

Our view on next week's key events

Discover what ING analysts are looking for next week in our global economic calendars

In this bundle



Key Events | Sweden | United Kingdom

Key events in developed markets next week

The 1 November FOMC minutes, eurozone PMIs and the UK's Autumn Statement are the key highlights in next week's calendar

By James Smith, James Knightley and 2 others



Asia week ahead | China | Indonesia...

Asia week ahead: Regional inflation numbers and a Bank Indonesia decision

China loan rates plus regional inflation numbers will be in focus over the coming week

By Robert Carnell



Key Events | Hungary | Poland...

Key events in EMEA next week

A flurry of data releases in Poland as well as central bank decisions in Hungary and Turkey are in focus next week

By Peter Virovacz, Adam Antoniak and Muhammet Mercan

Key events in developed markets next week

The 1 November FOMC minutes, eurozone PMIs and the UK's Autumn Statement are the key highlights in next week's calendar



✓ US: We expect home sales to drop to new cycle lows

Next week is a holiday-shortened week in the US, which should bring some calm to the market after recent big swings. Slowing inflation and softening labour data have reinforced the view that the Federal Reserve has finished hiking interest rates, with momentum now building behind the view that the central bank will be in a position to aggressively cut rates next year. There are now nearly 100bp of cuts priced, with May seen as the potential starting point. We continue to see the risk of a more intense slowing in economic activity, which could mean the Fed ends up cutting interest rates more aggressively than the market is currently pricing.

In terms of data for next week, we will be closely following housing, durable goods orders and jobless claims numbers. Home builder sentiment is plunging in the wake of mortgage rates increasing to 8%, leading to even weaker mortgage application numbers. Consequently, we expect existing home sales to drop to new cycle lows. Meanwhile, durable goods orders will fall sharply due to Boeing order book-induced volatility, so we will be putting more emphasis on the core measure (which excludes defence and aircraft orders) and that should continue ticking higher. Jobless claims numbers will probably be the biggest market mover. Initial claims are still pretty low, indicating that firms are reluctant to fire workers, but continuing claims are climbing, which suggests a growing reluctance to hire – effectively signalling that the labour market is cooling, but isn't collapsing. Another big rise in jobless claims could prompt the market to more aggressively anticipate rate cuts next year.

We will also see the minutes of the 1 November FOMC meeting, but this is likely to be less market-moving than usual, given the post-meeting softness in data. We have already heard from several Fed officials who have welcomed the direction of the numbers but commented that they want to see more of the same to be sure that inflation is on the path to 2%.

Eurozone: We don't expect a meaningful pickup for PMI's in November

Next week will be all about confidence data for the eurozone. Consumers have become more downbeat again recently, despite fading inflation and decent nominal wage growth. A consumption-led rebound is expected for 2024, but current data doesn't suggest that this will happen at the start of the year. Think more towards the second half of 2024, when real wage growth should be somewhat stronger still. The PMIs have been pretty weak, too. We don't expect any meaningful pickup for November as the economy suffers from weak consumption, slowing investment and sluggish external demand at the moment. A modest negative GDP growth rate for the fourth quarter is our base case for the time being.

UK: Limited room for tax cuts as UK Chancellor unveils Autumn Statement

UK Chancellor Jeremy Hunt is likely to be gifted with a rare bit of good news as he gears up for his Autumn Statement on 22 November. Not only has borrowing come in £20 billion lower than forecast so far this fiscal year, but new projections from the Office for Budget Responsibility (OBR) are likely to show that he has a little more wriggle room to play with whilst still meeting his main fiscal goal of lowering debt as a share of GDP within five years. Higher interest rates push up debt interest, but that'll be more than offset by higher revenues linked to higher inflation. Our rough estimates suggest the Chancellor will be landed with roughly £15 billion in “headroom” against his fiscal targets, an increase from the £6.5 billion available back in March. Still, that's not much by historical standards and means the Chancellor has little room to play with. Don't expect any major changes this week.

Sweden: Weaker SEK next week could tip the balance in favour of a Riksbank rate hike

Next week's Riksbank decision looks like a 50/50 call. The central bank told us back in September that it was considering another rate hike this month, but in many respects, the case for further tightening has diminished. The jobs market – often cited by policymakers as a clear area of resilience – does appear to be cooling. Vacancy levels are falling quickly now, unemployment appears to have bottomed, and surveys show that a lack of labour is much less of a constraint for businesses than it was a few months ago. Services inflation is still too high, though pricing intentions are clearly falling in these industries. The latest core CPIF reading was more-or-less in line with the Riksbank's forecast. And finally, the housing market remains vulnerable despite a tentative stabilisation earlier this year.

Then again, the Riksbank is visibly worried about currency weakness. The krona was mentioned 50 times in the most recent meeting minutes, and next week's decision will in no small part depend on how SEK trades between now and then. On a trade-weighted basis, the currency is actually a little stronger than what had been assumed in September's projections, though this is a little

artificial given the Riksbank's FX selling.

Over the next week, our FX team expects a pullback in risk-sensitive currencies like SEK, along with a USD rebound in the coming days. If that happens, it may well tilt the balance towards a hike, and we've pencilled in a rate rise for that reason alone. The lack of another scheduled meeting until February is also a consideration. There's a decent chance of a pause however, not least because the Riksbank is increasingly a hawkish outlier in the developed market central bank space.

Key events in developed markets next week

Country	Time Data/event	ING	Survey	Prev.
Monday 20 November				
US	1500 Oct leading index (MoM%)	-0.7	-0.6	-0.7
Tuesday 21 November				
US	1500 Oct existing home sales (mn)	3.88	3.9	3.96
	1900 Nov FOMC meeting minutes	-	-	-
Canada	1330 Oct CPI Inflation (MoM%/YoY%)	0.1/3.2	0.2/3.3	-0.1/3.8
	1330 Oct CPI BoC Core (YoY%)	3.5	3.6	3.8
Wednesday 22 November				
US	1330 Oct Durable goods orders(MoM%)	-3.0	-3.2	4.6
	1330 Initial jobless claims (000s)	225	-	231
	1330 Continuing jobless claims (000s)	1875	-	1865
	1500 Dec U Mich Sentiment Final	61.0	60.7	60.7
Eurozone	1500 Nov Consumer Confidence Flash	-18		-17.9
UK	1230 Chancellor announces Autumn Statement			
Thursday 23 November				
US	- Thanksgiving holiday	-	-	-
Germany	0830 Nov S&P Global Manufacturing Flash PMI	41.2		40.8
	0830 Nov S&P Global Service Flash PMI	47.5		48.2
	0830 Nov S&P Global Composite Flash PMI	46.0		45.9
France	0815 Nov S&P Global Composite Flash PMI	-		44.6
UK	0930 Nov Flash Composite PMI	48.5		48.7
	0930 Nov Flash Manufacturing PMI	45.0		44.8
	0930 Nov Flash Services PMI	49.2		49.5
Norway	0700 Sep GDP Month	-		-0.2
	0700 Sep GDP Month Mainland	-		-0.2
Sweden	0830 Riksbank Rate	4.25		4.00
Eurozone	0900 Nov S&P Global Manufacturing Flash PMI	43.4		43.1
	0900 Nov S&P Global Services Flash PMI	47.9		47.8
	0900 Nov S&P Global Composite Flash PMI	46.7		46.5
Friday 24 November				
US	1445 Nov S&P Global Manufacturing PMI Flash	-		50
	1445 Nov S&P Global Services PMI Flash	-		50.6
	1445 Nov S&P Global Composite Flash PMI	-		50.7
Germany	0700 Q3 GDP Detailed (QoQ%/YoY%)	0.125	/	-0.1/-0.8
	0900 Nov Ifo Business Climate	87.4		86.9
	0900 Nov Ifo Current Conditions	88.6		89.2
	0900 Nov Ifo Expectations	86		84.7
Canada	1330 Sep Retail Sales (MoM%)	0.0	0.0	-0.1

Source: Refinitiv, ING

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Asia week ahead: Regional inflation numbers and a Bank Indonesia decision

China loan rates plus regional inflation numbers will be in focus over the coming week



China Loan Prime Rates

The People's Bank of China will release its benchmark lending rates, the five-year and one-year loan prime rate. We are expecting it to follow the medium-term lending facility (MLF) rate to stay put.

Activity data released in the past few months have shown modest improvement in China's recovery, which together with concern about the weakness of the CNY, mean that rate cuts will probably be avoided for now.

Taiwan's export orders and industrial production

Taiwan will release its export orders and industrial production numbers next week. Global semiconductor demand is slowly picking up, and we expect the decline in orders to further moderate to -4.8% year-on-year.

Industrial production is likely to follow suit and grow by -6.4% YoY. Exports have grown for three consecutive months since June – but the numbers are still negative, which is lagged due to base effects.

Bank Indonesia expected to pause

Bank Indonesia (BI) is expected to hold rates steady at 6% next week. A better-than-expected trade report coupled with the rebound of IDR suggests that there is little pressure on the central bank to hike rates, so they should remain unchanged in the central bank's upcoming meeting.

Japan inflation

Next week, Japan's October CPI inflation will be out. We expect headline inflation to reaccelerate to 3.3% YoY in October (vs 3.0% in September). Prices of fresh food and energy will be the main drivers, but prices of other services are also expected to rise, reflecting the accumulated input price upward pressure.

Core inflation (excluding fresh food and energy) will likely stay above the 4.0% level, which is likely to shift the Bank of Japan's policy stance more towards the neutral from the ultra-easing bias.

Singapore inflation edging higher

Singapore headline inflation could inch up slightly to 4.2% YoY from the previous month's reading of 4.1%. Compared to the previous month, prices might actually dip slightly by 0.2% month-on-month. Meanwhile, core inflation – the preferred measure of the Monetary Authority of Singapore – could be steady at 3%.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Survey	Prev.
Monday 20 November					
China	0115	Nov Loan Prime Rate 1Y	3.45	3.45	3.45
	0115	Nov Loan Prime Rate 5Y	4.2	4.2	4.2
Singapore	0000	Q3 GDP Final (QoQ%/YoY%)	1/0.7	/	1/0.7
Taiwan	0000	Oct Export Orders	-4.8		-15.6
Tuesday 21 November					
Indonesia		: Q3 Balance of Payments	-		-7.4
		: Q3 Current Account/GDP	-		-0.5
Wednesday 22 November					
Australia	2200	Nov Manufacturing PMI Flash	48.3		48.2
	2200	Nov Services PMI Flash	48.2		47.9
	2200	Nov Composite PMI Flash	47.9		47.6
Taiwan	0800	Oct Unemployment rate (%)	3.5		3.44
Thursday 23 November					
Japan	2330	Oct CPI (MoM%) NSA	-		0.3
	2330	Oct CPI NSA	-		106.2
Indonesia	0700	Nov 7-Day Reverse Repo	6	6	6
Singapore	0500	Oct Core CPI (YoY%)	3		3
	0500	Oct CPI (YoY%)	4.2		4.1
	0500	Oct CPI (MoM%) NSA	-0.2		0.5
	0500	Oct Manufacturing Output (MoM%/YoY%)	-/-	/	10.7/-2.1
Taiwan	0800	Oct Industrial Output (YoY%)	-6.4		-6.72
Friday 24 November					
Japan	0500	Sep Leading Indicator Revised	-		-0.5

Source: Refinitiv, ING

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Key events in EMEA next week

A flurry of data releases in Poland as well as central bank decisions in Hungary and Turkey are in focus next week



Source: Shutterstock

✓ Poland: Industrial output expected to turn positive in October

Industrial output (October): 1.2% YoY

We forecast that industrial production will stop falling in annual terms and turned positive in October. This is consistent with the general turnaround in the Polish economy and signs that global industry started stabilising. Domestic and German manufacturing PMI showed some signs of improvement last month, but they both remain at subdued levels. A higher number of working days will also support the reading.

PPI (October): -3.5% YoY

According to our estimates, producers' prices increased for the second consecutive month in month-on-month terms, but annual deflation deepened to 3.5% year-on-year in October due to a high reference base from October 2022. The level of prices in manufacturing started rising again in August, and the trend continued. Still, the months ahead are expected to bring deflation on the back of base effects.

Wages (October): 13.0% YoY

Average wages continue expanding at a low double-digit rate, and the variability of the annual

growth is shaped by changes in the number of workdays and bonus payments. With one working day more than in October last year and news about bonus payments in some large enterprises, we expect a relatively high wage growth reading for October. Upward pressure on wages will continue, given the ~20% increase in the minimum wage in 2024.

Employment (October): 0.0% YoY

The level of employment in the enterprise sector has started moderating slightly in recent months, but it remains similar to the corresponding months of 2022. With labour becoming scarce, businesses are unlikely to trim their workforces but working hours have moderated slightly. There are no signs of massive lay-offs, and with an economic bounceback already in the pipeline, it looks like the labour market coped very well with the recent slowdown.

Retail sales (October): 2.3% YoY

It's been a long time since we saw a positive retail sales number, but with double-digit growth of wages and headline inflation moderating to single digits, the real purchasing power of households has now started recovering. Consumers are still shy about spending money on durable goods, but with continued improvement in consumer confidence throughout 2023, it's just a matter of time before this category of goods also shows stronger sales numbers.

Unemployment rate (October): 5.0%

According to the Ministry of Family and Social Policy estimates, the number of those unemployed fell by 3.8k vs. our forecast of 4k. Given our assumptions regarding the economically active population, this translates into yet another month of the registered unemployment rate at 5.0%. The ministry is flagging the same figure.

Hungary: We see the base rate cut to 11.50%

The most interesting event in Hungary next week should have been the National Bank of Hungary's upcoming rate-setting meeting on 21 November – but the central bank's deputy governor didn't leave much to get excited about when he “spoiled” the outcome at a conference. While almost all the changes over the past months have been positive (no escalation in geopolitics, stronger global and local disinflation, slightly weaker than expected economic activity, strongly improving external balance and more upbeat market sentiment), the NBH will stand pat and stick to the 75bp pace of rate cuts.

The central bank seems to want to avoid being stigmatised by the market after recent political pressure to accelerate rate cuts. And while a small dovish shift would be professionally defensible in our view, it would carry too much reputational risk. As a result, we see the base rate cut to 11.50%. Next week will also bring the latest set of labour market data, where the base effect will push down nominal wage growth, which remains strong enough to generate positive real wage growth for the first time in 12 months. As for the unemployment rate, we expect only a slight seasonal improvement.

Turkey: CBT expected to consider slower hike with 250bp

The Central Bank of Turkey has pledged that the policy rate will be determined in a way that will create the monetary and financial conditions necessary to ensure a decline in the underlying trend of inflation. The latest inflation release in October showed the underlying trend starting to

improve not only for the core but also the headline rate. Accordingly, we expect the bank to consider a slower hike with 250bp, pulling the policy rate to 37.5% in this month's MPC. However, risks are on the upside given strong tightening moves since August.

Key events in EMEA next week

Country	Time Data/event	ING	Survey	Prev.
Tuesday 21 November				
Poland	0900 Oct Industrial Output (YoY%)	1.2	1.6	-3.1
Poland	0900 Oct PPI (YoY%)	-3.5	-3.5	-2.8
Poland	0900 Oct Wages (YoY%)	13.0	11.7	11.9
Poland	0900 Oct Employment (YoY%)	0.0	0.0	0.0
Hungary	1300 Nov Hungary Base Rate	11.50		12.25
Wednesday 22 November				
Russia	1600 Oct PPI (MoM%/YoY%)	-/-	/	4.7/16.7
Poland	0900 Oct Retail Sales (YoY%)	2.3	1.6	-0.3
South Africa	0800 Oct CPI (MoM%/YoY%)	-/-	/	0.6/5.4
	0800 Oct Core inflation (MoM%/YoY%)	-/-	/	0.2/4.5
Thursday 23 November				
Turkey	1100 Nov CBT Weekly Repo Rate	37.5		35
	1100 Nov O/N Lending Rate	39		36.5
	1100 Nov O/N Borrowing Rate	36		33.5
Poland	1300 Oct M3 Money Supply (YoY%)	8.5	8.6	8.3
Hungary	0730 Sep Average Gross Wages (YoY%)	14.1		15.2
Friday 24 November				
Poland	0900 Oct Unemployment Rate	5.0	5	5
Hungary	0730 Oct Unemployment Rate 3M	4.0		4.1

Source: Refinitiv, ING

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