Expectations Survey			
Friday 24 January				
Eurozone	0900 Jan P Markit Manufacturing PMI	-	-	46.3
	0900 Jan P Markit Services PMI	-	-	52.8
	0900 Jan P Markit Composite PMI	-	-	50.9
UK	0930 Jan P Markit/CIPS Manufacturing PMI	49	-	47.5
	0930 Jan P Markit/CIPS Services PMI	51	-	50
	0930 Jan P Markit/CIPS Composite PMI	50.5	-	49.3
Sweden	0830 Sweden Real Estate Prices 4Q 2019			

Source: ING, Bloomberg

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Asia week ahead: The calm returns

Reduced trade noise should bring some calm to the markets, while liquidity gets thin and economic data gets overshadowed ahead of the Lunar New Year...



Source: Shutterstock

➔ Japan, Indonesia and Malaysia – the trio should remain put

Three Asian central bank – Bank of Japan (BoJ), Bank Indonesia (BI), and Bank Negara Malaysia (BNM) – are meeting next week. We don't anticipate any policy moves by either of them. Left with no policy ammunition, Japan's central bank is probably banking on \$120 billion of fiscal stimulus announced in December to soften the impact of the recent consumption tax hike.

In Indonesia, subdued inflation and the strengthening currency have opened doors for more BI easing to promote President Jokowi's investment drive, though we don't think that central bank will rush to cut rates next week (it cut by 100bp last year). And for Malaysia, a stable policy is our baseline for this year as growth gets some lift from recovery in electronics demand while inflation

remains low.

➔ A mixed bag of 4Q19 GDP reports

Korea and the Philippines will release GDP number for 4Q19. In Korea, weak exports and the high base effect underpin our forecast of slower GDP growth of 1.6% YoY than 2.0% in 3Q. We think we are at a low point in the current downturn. The easing of global trade tension and recovery in the tech sector should drive GDP growth up this year.

In the Philippines, we expect GDP growth to accelerate to 6.6% from 6.2% in 3Q as pent-up budget spending and significant central bank easing probably spurred domestic demand. If so, this would be Asia's fastest-growing economy, the status it is likely to hold in 2020.

➔ And, rest of the calendar

Elsewhere, Australia's labour market should have received some heat from the bushfires crisis, leading to slower jobs growth in December. This could tip the consensus for additional Reserve Bank of Australia easing ahead; we have pencilled in a 25basis point rate cut in the current quarter.

December manufacturing releases from Taiwan and Singapore will help to fine-tune estimates of 4Q19 GDP growth of these economies. But, Taiwan's export orders in December seem to be more interesting as a guide to growth coming into 2020.

Lastly, December trade figures from Thailand are expected to show trade balance swinging to the deficit from the surplus in the previous month, which should be a relief for the authorities battling to curb currency appreciation.

Asia Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 20 January				
Taiwan	0800 Dec Export orders (YoY%)	-4.3	-	-6.6
South Korea	2100 Dec PPI (MoM%)	-	-	-0.1
Tuesday 21 January				
Hong Kong	0800 Dec Composite CPI (YoY%)	2.9	-	3.0
South Korea	2300 4Q P GDP (YoY%)	1.6	-	2.0
Wednesday 22 January				
Malaysia	0400 Dec CPI (YoY%)	1.0	-	0.9
	0700 Jan 15 Forex reserves- Month end (US\$bn)	-	-	103.6
	0700 Overnight Policy Rate	3.0	-	3.0
Taiwan	0800 Dec Industrial production (YoY%)	3.9	-	2.2
	0820 Dec Money supply (M2) (YoY%)	3.6	-	4.1
Thailand	0330 Dec Exports (Cust est, YoY%)	-1.5	-	-7.4
	0330 Dec Imports (Cust est, YoY%)	7.0	-	-13.8
	0330 Dec Trade balance (Cust est,\$m)	-255	-	549
Thursday 23 January				
Indonesia	0720 Jan 23 BI policy decision (7-day reverse repo, %)	5.0	-	5.0
Philippines	0200 4Q GDP (YoY%)	6.6	-	6.2
Singapore	0500 Dec CPI (YoY%)	0.7	-	0.6
	0500 Dec CPI core (YoY%)	0.5	-	0.6
Friday 24 January				
Singapore	0500 Dec Industrial production (MoM/YoY%)	3.6/-1.0	-/-	-9.4/-9.3

Source: ING, Bloomberg, *GMT

Key events in EMEA and Latam

A quiet week ahead in EMEA and Latam. The highlight is Polish industrial production growth, which we expect to be strong



Source: Shutterstock

✓ Poland: Industrial production growth likely to be strong

We expect solid industrial production growth in December (8.2% year-on-year), outperforming market forecasts (6%). Calendar effects are supportive this month. Also, recent export numbers still show good external demand in the fourth quarter. Domestic spending should be boosted by Christmas-related consumption. Meanwhile, labour market data should show weaker wage growth (5.9% YoY) in December compared with the previous quarter (3Q). In January, we expect the minimum wage hike to add approximately 1.5 percentage points to the headline figure, but the overall trend is rather negative.

EMEA and Latam Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 20 January				
Croatia	1000 Nov Real Wages (YoY%)	-	-	3.1
	1000 Dec Unemployment Rate (%)	-	-	7.7
Israel	- Jan 12Mth Inflation Forecast (%)	-	-	1.1
Tuesday 21 January				
Poland	0900 Dec Avg Gross Wages (YoY%)	5.9	6.1	5.3
	0900 Dec Employment (YoY%)	2.6	2.6	2.6
South Africa	0700 Nov Leading Indicator	-	-	103.9
Mexico	1200 Dec Unemployment Rate SA (%)	3.58	-	3.53
Wednesday 22 January				
Poland	0900 Dec Industrial Output (YoY%)	8.2	6	1.4
	0900 Dec PPI (YoY%)	0.7	0.9	-0.1
South Africa	0800 Dec CPI (MoM%/YoY%)	-/-	-/-	0.1/3.6
Israel	1100 Nov Industrial Production (SA, MoM%)	-	-	2.6
Thursday 23 January				
Russia	1300 Dec Industrial Production (YoY%)	2.7	1.9	0.3
Poland	0900 Dec Retail Sales (YoY%)	6.3	-/-	5.9
	1300 National Bank of Poland Publishes Minutes of Rate Meeting			
Israel	- Dec Leading 'S' Indicator (MoM%)	-	-	0.24
	- Bank of Israel Publishes Minutes of Rate Meeting			
Friday 24 January				
Russia	1300 Dec PPI (MoM/YoY%)	-/-	0.1/-2.7	-0.8/-6.3
Poland	1300 Dec M3 Money Supply (YoY%)	9.2	8.9	9.4
	- Dec Budget Level (YTD, mn)	-	-	-1882.2
Czech Rep	0800 Jan Business Confidence	-	-	10
	0800 Jan Consumer & Business Confidence	-	-	8.5
	0800 Jan Consumer Confidence	-	-	2.5
Serbia	1100 Dec Real Wages (YoY%)	-	-	5.8

Source: ING, Bloomberg

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