

## 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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Article | 17 May 2018

# Key events in developed markets next week

Next week looks set to be a central-bank dominated week in developed markets with an abundance of Fed speakers, ECB minutes and possible Riksbank clues



Source: Shutterstock

## 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.    |
|-------------------------|------|--|----------|---------|----------|
| <b>Friday 18 May</b>    |      |  |          |         |          |
| US                      | 0800 | Fed's Mester Speaks at ECB on Macroprudential, 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             |          |         |          |
| <b>Monday 21 May</b>    |      |  |          |         |          |
| 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     |
| <b>Tuesday 22 May</b>   |      |  |          |         |          |
| 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   |          |         |          |
| <b>Wednesday 23 May</b> |      |  |          |         |          |
| 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                            |          |         |          |
| <b>Thursday 24 May</b>  |      |  |          |         |          |
| 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                        |          |         |          |
| <b>Friday 25 May</b>    |      |  |          |         |          |
| 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

We are looking out for decent Polish activity and labour market data, a mixed bag of Russian activity data and unchanged rates in Ukraine. But what else is going on in EMEA and Latam next week?



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.    |
|-------------------------|------|--|----------|----------|----------|
| <b>Friday 18 May</b>    |      |  |          |          |          |
| 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        |
| <b>Sunday 20 May</b>    |      |  |          |          |          |
| Croatia                 | -    | Apr Unemployment Rate (%)                                      | -        | -        | 11.5     |
| <b>Monday 21 May</b>    |      |  |          |          |          |
| 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     |
| <b>Tuesday 22 May</b>   |      |  |          |          |          |
| 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      |
| <b>Wednesday 23 May</b> |      |  |          |          |          |
| 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     |
| <b>Thursday 24 May</b>  |      |  |          |          |          |
| 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      |
| <b>Friday 25 May</b>    |      |  |          |          |          |
| 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



## ➔ 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



polymaking. 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.   |
|-------------------------|------|---|----------|--------|---------|
| <b>Friday 18 May</b>    |      |   |          |        |         |
| Singapore               | -    | 1Q F GDP (Q) (YoY%)                       | -        | 4.4    | 4.3     |
|                         | -    | 1Q F GDP (QoQ Annualised %)               | -        | -      | 1.4     |
| <b>Sunday 20 May</b>    |      |   |          |        |         |
| South Korea             | 2200 | Apr PPI (YoY%)                            | 1.5      | -      | -       |
| <b>Monday 21 May</b>    |      |   |          |        |         |
| 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     |
| <b>Tuesday 22 May</b>   |      |   |          |        |         |
| Malaysia                | 0800 | May 15 Forex reserves- Month end (US\$bn) | -        | -      | 109.5   |
| <b>Wednesday 23 May</b> |      |   |          |        |         |
| 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    |
| <b>Thursday 24 May</b>  |      |   |          |        |         |
| Taiwan                  | 0920 | Apr Money supply (M2) (YoY%)              | -        | -      | 3.6     |
| South Korea             | -    | 7-Day Repo Rate                           | 1.5      | -      | 1.5     |
| <b>Friday 25 May</b>    |      |   |          |        |         |
| 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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