

Our view on next week's key events

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

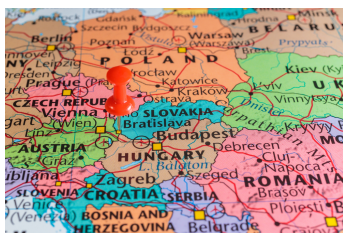
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By James Knightley, James Smith and Carsten Brzeski



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✓ Greater clarity on Fed thinking

The coming week will provide greater clarity on the thinking within the Federal Reserve on the potential path for monetary policy. We will get the minutes to the 2 May FOMC meeting while also hearing from eight different Federal Reserve officials, including Fed Chair Jay Powell. Given the apparent strength in recent data and the fact that inflation measures are at or above target suggest officials will reiterate the “gradual” path of policy tightening. At the moment officials are seemingly split between whether the Federal Reserve will hike interest rates two or three more times this year. We suspect this will largely come down to what happens to wages as to what they end up doing.

In this regard we suspect that the average hourly earnings numbers within the payrolls report are understating wage pressures given evidence within the Employment Cost Index series and the NFIB wage series, which reports that the proportion of firms raising pay has only been higher once in the series 34-year history. As such, we continue to favour three further rate hikes this year – one per quarter.

✓ UK activity data in focus as the BoE decides whether the economy is emerging from soft patch

We think markets may have become too cautious on the UK rate hike outlook and that the possibility of an August rate rise may be underestimated. But a summer hike is still far from a done deal and it depends on how the activity data evolves between now and then.

On that front, a cold Easter weekend and ongoing consumer caution saw another bad month for footfall and credit card spending, and that might see another subdued retail sales release next week. Meanwhile core inflation looks set to fall again as the effect of the pound's post-Brexit plunge continues to fade – we expect to see it back at target by the summer.

But the potential wildcard next week is the first revision of first quarter GDP. The Bank of England believes that the weak 0.1% initial figure may be wildly underestimated, and it will be interesting to see if there are any upward revisions.

✓ Focus on Scandinavian unemployment figures and Riksbank clues

Next week is fairly light on economic data in Scandinavia, with unemployment figures in Norway and Sweden the highlight. In Sweden, the Riksbank's biannual Financial Stability Report and the speeches at the Riksbank's 350-year anniversary conference may also provide further information on the central bank's thinking on the housing market and SEK volatility.

✓ Hoping for signs of sentiment stabilisation in Germany

All eyes should be on the Ifo index, hoping for signs of a sentiment stabilisation. Also, the ECB will release the minutes of the April meeting. While ECB President Mario Draghi told reporters that the ECB did not discuss the outlook for monetary policy in April, we expect the minutes to tell a slightly different story.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 18 May					
US	0800	Fed's Mester Speaks at ECB on Macprudential, Monetary Policy			
	1415	Fed's Kaplan Speaks in Moderated Q&A			
	1415	Fed's Brainard Speaks About Community Reinvestment Act			
Japan	0030	Apr National CPI (YoY%)	-	0.7	1.1
Eurozone	1000	Mar Trade Balance (€bn)	-	21	20988.2
Canada	1330	Apr CPI (MoM/YoY%)	-/-	0.3/2.3	0.3/2.3
New Zeal.	0210	Finance Minister Post-Budget Speech			
Portugal	0830	Bank of Portugal's Costa, Lloyds CEO Speak at Event in Lisbon			
	1100	Portugal Reports Industrial Production Price Index			
Monday 21 May					
US	1715	Fed's Bostic Speaks to Atlanta Economics Club			
	1905	Fed's Harker Speaks in New York			
	2230	Fed's Kashkari Speaks at Moderated Q&A in Escanaba, MI			
Japan	0050	Apr Exports (YoY%)	12.5	-	2.1
	0050	Apr Imports (YoY%)	11.1	-	-0.6
Tuesday 22 May					
UK	0930	Apr Public Finances (PSNCR)	-	-	0.473
	0930	Apr PSNB ex Banks (€bn)	-	-	1.348
Sweden	0830	Apr Unemployment Rate (%)	-	-	6.5
Portugal	1230	Portugal Foreign Minister Silva participates in Lunch-Debate			
Wednesday 23 May					
Japan	0530	Mar All industry activity index (MoM%)	0.1	-	0.4
US	-	FOMC minutes			
Eurozone	0900	May P Markit Manufacturing PMI	56	-	56.2
	0900	May P Markit Services PMI	54.9	-	54.7
	0900	May P Markit Composite PMI	55.2	-	55.1
	1500	May A Consumer Confidence	0.3	-	0.4
UK	0930	Apr CPI (MoM/YoY%)	0.5/2.5	-/-	0.1/2.5
	0930	Apr Core CPI (YoY%)	2.2	-	2.3
Australia	0900	RBA's Lowe Gives Speech in Sydney			
Sweden	-	EU Commission Sweden Recommendations Released			
	0830	Riksbank Financial Stability Report			
Thursday 24 May					
US	1500	Apr Existing Home Sales	5.5	5.6	5.6
	0915	Fed's Dudley Speaks on Reference Rate Reform at BoE Event			
	1900	Fed's Harker Speaks About Technology's Impact on Labor Market			
Japan	0600	Mar F Leading economic index	-	-	105
	0230	BOJ Sakurai speaks in Maebashi			
UK	0930	Apr Retail Sales ex Auto Fuel (MoM/YoY%)	0.2/-0.2	-/-	-0.5/1.1
	0930	Apr Retail Sales (MoM/YoY%)	0.0/-0.7	-/-	-1.2/1.1
Australia	-	RBA's Bullock Gives Speech in Amsterdam			
Friday 25 May					
US	1330	Apr P Durable Goods Orders (MoM%)	-1.8	-1.5	2.6
	1330	Apr P Durable Goods Orders (ex. Trans, MoM%)	0.3	0.4	0.1
	1500	May F U. of Mich. Sentiment Index	99	98.8	98.8
	1400	Fed's Powell Joins Riksbank's 350th Anniversary Conference			
	1645	Fed's Kaplan, Evans and Bostic Speak at Dallas Fed			
Japan	0030	Tokyo May CPI			
Germany	0900	May IFO Business Climate	101.9	-	102.1
	0900	May IFO Expectations	98.9	-	98.7
	0900	May IFO Current Assessment	105.3	-	105.7
UK	0930	1Q P GDP (QoQ/YoY%)	0.1/1.2	-/-	0.1/1.2
Norway	0700	Mar Unemployment rate AKU (%)	-	-	3.9
Portugal	-	Portugal Releases Year-to-Date Budget Report			

Source: ING, Bloomberg

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Key events in EMEA and Latam next week

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Source: Shutterstock

✓ Expect decent Polish activity and labour market figures

We expect decent activity and labour market figures. Industrial Production should reach double-digit dynamics (10.3% YoY), despite risks of a slowdown in the German manufacturing sector. Internal demand remains solid, supported by rising wages (7.4% YoY forecasted for April).

✓ The CIS space: A story of growth, activity indicators and a central bank

In the CIS space, Russia's major activity indicators for April are due next week. Industrial production is seen to be nearly stagnating, but don't be deceived too much as a high base effect is here to stay in 2Q depressing the headline figure. Other income/consumption data is likely to show further growth.

Kazakhstan's GDP growth for 1Q18 is expected to be near 4%, but 4M18 growth has already eased to 3.8%, which bodes well for our expectation of weaker momentum going forward.

The National Bank of Ukraine is likely to keep its key rate on-hold at 17% to monitor further inflation developments.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 18 May					
Russia	-	Apr Industrial Production (YoY%)	0.1	1.2	1
Poland	0900	Apr Avg Gross Wages (MoM/YoY%)	-1.3/7.4	-1.6/7.2	6.2/6.7
	0900	Apr Employment (MoM/YoY%)	0.1/3.7	0.1/3.7	0.1/3.7
Czech Rep	0800	Apr PPI (Industrial) (MoM/YoY%)	-/-	0.3/0	0.3/0.1
	0800	Mar Export Price Index (YoY%)	-	-	-4.7
	0800	Mar Import Price Index (YoY%)	-	-	-6.5
Hungary	0800	Richter CEO Gabor Orban Speaks At Conference on Hungary Bourse			
Kazakhstan	-	1Q P GDP YTD YoY	4.1	4	4
Sunday 20 May					
Croatia	-	Apr Unemployment Rate (%)	-	-	11.5
Monday 21 May					
Russia	-	Apr PPI (MoM/YoY%)	-0.1/6.2	0.3/6.4	-0.9/4.8
Poland	0900	Apr Industrial Output (MoM/YoY%)	-6/10.3	-7.2/8.5	11.4/1.8
	0900	Apr PPI (MoM/YoY%)	0.3/0.7	0.3/0.9	0.4/0.3
Hungary	2300	May Economic Sentiment	8.7	-	8.8
	2300	May Business Confidence	13.2	-	13.3
	2300	May Consumer Confidence	-3.7	-	-3.9
Tuesday 22 May					
Russia	1400	Apr Retail Sales (YoY%)	1.9	2.4	2
	1400	Apr Real wages (YoY%)	6.8	6.2	6.5
Hungary	1300	Policy Rate (%)	0.9	0.9	0.9
South Africa	0800	Mar Leading Indicator	-	-	108.3
Israel	1100	Mar Industrial Production (SA, MoM%)	-	-	-3.3
	-	Apr Leading 'S' Indicator (MoM%)			
Brazil	1200	COPOM Meeting Minutes			
Mexico	1400	Mar Retail Sales (YoY%)	-	-	1.2
Wednesday 23 May					
Turkey	0800	May Consumer Confidence	-	-	71.9
Poland	0900	Apr Retail Sales (MoM%/YoY%)	-2/8.2	-2.4/7.7	17.8/9.2
Hungary	0800	Mar Avg Gross Wages (YoY%)	14.7	-	11.9
South Africa	0900	Apr CPI (MoM%/YoY%)	-/-	0.8/4.6	0.4/3.8
Mexico	1400	1Q F GDP (YoY%)	-	1.7	1.24
Thursday 24 May					
Czech Rep	0800	May Business Confidence	-	-	17.2
	0800	May Consumer & Business Confidence	-	-	15.8
	0800	May Consumer Confidence	-	-	10
Ukraine	1200	May 24 Key Rate (%)	17	17	17
South Africa	1030	Apr PPI (MoM/YoY%)	-/-	-/-	-0.2/3.7
	-	Repo rate (%)	-	-	6.5
Friday 25 May					
Turkey	1230	May Real Sector Confidence Index SA	-	-	106.8
	1230	May Industrial Confidence	-	-	111.2
	1230	May Capacity Utilization (%)	-	-	77.3
Poland	0900	Apr Unemployment Rate (%)	6.4	6.3	6.6
Serbia	1100	Mar Real Wages (YoY%)	-	-	4
Croatia	1000	Mar Real Wages (YoY%)	-	-	3.5
South Africa	-	South Africa Sovereign Debt to be rated by S&P			

Source: ING, Bloomberg

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Asia week ahead: Waning growth optimism

Top policymakers in Korea warn against a potential economic downturn, though we think this won't just be limited to Korea



Source: Shutterstock

➔ Waning optimism on Korea economy

Bank of Korea's Governor Lee Ju-yeol has just sounded caution on the economy, citing uncertainties about monetary policy normalisation by major central banks and trade tensions, as well as a weak labour market domestically. And he isn't alone, the vice chairman of Korea's National Economic Advisory Council, Kim Kwang-doo, has also warned of a potential slump. This follows North Korea withdrawing from the peace talks with the South this week, and probably with the US at the summit next month.

While nobody is forecasting the Bank of Korea to change the policy at its meeting next week (24 May), the dovish remarks by top policymakers raise odds against further policy normalisation later in the year. We are reviewing our view of one 25bp BoK rate hike in the second half of the year.

Judging from the 2.8% GDP growth, Korea's economic performance hasn't been any outstanding, despite sustained export strength this year albeit narrowly-based in the semiconductor sector.

Besides, the contagious financial asset selloff elsewhere will carry some weight in the central bank policymaking. It's not all about changing the policy interest rates though. A move to greater transparency about the exchange market intervention starting the second half of 2018 is a welcome development in stemming some currency volatility.

➔ Moderating growth elsewhere in Asia

April industrial production data in Singapore and Taiwan will inform on GDP growth of these economies coming into the second quarter of the year. Exports drive industrial production. But electronics exports, the mainstay of Taiwan and Singapore's exports, have already started to weaken. Like Korea, the downside growth risk for other Asian economies is rising. We have recently revised our forecast for Taiwan GDP growth in 2018 to 2.6% from 3.2%.

Thailand reports GDP data for 1Q18 on Monday (21 May). The authorities are still optimistic about growth accelerating further this year, though they may be disappointed by the GDP slowdown which we predict based on manufacturing slowdown in the last quarter. We forecast a 3.6% GDP growth in 1Q18, down from 4.0% 4Q17.

➔ Inflation not an issue for most of Asia

In an environment of rising growth risk, inflation data will come under scrutiny for monetary accommodation. Hong Kong, Singapore, and Malaysia report consumer price data for April.

China's inflation dip in April points to the same for Hong Kong, thanks to transmission of lower food prices from the mainland. Inflation hasn't been a policy worry in Singapore and with the central bank tightening in April, it's unlikely to be one anytime soon. In Malaysia, the reduction of the Good and Services Tax to zero rate heralds a prolonged period of low inflation ahead. But we continue to anticipate Malaysia's central bank (BNM) normalising policy, with a further 25bp rate hike in 3Q18.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 18 May					
Singapore	-	1Q F GDP (Q) (YoY%)	-	4.4	4.3
	-	1Q F GDP (QoQ Annualised %)	-	-	1.4
Sunday 20 May					
South Korea	2200	Apr PPI (YoY%)	1.5	-	-
Monday 21 May					
Taiwan	0900	Apr Export orders (YoY%)	10	-	3.06
	0920	1Q Current account balance (US\$bn)	-	-	26577
Thailand	0330	1Q GDP (QoQ/YoY%)	0.9/3.6	1.2/4	0.5/4
-	-	Apr Exports (Cust est, YoY%)	7.4	-	7.06
-	-	Apr Imports (Cust est, YoY%)	12	-	9.5
Hong Kong	0815	Apr Composite CPI (YoY%)	-	-	2.6
Tuesday 22 May					
Malaysia	0800	May 15 Forex reserves- Month end (US\$bn)	-	-	109.5
Wednesday 23 May					
Malaysia	0500	Apr CPI (YoY%)	1.7	-	1.3
Philippines	-	Apr Budget balance (PHP bn)	-	-	-110.7
Singapore	0600	Apr CPI (YoY%)	0.6	-	0.2
	0600	Apr CPI core (YoY%)	1.5	-	1.5
Taiwan	0900	Apr Industrial production (YoY%)	-	-	3.09
Thursday 24 May					
Taiwan	0920	Apr Money supply (M2) (YoY%)	-	-	3.6
South Korea	-	7-Day Repo Rate	1.5	-	1.5
Friday 25 May					
Singapore	0600	Apr Industrial production (MoM/YoY% SA)	2.5/10.0	-/-	0.3/5.9
Taiwan	1000	1Q F GDP (YoY%)	3	-	3.04

Source: ING, Bloomberg

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