

## Our view on next week's key events

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# Key events in developed markets next week

With milder weather, we expect further improvements in activity data in the US. Consumer spending will have jumped 2% in real terms, however we remain sceptical as to whether this indicates true strength. The Fed's favoured measure of inflation looks set to rise 0.4% month-on-month, more than twice what's required to produce 2% year-on-year inflation



Source: Shutterstock

## ☑ US: Nothing stopping the Fed from hiking rates in March

The warm weather in January, which contrasted starkly with the cold, wintery conditions of December, will continue to boost US activity data over the coming week. Home sales are likely going to get a lift with more people out and about early in the year home hunting, while we have got a very strong idea that consumer spending will have jumped by 2% in real terms given the 3% month-on-month increase in retail sales over the same period. However, we remain a little sceptical as to whether this indicates true strength given the big shifts in weather may have simply meant that spending that would have been done in February and March may have been brought forward, leaving open the possibility of a correction over the next couple of months. This won't stop the Federal Reserve from hiking interest rates in March and in all probability May too. Indeed, the Fed's favoured measure of inflation, the core personal consumer expenditure deflator, looks set to rise by 0.4%MoM, more than twice the 0.17%MoM required over time to produce year-on-year

inflation of 2%.

Indeed, there will be several more Fed speakers over the coming week with the minutes of the February Federal Open Market Committee meeting also likely to reveal that they were not terribly far away from hiking rates by 50bp. Having done 25bp in February, we think this will be the standard incremental move from now on.

## Eurozone: Recoveries in sentiment data

Lots of sentiment data out of the eurozone next week, which will shed light on how the economy is performing in February. Both consumer confidence and PMIs have been showing slight recovery in recent months and are expected to continue recovery at low levels. This should be in line with economic activity broadly stalling as it did in the fourth quarter.

## Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 20 February</b>					
Sweden	0700	Jan CPIF (MoM%/YoY%)	-/-		1.9/10.2
Eurozone	1500	Feb Consumer Confidence Flash	-19.5		-20.9
<b>Tuesday 21 February</b>					
US	1445	Feb S&P Global Manufacturing PMI Flash	-		46.9
	1445	Feb S&P Global Services PMI Flash	-		46.8
	1445	Feb S&P Global Composite Flash PMI	-		46.8
	1500	Jan existing home sales (mn)	4.2	4.12	4.02
Germany	0830	Feb S&P Global Manufacturing Flash PMI	47.5		47.3
	0830	Feb S&P Global Service Flash PMI	49.7		50.7
	0830	Feb S&P Global Composite Flash PMI	49.7		49.9
France	0815	Feb S&P Global Composite Flash PMI	-		49.1
UK	0930	Feb Flash Composite PMI	-		48.5
	0930	Feb Flash Manufacturing PMI	-		47
	0930	Feb Flash Services PMI	-		48.7
Canada	1330	Jan CPI Inflation (MoM%/YoY%)	-/-		-0.6/6.3
	1330	Jan CPI BoC Core (MoM%/YoY%)	-		-0.3/5.4
	1330	Dec Retail Sales (MoM%)	-		-0.1
Eurozone	0900	Feb S&P Global Manufacturing Flash PMI	49.6		48.8
	0900	Feb S&P Global Services Flash PMI	51.4		50.8
	0900	Feb S&P Global Composite Flash PMI	50.9		50.3
<b>Wednesday 22 February</b>					
US	1400	FOMC minutes	-		-
Germany	0700	Jan CPI Final (MoM%/YoY%)	1/8,7	-/8.7	1/8.7
	0900	Feb Ifo Business Climate	90.1		90.2
	0900	Feb Ifo Current Conditions	93.5		94.1
	0900	Feb Ifo Expectations	86.9		86.4
<b>Thursday 23 February</b>					
US	1330	Initial Jobless Claims (000s)	200		194
	1330	Continue Jobless Claims (000s)	1710		1696
	1330	Q4 GDP 2nd Estimate	2.9	2.9	2.9
	1330	Q4 GDP Deflator Prelim	3.5	3.5	3.5
	1330	Q4 Core PCE Prices Prelim	3.9	3.9	3.9
Eurozone	1000	Jan CPI Final (YoY%)	8.6		8.5
	1000	Jan Core CPI Final (YoY%)	5.3		5.2
<b>Friday 24 February</b>					
US	1330	Jan Personal Income (MoM%)	0.9	0.9	0.2
	1330	Jan Personal Consump Real (MoM%)	1.9		-0.3
	1330	Jan Consumption, Adjusted (MoM%)	2.5	1.0	-0.2
	1330	Jan Core PCE Price Index (MoM%)	0.4		0.3
	1500	Feb U Mich Sentiment Final	66.5	66.4	66.4
	1500	Jan New Home Sales-Units (000s)	340	621	616
Germany	0700	Q4 GDP Detailed (QoQ%/YoY%)	-0.2/0.5		-0.2/0.5
	0700	Mar GfK Consumer Sentiment	-34.1		-33.9
Austria	0800	Q4 GDP Growth (QoQ%) Final	-		-0.7

Source: Refinitiv, ING

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# Asia week ahead: Australian wages, Singaporean inflation, Bank of Korea meeting

Some of the highlights in Asia next week include Australia's wage data, the BoK meeting, Taiwan's export orders and Singapore's CPI



## Australia's wage price index will provide direction for policymakers

Australia is set to release fourth-quarter wage price index data on 22 February. This was a keenly watched data point in 2021 when the Reserve Bank of Australia (RBA) tied its cash rate target to wage growth rising to a level consistent with target inflation of 3.5-4%. In the last quarter, the wage price index grew by 3.1%, which means that there is still room to inch higher, while inflation is currently running at 8.4% YoY.

If the wage price index grew by 1.0% in the fourth quarter from the third – as it did in the third quarter from the second, the index would finally reach 3.5%. Although this very lagging data point is mainly of academic interest, a rising number would still encourage hawkish rhetoric from the RBA.

## BoK to pause on Thursday?

The Bank of Korea will meet on Thursday. We believe that the BoK's rate hike cycle ended with the 25bp hike in January. But given that January's consumer price index picked up again, we are expecting the BoK to maintain its hawkish stance.

## China's loan prime rates to remain unchanged

Chinese banks will announce possible changes to loan prime rates (LPR) next week. Given that the economy is recovering and that the People's Bank of China left the 1Y Medium Lending Facility rate (MLF) unchanged, we predict that the chance for a change in the LPR is small. Moreover, banks have been told by the government to offer lower interest rates on mortgages to provide support to the economy. This would result in banks not having enough room to squeeze net interest margins.

## Weak semiconductor demand could hurt Taiwan's economy

Export orders and industrial production will likely give clues about how bad semiconductor demand was in January. We expect declines of around 10-20% year-on-year for both. Final GDP data should show a slight yearly contraction; the advance estimate was -0.86% YoY. We expect Taiwan to enter a mild recession in the first half of this year given weak demand for semiconductors, the main pillar of the economy.

## Singapore CPI Inflation report

We could see headline inflation tick lower, but core inflation will likely remain elevated at 5.2% YoY as the latest increase in the goods and services tax kicks in. Finance Minister Lawrence Wong announced a fresh round of subsidies to help households deal with the rising cost of living. Wong believes inflation will remain elevated for at least the first half of the year.

Persistent price pressures should keep the Monetary Authority of Singapore (MAS) in hawkish mode although it needs to strike a delicate balance as slowing global trade threatens to negatively impact the export sector.

## Key events in Asia next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 20 February</b>					
Australia	2200	Feb Manufacturing PMI Flash	-		50
	2200	Feb Services PMI Flash	-		48.6
	2200	Feb Composite PMI Flash	-		48.5
China	0115	Feb Loan Prime Rate 1Y/5Y	-		3.65/4.3
South Korea	2100	Feb BoK Consumer Sentiment Index	90		90.7
<b>Tuesday 21 February</b>					
Indonesia	0300	Jan M2 Money Supply (YoY%)	-		8.3
South Korea	2100	Mar BOK Manufacturing BSI	68		66
<b>Wednesday 22 February</b>					
Taiwan	0800	Jan Unemployment rate (%)	-		3.61
Australia		Wage Price index (YoY%)	3.5		
<b>Thursday 23 February</b>					
Singapore	0500	Jan Core CPI (YoY%)	5.2		5.1
	0500	Jan CPI (YoY%)	6.4		6.5
Taiwan	0800	Jan Industrial Output (YoY%)	-		-7.93
South Korea	0100	Feb Bank of Korea Base Rate	3.5		3.5
<b>Friday 24 February</b>					
Singapore	0500	Jan Manufacturing Output (MoM%/YoY%)	-/-		3.2/-3.1
Taiwan	0820	Jan Money Supply - M2 (YoY%)	-		7.06

Source: Refinitiv, ING

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## Key events in EMEA next week

The Polish labour market is holding up well – we expect an upswing in unemployment this January, but the scale of increase should be rather moderate by historical standards. We expect the Central Bank of Turkey to keep its policy rate unchanged at 9%



Source: Shutterstock

✓ Poland: Activity to remain subdued, but the situation is better than feared

### Industrial output: 4.4% year-on-year (January)

Industrial output continues to hold up better than expected, with the energy crisis in Europe being less severe than previously feared. There are no gas shortages and European industry is able to operate, which is supporting export-orientated Polish manufacturing. A higher number of working days compared to January 2022 also boosted the annual output figure. Nevertheless, conditions in manufacturing have deteriorated over the last few months and activity should be subdued in the months ahead.

### PPI inflation: 17.9% YoY (Jan)

The global disinflationary trend is visible in Polish PPI inflation, where a turnaround is clearly visible. Pressure from energy commodities has abated, whereas it was strong in January 2022. As a result

of the high reference base, annual PPI inflation started moderating in the fourth quarter of 2022 and rapid disinflation in producers' prices is projected in the first half of this year.

**Retail sales (real): 1.5% YoY (Jan)**

The annual growth of the retail sales of goods has nearly stalled in recent months as high prices weigh on real disposable incomes of households and hamper spending. Despite additional demand from refugees from Ukraine, purchases weakened markedly in late 2022 and will remain under pressure in the first months of 2023 as wage growth is unable to catch up with retail price growth.

**Unemployment rate (registered): 5.5% (Jan)**

Despite weakening economic conditions, the labour market is holding up well and unemployment remains close to all-time lows. Despite the expected upswing in January, the scale of increase in the number of unemployed is estimated to be rather moderate by historical standards.

 **Turkey: Policy rate to remain flat at 9%**

In the previous Monetary Policy Committee (MPC) meeting, the Central Bank of Turkey removed its forward guidance which stated that the current policy rate is adequate considering risks to global demand. While this attracted the attention of market participants, we do not expect any change in the policy rate at the February MPC meeting, and see it remaining flat at 9%.

## Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 20 February</b>					
Poland	0900	Jan Industrial Output (YoY%)	4.4	4.3	1.0
		- Jan PPI (MoM%/YoY%)	0.2/17.9		0.5/20.4
Serbia	1100	Jan CPI (MoM%/YoY%)	0.4/14.6	0.65/15.1	0.5/15.1
<b>Tuesday 21 February</b>					
Poland	0900	Jan Retail Sales (YoY%)	1.5	0.3	0.2
Mexico	1200	Dec Retail Sales (MoM%/YoY%)	-		-0.2/2.4
<b>Wednesday 22 February</b>					
Russia	1600	Jan Industrial Output	-3.0	-3.7	-4.3
	1600	Jan PPI (MoM%/YoY%)	-/-		-0.8/-3.3
Poland	1300	Jan M3 Money Supply (YoY%)	6.6	5.8	5.4
<b>Thursday 23 February</b>					
Turkey	1100	Feb CBT Weekly Repo Rate	9		9
	1100	Feb O/N Lending Rate	10.5		10.5
	1100	Feb O/N Borrowing Rate	7.5		7.5
Poland	0900	Jan Unemployment Rate	5.5	5.5	5.2
Hungary	0730	Dec Average Gross Wages (YoY%)	17.0		16.7
South Africa	0930	Jan PPI (MoM%/YoY%)	-/-		0/13.5
Mexico	1200	Feb 1st Half-Month Core Inflation (MoM%)	-		0.44
	1200	Feb 1st Half-Month Inflation (MoM%)	-		0.46
<b>Friday 24 February</b>					
Hungary	0730	Jan Unemployment Rate 3M	4.0		3.9
Kazakhstan	0900	Feb Base Interest Rate	16.75		16.75
Brazil		- Jan Current Account	-		-10.878
		- Jan Foreign Direct Investm't	-		5.57
	1200	Feb IPCA-15 Mid-Month CPI	-		0.55
	1200	Feb IPCA-15 Mid-Month CPI (YoY%)	-		5.87
Mexico	1200	Q4 GDP Final (QoQ%/YoY%)	-/-		0.4/3.3

Source: Refinitiv, ING

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