

## 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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# Key events in developed markets next week

Key policy rate decisions in the US, Sweden, Norway, and Switzerland dominate this week's calendar. Most developed markets are expected to hold off on any tightening until long-term inflation figures are significantly higher



Source: Shutterstock

## ✓ US: Federal funds target rate to remain the same

This coming week's highlight will be the Federal Reserve monetary policy decision. A no change decision is widely expected with asset purchases maintained at \$120bn per month despite decent activity data and elevated inflation readings that are currently running at double the Fed's 2% target. Instead, the Fed is likely to retain a cautious stance with the resurgence of Covid a clear concern while Fed Chair Jerome Powell has made it clear he wants to see more progress on the employment aspect of their mandate.

At the Jackson Hole Symposium he argued that "we have much ground to cover to reach maximum employment" and with August payrolls clearly disappointing (235k versus the 733k consensus) he is going to be minded to delay the taper decision until there is better news. We think this announcement will come in November, but for now the most we can expect is cautious optimism with a bit more explicit support for tapering this year. Nonetheless, it should be emphasised that this decision is completely separate from any decision to hike rates – there is no automatic path to higher interest rates.

New forecasts will show a slight growth downward revision with an upward inflation revision. The big story could be the Fed individual dot forecasts for interest rate increases. Currently 7 out of 18 officials are going for 2022 as the starting point for increases and we could conceivably see one or two more bring their forecast forward to 2022. We suspect the median stays at 2023 for now, but it will be a close call.

The data calendar is centred on housing figures, which are set to stabilise after a slight pick-up in mortgage approvals for home purchases in recent weeks.

In Canada, the Federal election results will be of huge significance. Prime Minister Justin Trudeau called a snap election in order to try and take advantage of strong poll numbers and gain an outright majority in parliament. However, things do not appear to be going to plan with Trudeau's Liberal Party now neck-and-neck in opinion polls with the opposition Conservatives. This means that the New Democratic party could hold the balance of power, which would imply a higher chance of increased taxes and spending.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 20 September					
Portugal	-	Jul Current Account Balance	-		-1.937
Tuesday 21 September					
US	1330	Q2 Current Account	-193	-190	-195.7
Sweden	0830	Riksbank Rate	-		0.0
	0830	Aug Unemployment Rate	-		8
Wednesday 22 September					
US	1900	Fed Funds Target Rate	0.0-0.25	0-0.25	0-0.25
	1900	Fed Interest On Excess Reserves	0.15	0.15	0.15
Euro Zone	1500	Sep Consumer Confidence Flash	-		-5.3
Thursday 23 September					
US	1330	Initial Jobless Claims	335		332
	1330	Cont Jobless Claims	2600		2665
	1445	Sep Markit Manufacturing PMI Flash	60.4	60	61.1
	1445	Sep Markit Services PMI Flash	55.8		55.1
	1445	Sep Markit Composite Flash PMI	55.5		55.4
Germany	0830	Sep Markit Manufacturing Flash PMI	61.0		62.6
	0830	Sep Markit Service Flash PMI	61.0		60.8
	0830	Sep Markit Composite Flash PMI	59.5		60.0
France	0815	Sep Markit Manufacturing Flash PMI	-		57.5
	0815	Sep Markit Services Flash PMI	-		56.3
	0815	Sep Markit Composite Flash PMI	-		55.9
UK	0930	Sep Flash Composite PMI	-		54.8
	0930	Sep Flash Manufacturing PMI	-		60.3
	0930	Sep Flash Services PMI	-		55.0
	1200	Sep BOE Bank Rate	-	0.1	0.1
	1200	Sep Asset Purchase Prog	-	895	895
Spain	0800	Q2 GDP (QoQ%/YoY%)	-/-		2.8/19.8
Canada	1330	Jul Retail Sales (MoM%)	0.5		4.2
Norway	0700	Jul Labour Force Survey	-		4.8
	0900	Key Policy Rate	-		0.0
Switzerland	0830	Q3 SNB Policy Rate	-		-0.75
Euro Zone	0900	Sep Markit Manufacturing Flash PMI	-		61.4
	0900	Sep Markit Services Flash PMI	-		59.0
	0900	Sep Markit Composite Flash PMI	-		59.0
Friday 24 September					
US	1500	Aug New Home Sales-Units	0.70	0.72	0.71
Germany	0900	Sep Ifo Business Climate	99.1		99.4
	0900	Sep Ifo Current Conditions	102.0		101.4
	0900	Sep Ifo Expectations	97.0		97.5
Italy	0900	Sep Consumer Confidence	118.3		116.2

Source: Refinitiv, ING, \*GMT

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## Key events in EMEA next week

Hungary's central bank is set to continue its hawkish tone after the reopening boom pushed inflation higher, whereas Turkey is maintaining a more dovish stance. In Poland, the recovery in industry has been solid, but retail sales figures may disappoint as consumer demand has shifted towards services



Source: Shutterstock

### ✓ Hungary: Hawkish tone remains, and current account deficit expected to continue

As the Hungarian economy reopened, consumption and investment activity boomed. This generated a significant import flow, while on the export side, supply chain issues provided some bottlenecks. Income balances also turned more negative, resulting in a current account deficit in 2Q21. We see this deficit remaining with us in 2021 as a whole. We also see the National Bank of Hungary continuing its rate hike cycle, moving to a more conformist pace of 25bp. The tone should remain hawkish as we see the central bank reviewing its GDP and CPI forecasts upward for at least 2021, and probably in 2022 as well. When it comes to the inflation outlook risk assessment, we see the same outcome as before: upside risks remaining, which will indicate further tightening steps in the months ahead and probably point to a further cut in the size of the QE programme.



## Turkey: Still too early for a policy rate easing

While August inflation exceeded the key rate, the Central Bank of Turkey has signalled a change to its earlier guidance to keep the policy rate “at a level above inflation”. It plans to switch its target to core inflation, given the growing divergence between the headline rate and non-food inflation due to ongoing pressure in food prices. Despite increasing market concerns for an early easing this month after these comments from the CBT, we are sticking to the view that the first easing will occur in November or December when “the significant fall in the Inflation Report’s forecast path is achieved”, as promised by the Bank earlier.

## Poland: Industry recovering but retail sales expected to be lower than consensus

Industry in Poland is doing quite well, despite supply side constraints. A diversified structure of production is helping, and August should add a favourable calendar. Hence our forecast is a little higher than anticipated by the market consensus. The outlook for retail sales may be less positive. Although consumer demand rebounded strongly in 2Q21, with no signs of cooling down, we think that it shifted towards services, which finally became available after the easing of restrictions. Those services, unfortunately, are not part of retail sales, results of which will be published by the Central Statistical Office on Tuesday.

## EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 20 September</b>					
Russia	-	Aug GDP (YoY%) Monthly	-		4.7
Poland	0900	Aug Industrial Output (YoY%)	14.6	13.8	9.8
Hungary	0730	Q2 C/A Balance (QoQ%)	-0.47		0.54
<b>Tuesday 21 September</b>					
Poland	0900	Aug Retail Sales (YoY%)	5.0	5.7	3.9
Hungary	1300	Sep Hungary Base Rate	1.75		1.5
	1300	Sep O/N Deposit Rate	0.80		0.55
<b>Wednesday 22 September</b>					
Russia	1700	Aug Industrial Output	7.1	5.8	6.8
	1700	Aug PPI (MoM%/YoY%)	-/-		2.6/28.1
Poland	1300	Aug M3 Money Supply (YoY%)	9.2	9.2	8.8
South Africa	0900	Aug CPI (MoM%/YoY%)	-/-		1.1/4.6
	0900	Aug Core inflation (MoM%/YoY%)	-/-		0.5/3
Brazil	2200	Selic Interest Rate	-		5.25
<b>Thursday 23 September</b>					
Turkey	1200	Sep CBT Weekly Repo Rate	19.0	19.0	19.0
	1200	Sep O/N Lending Rate	-		20.5
	1200	Sep O/N Borrowing Rate	-		17.5
Poland	0900	Aug Unemployment Rate	5.7	5.8	5.8
Mexico	1200	Sep 1st Half-Month Core Infl (MoM%)	-		0.28
	1200	Sep 1st Half-Month Infl (MoM%)	-		-0.02
<b>Friday 24 September</b>					
Brazil	1100	Aug Current Account	-		-1.58
	1100	Aug Foreign Direct Investm't	-		6.10
	1300	Sep IPCA-15 Mid-Month CPI	-		0.89
	1300	Sep IPCA-15 Mid-Month CPI (YoY%)	-		9.3
Mexico	1200	Jul Retail Sales (MoM%/YoY%)	-		-0.6/17.7

Source: Refinitiv, ING, \*GMT

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## Asia week ahead: Central bank policymakers get busy

Asian central banks will be taking cues from the US Federal Reserve in a week packed with monetary policy meetings, while economic activity data should underscore the shifting balance of risks towards growth from inflation. Featuring next week are the central banks of China, Taiwan, Japan, Indonesia, and the Philippines



Source: Shutterstock

### ➔ Busy policy week but nothing really happening

Five Asian central banks will review their monetary policy settings in light of the latest economic developments. But none are expected to alter their current accommodative policy stances given that the Covid-19 Delta variant continues to threaten the economic recovery ahead.



In China, weak activity growth in August may nudge the People's Bank of China towards easing, though we don't anticipate any easing via cuts to the Loan Prime Rate next week. The PBoC's preferred tool for easing seems to be the reserve requirement ratio (RRR) as reflected by a surprising 50bp broad-based RRR cut in July. We believe the doors are open for further 50bp of RRR cuts - most likely in October ([here](#) is more on this by Iris Pang).

Just like the mainland, Taiwan's economy is also reeling under the adverse effects of Covid-19 as well as chip shortages. However, the Central Bank of the Republic of China (Taiwan) left policy rates unchanged through the worst of the economic weakness last year and is expected to give it a miss this time, too.

There is nothing noteworthy about the Bank of Japan policy meeting as the central bank persists with its ongoing struggle to achieve its 2% inflation target. The CPI inflation figures for August won't alter this state of affairs as the negative inflation streak since last October stretched into another month.

In Southeast Asia, central banks in Indonesia and the Philippines are also expected to leave their rate policies on hold. Bank Indonesia's Governor, Perry Warjiyo, recently indicated a sustained "pro-growth" policy stance over the rest of this year as inflation has been below the central bank's 2-4% policy target (1.6% YoY in August). In the Philippines, Bangko Sentral ng Pilipinas Governor, Benjamin Diokno, has also vowed to retain accommodative policy settings as the latest Covid-19 wave and multiple lockdowns have been weakening the economy. Even so, the odds of additional BSP easing are very slim given the current unfriendly inflation backdrop - inflation pushed above the BSP's 2-4% policy target to 4.9% YoY in August (read Nicky Mapa's latest [Indonesia](#) and [Philippines](#) notes for more).

The Reserve Bank of Australia's policy minutes of the September meeting are probably the least dull central bank event of the bunch, given that the resurgent pandemic forced the RBA to embrace flexibility on its asset purchase programme. Moreover, the dismal Australian August labour report just released warns against any imminent unwinding (read Rob Carnell's recent pieces on the [RBA policy](#) and [jobs data](#)).

[Covid, chips shortages and government policies hit China's economy](#)

[Indonesia's central bank remains on hold for the sixth consecutive time](#)

[Food price spike pushes Philippine headline inflation above target](#)

[RBA embraces flexibility](#)

[Lockdowns hit Australia's employment](#)

## ➔ As risks shift back towards growth from inflation

Inflation, manufacturing and trade releases dominate the data pipeline next week. These should reinforce the balance of economic risks shifting back towards growth from inflation.

As well as Japan, Singapore and Malaysia will both report their inflation rates for August and are both likely to see inflation continuing to slow from recent highs.

Korea's trade figures for the first 20 days of September and advanced manufacturing and services PMIs from Japan and Australia will shed light on how 3Q21 is finishing up for growth. A key question for the Korean data is whether the year-to-date semiconductor export surge is running out of steam. This is because continuing global chip shortages have been pushing the limits on production capacity.

We may also get more evidence of this from Singapore's August manufacturing data, which may show semiconductor output falling further after a 0.4% YoY drop in July.

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Tuesday 21 September</b>					
Indonesia	0800	Sep 7-Day Reverse Repo	3.50		3.50
<b>Wednesday 22 September</b>					
Japan	-	JP BOJ Rate Decision	-		-0.10
Australia	0000	Sep Manufacturing PMI Flash	-		52.0
	0000	Sep Services PMI Flash	-		42.9
China	0230	Sep Loan Prime Rate 1Y	3.9		3.85
	0230	Sep Loan Prime Rate 5Y	4.7		4.65
Philippines	-	Aug Budget Balance	-		-121.0
Taiwan	0900	Aug Unemployment rate (%)	4.3		4.4
<b>Thursday 23 September</b>					
Japan	0030	Aug CPI (MoM%) NSA	-		0.2
	0030	Aug CPI NSA	-		99.7
Philippines	0900	Policy Interest Rate	2.00		2.00
Singapore	0600	Aug Core CPI (YoY%)	1.0		1.0
	0600	Aug CPI (YoY%)	2.3		2.5
Taiwan	0900	Q3 Discount Rate	1.125		1.125
Thailand	0430	Aug Exports (YoY%)	14.0		20.3
	0430	Aug Import (YoY%)	41.0		45.9
	0430	Aug Trade balance (\$mn)	893.0		183.0
<b>Friday 24 September</b>					
Malaysia	0500	Aug CPI (YoY%)	2.2		2.2
Singapore	0600	Aug Manufacturing Output (MoM%/YoY%)	3.8/9.3		-2.6/16.3

Source: Refinitiv, ING, \*GMT

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