

# Our view on next week's key events

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### ✓ US: More 'insurance'

We await the final few data releases and Fed speeches ahead of the 30 October FOMC meeting, but we would need to see incredibly strong figures from what are largely second-tier releases to have any chance of preventing a third consecutive interest rate cut from the Federal Reserve.

With business surveys having fallen sharply in recent months, employment growth slowing and wage inflation stalling there is a growing sense that the US is now succumbing to the deepening global gloom.

There may be some positives from the housing numbers given consumer confidence continues to hold up for now and the fact mortgage rates have plunged in the wake of the decline in Treasury yields, but the durable goods orders report is likely to underline fears about a decline in investment given lingering trade uncertainty and weakness in key external markets at a time of dollar strength.

With both consumer and market measures of inflation expectations hitting new lows, we sense that there will be additional interest rate cuts in both December and January.



## Brexit: What to expect on Saturday and beyond

By next week, we'll know whether UK Prime Minister Boris Johnson has succeeded in getting approval for his revised Brexit deal. The numbers will undoubtedly be tight.

But either way, an Article 50 extension looks necessary - whether it's to pass the follow-up legislation for a deal, or to allow time for a general election if the agreement is rejected.

On that latter point, there may well be an attempt to kickstart a general election campaign next week. But with the Conservatives flying in the polls, will Labour MPs be willing to give the government an opportunity to grasp a majority? That's going to be a key thing to watch over the coming days.

[Read more on Saturday's vote, the possible Article 50 extension and chances of an election](#)

### ✓ ECB's meeting: Draghi's farewell & bickering

Next week's European Central Bank meeting will be about two main things: Mario Draghi's farewell after eight years at the helm of the ECB and an escalation of the controversy and quarrels within the Governing Council. One could clearly overshadow the other. In terms of policies, don't expect any changes or any hints at further steps.

### ✓ Eurozone data: It's all about confidence

This week is all about confidence numbers in the eurozone and despite some optimism around the global trade picture thanks to hopes of a Brexit deal and an intermediate deal between the US and China, confidence among businesses is likely to remain in wait-and-see mode. The big question is whether the composite PMI will dip below 50 for the first time since 2013, indicating contraction for the eurozone economy.

### ✓ Riksbank to water-down rate hike ambitions

Back in September, Swedish policymakers hinted again that they could hike rates later this year or early next. But since then, the labour market is showing signs of fragility, while other leading indicators have turned lower. While inflation came in as the Riksbank expected last month, the outlook depends heavily on wage negotiations over the next few months. The deteriorating domestic environment could see a more lacklustre outcome than the Riksbank's forecasts currently assume. That means the Riksbank is likely to push back the date of its next hike, but equally it's probably too early to be pencilling in cuts - partly because of the ongoing weakness in the Swedish krona. A lot will also hinge on US-China and Brexit discussions over the next couple of months.

### ✓ Norges Bank to signal they're done and dusted with hikes - for now

The Norwegian central bank has gone firmly against the tide this year, [having hiked rates three times](#) so far in 2019. That's been spurred by strong domestic oil-related activity, as firms benefit from break-even production costs that are noticeably below current market pricing.

But with global risks mounting, the Norges Bank has signalled a prolonged pause. That suggests no

more tightening this year, but if we get some kind of global trade "truce" in 2020, and the krone stays weak, we wouldn't totally rule out a further rate hike next year.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 21 October</b>					
Japan	0050	Sep Exports (YoY%)	-7.6	-	-8.2
	0050	Sep Imports (YoY%)	-0.1	-	-11.9
	0050	Sep Adjusted trade balance (¥ bn)	-271.0	-	-131
	0530	Aug All industry activity index (MoM%)	0.7	-	0.2
<b>Tuesday 22 October</b>					
US	1500	Sep Existing Home Sales	5.4	5.5	5.5
UK	0930	Sep Public Finances (PSNCR)	-	-	6.4
	0930	Sep PSNB ex Banks (£bn)	-	-	6.4
<b>Wednesday 23 October</b>					
Eurozone	1500	Oct A Consumer Confidence	-6.4	-	-6.5
<b>Thursday 24 October</b>					
US	1330	Sep P Durable Goods Orders (MoM%)	-0.3	-0.8	0.2
	1330	Sep P Durable Goods Orders (ex. Transport, MoM%)	-0.5	-0.4	0.5
Japan	0600	Aug F Leading economic index	-	-	91.7
Eurozone	0900	Oct P Markit Manufacturing PMI	46.2	-	45.7
	0900	Oct P Markit Services PMI	51.4	-	51.6
	0900	Oct P Markit Composite PMI	50.1	-	50.1
	1245	ECB Main Refinancing Rate	0.00	-	0.00
	1245	ECB Marginal Lending Facility	0.25	-	0.25
	1245	ECB Deposit Facility Rate	-0.50	-	-0.50
	1330	ECB's Draghi Speaks in Frankfurt After Policy Decision			
Norway	0700	Aug Unemployment Rate AKU	-	-	3.9
	0900	Deposit Rates	1.5	-	1.50
Sweden	0830	Riksbank Interest Rate	-0.25	-	-0.25
	1000	Riksbank Press Conference			
<b>Friday 25 October</b>					
US	1500	Oct F U. of Mich. Sentiment Index	96.0	-	96.0
Germany	0900	Oct IFO Business Climate	94.4	-	94.6
	0900	Oct IFO Expectations	91.0	-	90.8
	0900	Oct IFO Current Assessment	98.1	-	98.5
Sweden	0830	Sep Household Lending (YoY%)	-	-	4.9
	0830	Sep Retail sales (Ex. Fuel, MoM%)	-	-	0.0
	0830	Sep Retail Sales (Ex. Fuel, YoY%)	-	-	2.7

Source: ING, Bloomberg

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## Authors

### **Bert Colijn**

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

### **Carsten Brzeski**

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

### **James Knightley**

Chief International Economist, US

[james.knightley@ing.com](mailto:james.knightley@ing.com)

### **James Smith**

Developed Markets Economist, UK

[james.smith@ing.com](mailto:james.smith@ing.com)

## Key events in EMEA and Latam next week

A trio of central bank meetings in EMEA next week. Expect Russia and Turkey's central banks to join the global easing party while Hungary should take...



Source: Shutterstock

### ✓ A rather dovish Bank of Russia

We expect the Central Bank of Russia (CBR) to cut the key rate by 25 basis points to 6.75% on 25 October, following dovish statements by CBR Chair Elvira Nabiullina. She indicated that the CBR will lower its year-end 2019 CPI forecast (currently at 4.0-4.5%), which is not customary for a non-core meeting. The lowering itself makes perfect sense, as CPI is already at 3.8-3.9% YoY, below the CBR's year-end target of 4.0-4.5%. She also indicated that the CBR will consider a faster pace of key rate cuts vs the one originally planned. As a reminder, the tone of the previous statements suggested the CBR still saw scope for a further reduction in the key rate (currently at 7.0%), but was not going to keep cutting at every meeting, as was the case the previous three times.

[More on Bank of Russia](#)

### ✓ Turkey: Central Bank likely to cut on the back of currency recovery

Following large easing moves in 3Q with the increasingly more accommodative policy stance of global central banks and improving price pressures, the CBT had signalled to come up with more

measured moves that would be conditional on the inflation path. Given the easing geopolitical tensions and currency recovery with the agreement between US and Turkey, the bank will likely consider to act and cut the policy rate by 100bp to 15.5% in the October rate setting meeting.

\* Updated 21/10/19

## ✓ Hungary: Wait and see

The National Bank of Hungary sets interest rates on 22 October. Both hard and soft data externally and domestically suggest the economy is progressing in line with the NBH's latest view presented in September. We don't see any change related to the monetary policy setup. There is also very little reason for the NBH to add forward guidance to its press release. The main message will remain that the central bank is carrying on with its cautious and data-driven approach, while it's expected to highlight the asymmetric risks (tilted to the downside) to inflation.

## EMEA and Latam Economic Calendar

\* Updated Turkey's bank rate on 21st October

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 21 October</b>					
Poland	0900	Sep Retail Sales (YoY%)	7.6	-/-	6.0
Croatia	1000	Sep Unemployment Rate (%)	6.8	-	6.8
	1000	Aug Real Wages (YoY%)	-	-	2.7
<b>Tuesday 22 October</b>					
Poland	1300	Sep M3 Money Supply (YoY%)	9.8	9.8	9.9
Hungary	1300	Policy Rate (%)	0.9	-	0.90
	1300	Overnight Deposit Rate (%)	-0.05	-	-0.05
South Africa	0800	Aug Leading Indicator	-	-	103.9
Israel	1100	2Q F GDP (QoQ Annualised %)	-	-	1.0
	-	Bank of Israel Publishes Minutes of Rate Meeting			
Mexico	1200	Sep Unemployment Rate SA (%)	3.6	-	3.6
<b>Wednesday 23 October</b>					
Poland	0900	Sep Unemployment Rate (%)	5.2	5.2	5.2
South Africa	0900	Sep CPI (MoM/YoY%)	-/-	-/-	0.3/4.3
	0900	Sep Core CPI (NSA MoM%)	-	-	0.1
<b>Thursday 24 October</b>					
Turkey	1200	Benchmark Repurchase Rate	15.5	-	16.5
Czech Rep	0800	Oct Business Confidence	-	-	11.6
	0800	Oct Consumer & Business Confidence	-	-	9.4
	0800	Oct Consumer Confidence	-	-	1.0
Ukraine	1200	Key Rate (%)	-	-	16.5
Brazil	1430	Sep C/A Balance (\$mn)	-3500	-	-4274
<b>Friday 25 October</b>					
Russia	1130	Key Rate (%)	6.75	6.75	7.0
Turkey	0800	Oct Real Sector Confidence Index SA	-	-	99.7
	0800	Oct Industrial Confidence	-	-	98.8
	0800	Oct Capacity Utilization (%)	-	-	76.3
Poland	-	Sep Budget Level (YTD)	-	-	-1981
Kazakhstan	-	Sep M3 Money Supply (MoM%)	-	-	-0.6
Serbia	1100	Aug Real Wages (YoY%)	-	-	11.8
Mexico	1200	Aug Retail Sales (YoY%)	3.1	-	2.1

Source: ING, Bloomberg

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## Authors

### **Dmitry Dolgin**

Chief Economist, CIS

[dmitry.dolgin@ing.de](mailto:dmitry.dolgin@ing.de)

### **Muhammet Mercan**

Chief Economist, Turkey

[muhammet.mercan@ingbank.com.tr](mailto:muhammet.mercan@ingbank.com.tr)

### **Peter Virovacz**

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)



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### People's Bank of China could go more accomodative

The People's Bank of China will announce the revamped loan prime rate (LPR) on Sunday, 20 October. Though the medium-term lending facility interest rate remains unchanged, there is still a chance that the central bank will cut the one-year lending facility by 5 basis points to 4.15% to support the flagging economy.

### Bank Indonesia to stay put... for now

Indonesia's central bank will meet on 24 October against a backdrop of slowing growth. The central bank governor forecasts growth to dip to 5.1%, citing the headwinds from the trade war for this expectation.

With inflation within target and decelerating, the central bank has some room to trim borrowing

costs further. Governor Warjiyo has slashed borrowing costs for three straight meetings in a bid to provide a boost to sagging GDP growth momentum, but the central bank may opt to keep its powder dry given the recent wobble experienced by the IDR. That being said, we expect BI to stay on hold with the possibility for a rate cut at the November meeting if inflation resumes its downward trend and growth numbers warrant further stimulus.

## Barrage of data

China's industrial profit growth should shrink less than previous months as infrastructure projects have created businesses to manufacturers.

Orders and deliveries of smartphones will provide some support to Taiwan export orders and industrial production as well as Hong Kong exports and imports, but the support should not be enough to change a yearly negative growth trend to positive growth.

The Philippines will report the budget balance for the month of September with spending figures and the budget balance now increasingly of importance given the recent slowdown in GDP growth due to the budget delay. Government officials have vowed a swift catch-up in spending with a substantial budget deficit seen to rekindle hopes for a rebound in growth for the 3Q.

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Sunday 20 October</b>					
China	03300	Loan prime rate		4.15	4.20
<b>Monday 21 October</b>					
Taiwan	0900	Sep Export orders (YoY%)	-	-10.1	-8.3
Thailand	0430	Sep Exports (Cust est, YoY%)	-	-	-4.0
	0430	Sep Imports (Cust est, YoY%)	-	-	-14.6
	0430	Sep Trade balance (Cust est, US\$m)	1903	-	2053
South Korea	2200	Sep PPI (YoY%)	-	-	-0.6
China	0230	Sep 70-cities New home prices (MoM/YoY%)	-/-	-/-	0.6/9.1
Japan	0050	Sep Exports (YoY%)	-7.6	-	-8.2
	0050	Sep Imports (YoY%)	-0.1	-	-12.0
	0050	Sep Adjusted trade balance (¥ bn)	-271.0	-	-130.8
	0530	Aug All industry activity index (MoM%)	0.7	-	0.2
<b>Tuesday 22 October</b>					
Malaysia	0800	Oct 15 Forex reserves- Month end (US\$bn)	-	-	103
Philippines	-	Sep Budget balance (PHP bn)	-86.4	-	-2.5
Hong Kong	0915	Sep Composite (YoY%)	-	-	3.5
Japan	-	Imperial Enthronement Day Holiday			
Korea	0000	Sep PPI (YoY%)	-0.7	-	-0.6
<b>Wednesday 23 October</b>					
Malaysia	0500	Sep CPI (YoY%)	1.3	-	1.5
Singapore	0600	Sep CPI (YoY%)	-	-	0.5
	0600	Sep CPI core (YoY%)	-	-	0.8
Taiwan	0900	Sep Industrial production (YoY%)	5.1	-	2.3
<b>Thursday 24 October</b>					
Hong Kong	0930	Sep Exports (YoY%)	-3.8	-	-6.3
	0930	Sep Imports (YoY%)	-8.7	-	-11.1
	0930	Sep Trade balance (HK\$ bn)	-25.5	-	-28.0
Indonesia	-	BI policy decision (7-day reverse repo, %)	5.25	-	5.25
Taiwan	0920	Sep Money supply (M2) (YoY%)	-	-	3.4
South Korea	0000	3Q P GDP (SA QoQ/YoY%)	0.6/2.2	-/-	1.0/2.0
	2200	Oct BOK Consumer Sentiment Index	-	-	96.9
<b>Friday 25 October</b>					
Singapore	0330	3Q Jobless rate (Q) (% SA)	-	-	2.2
	0600	Sep Industrial production (MoM/YoY%)	-/-	-/-	-7.5/-8

Source: ING, Bloomberg, \*GMT+1

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