

## Our view on next week's key events

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# Asia week ahead: Inflation reports in focus next week

Next week's data calendar focuses on inflation reports from several economies



Given strict social distancing measures in China, more cities could find themselves being put into lockdown

## Inflation could show early fallout from ongoing Russia-Ukraine conflict

In the coming week, inflation data from Korea, Japan and Singapore will be released. Although this data covers February, we could see the initial impact of the ongoing conflict in eastern Europe, which began at the end of last month. Korea producer price index (PPI) and Tokyo consumer price index (CPI) inflation will move up further, but both will remain significantly lower than the global and regional trends. In Singapore, inflation will likely accelerate further from January's 4% pace given supply chain bottlenecks and rising commodity prices. In the months ahead we will likely see core inflation crest 3%, which could prod more aggressive action from the Monetary Authority of Singapore (MAS).

## No adjustments from PBoC but accommodation still possible this year

As the People's Bank of China (PBoC) didn't cut the Medium Lending Facility following decent

growth in activity data announced on 15 March, we expect 1Y and 5Y Loan Prime Rates will also stay the same. But this does not imply that the PBoC will not loosen monetary policy over the rest of the year. Covid is the main concern now. Given strict social distancing measures, it is likely that more cities could find themselves being put under “semi-lockdown”. We expect the central bank to respond with targeted RRR cuts aimed at supporting small and medium-sized enterprises.

## Manufacturing activity

Manufacturing reports are also scheduled in the coming week. Taiwan’s export orders and industrial production should both show growth driven by demand for semiconductors. Japan’s Jibun Bank Manufacturing purchasing managers' index (PMI) is expected to record a second monthly drop but should stay above the neutral level of 50. Lastly, Singapore releases data on manufacturing output, which should show a contraction, tracking the disappointing PMI and non-oil domestic exports (NODX) reports for the same month.

## Asia Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
<b>Monday 21 March</b>				
China	0115 Mar	Loan Prime Rate 5Y	4.6	4.6
	0115 Mar	Loan Prime Rate 1Y	3.7	3.7
Taiwan	0800 Feb	Export Orders (YoY%)	13.3	11.7
<b>Tuesday 22 March</b>				
South Korea	2100	Producer price index (YoY%)	9.0	8.7
<b>Wednesday 23 March</b>				
Australia	2200 Mar	Composite PMI Flash	-	56.6
	2200 Mar	Services PMI Flash	-	57.4
	2200 Mar	Manufacturing PMI Flash	-	57.0
Singapore	0500 Feb	CPI (MoM%/YoY%)	0.7/4.1	0.0/4.0
	0500 Feb	Core CPI (YoY%)	2.5	2.4
Taiwan	0800 Feb	Industrial Output (YoY%)	16	10
<b>Thursday 24 March</b>				
Japan	0030 Jibun Bank	Manufacturing PMI	51	52.7
	2330 Tokyo	CPI Ex-Fresh Food (YoY %)	0.9	0.5
Taiwan	0800 Feb	Unemployment rate (%)	3.7	3.7
	0820 Feb	Money Supply - M2 (YoY%)	7.9	7.9
	0830 Q4	GDP Final (YoY%)	4.9	4.9
<b>Friday 25 March</b>				
Singapore	0500 Feb	Manufacturing Output (MoM%/YoY%)	-2.6/-2.4	-10.7/2.0

Source: Refinitiv, ING, \*GMT

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## Key events in EMEA next week

Rate hikes in Hungary and GDP releases in Mexico and Croatia dominate next week's EMEA calendar



The National Bank of Hungary in Budapest

### ✓ Hungary: Rising inflation evokes hawkish responses from the National Bank

The National Bank of Hungary will put more emphasis on the pro-inflationary impact of the war than on the negative economic activity impact when it meets again next week. This will be reflected in the new staff projection as we see significant upward revisions in the 2022-23 inflation outlook. Against this backdrop, we see a hawkish 100bp hike in the base rate and in the interest rate corridor on Tuesday followed by a 50bp rise in the 1-week deposit rate on Thursday.

As an alternative scenario – especially if the Hungarian forint (HUF) strengthens further – the combination of a 50bp (base rate) and a 30bp (1-week deposit rate) hike would be realistic as well. To end the week, we are going to see the latest unemployment data, where we expect some positive correction in February after the seasonal uptick in the jobless rate in January.

## EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 21 March</b>					
Poland	0900	Feb Retail Sales (YoY%)	-	16.7	20
<b>Tuesday 22 March</b>					
Poland	1300	Feb M3 Money Supply (YoY%)	-	7.8	7.7
Hungary	1300	Mar O/N Deposit Rate	4.40	-	3.40
	1300	Mar Hungary Base Rate	4.40	-	3.40
<b>Wednesday 23 March</b>					
Poland	0900	Feb Unemployment Rate	-	5.5	5.5
<b>Thursday 24 March</b>					
Hungary	0800	One-Week Deposit Rate	6.35	-	5.85
South Africa	0930	Feb PPI (MoM%/YoY%)	-	0.9/10.4	0.2/10.1
Mexico	1200	Jan Retail Sales (MoM%/YoY%)	-/-		-0.4/4.9
	1200	Mar 1st Half-Month Inflation (MoM%)	-		0.4
<b>Friday 25 March</b>					
Russia	1600	Feb Industrial Output	6.3		8.6
Hungary	0800	Feb Unemployment Rate 3M	3.9		3.8
Brazil	1200	Mar IPCA-15 Mid-Month CPI (YoY%)	-		10.76
Mexico	1200	Jan IGAE Econ Activity (YoY%)	-		1.3
	1200	Q4 GDP (QoQ%/YoY%)	-/-	-0.1/1	-0.1/1
Croatia	1000	Q4 GDP (YoY%)	-		15.8

Source: Refinitiv, ING, \*GMT

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# Key events in developed markets next week

PMIs across developed markets will depict the effect of recent events on economic activity. However, central banks such as the US Federal Reserve have refused to alter their rate hiking plans amid the global crisis



The Fed raised rates by 75bp

## ✓ US: Further hawkish signals from the Federal Reserve following last week's rate hike

The Federal Reserve has signalled a much stronger appetite to combat the threat of inflation. It is now signalling a further 150bp of interest rate increases after [this week's 25bp hike](#) having told us just 12 months ago that it didn't think it would need to raise rates before 2024. The world has changed so we will be focusing on the numerous Fed speakers scheduled over the coming week to see how they view the balance of risks. We will also be listening out for any comments on potential plans they have for running down the central bank's \$8.9tr balance sheet. Data includes durable goods orders, which will be dragged lower by a drop in Boeing aircraft orders. Strip these out and the report should be solid given evidence seen in business surveys, such as the ISM report. There are also plenty of housing data, which should be OK.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Wednesday 23 March</b>					
US	1400 Feb	New Home Sales-Units (000s)	852	810	801
UK	0700 Feb	Headline CPI (MoM/YoY%)	0.5/5.8	-	-0.1/5.5
<b>Thursday 24 March</b>					
US	1330	Current Account - \$bn	-220	-	-214.8
	1345 Mar	Markit Composite Flash PMI	-		55.9
	1345 Mar	Markit Services PMI Flash	-		56.5
	1345 Mar	Markit Manufacturing PMI Flash	-		57.3
	1230 Feb	Durable Goods	-1.0	-0.6	1.6
Germany	0830 Mar	Markit Composite Flash PMI	-		55.6
	0830 Mar	Markit Service Flash PMI	-		55.8
	0830 Mar	Markit Manufacturing Flash PMI	-		58.4
France	0815 Mar	Markit Composite Flash PMI	-		55.5
UK	0930 Mar	Flash Services PMI	60.0		60.5
	0930 Mar	Flash Manufacturing PMI	58.0		58.0
	0930 Mar	Flash Composite PMI	59.6		59.9
Eurozone	0900 Mar	Markit Composite Flash PMI	-		55.5
	0900 Mar	Markit Services Flash PMI	-		55.5
	0900 Mar	Markit Manufacturing Flash PMI	-		58.2
<b>Friday 25 March</b>					
US	1400 Mar	U Mich Sentiment Final	-	59.7	59.7
Germany	0700 Q4	GDP Detailed (QoQ%/YoY%)	-	-0.7/1.4	-0.7/1.4
	0900 Mar	Ifo Expectations	-		99.2
	0900 Mar	Ifo Curr Conditions	-		98.6
	0900 Mar	Ifo Business Climate	-		98.9
Eurozone	0900 Feb	Broad Money	-		15534160
	0900 Feb	Money-M3 Annual Growth	-		6.4
France	0745 Q4	GDP (QoQ%/YoY%)	-		0.7/5.4
UK	0001 Mar	GfK Consumer Confidence	-28		-26
	0700 Feb	Retail sales (inc fuel, MoM/YoY%)	-1.1/6.1		1.9/9.2

Source: Refinitiv, ING, \*GMT

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