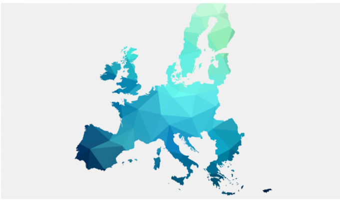
Our view on next week's key events

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

In this bundle



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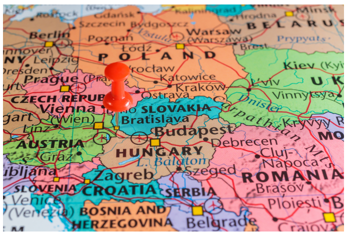
By James Knightley, Bert Colijn and 2 others



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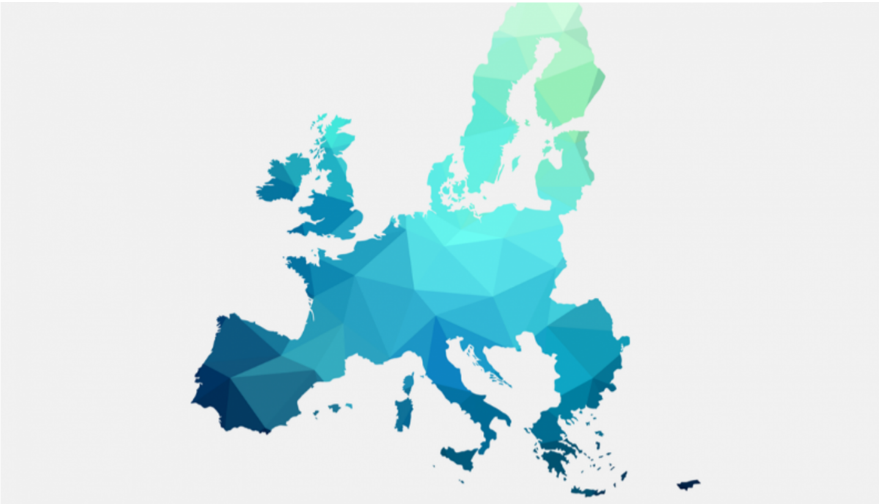

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US: Improving data adds pressure on the Fed

It is mainly second-tier data that will be published over the coming week with durable goods orders and the personal income and spending reports set to be the highlights. The former should get a boost from very strong Boeing aircraft orders, which suggests growing optimism about a reopening economy and a full recovery in the travel industry. We still expect to see strength when this volatile component is stripped out, given the firmness in the ISM orders components and low customer inventories in an environment of strong consumer demand.

The personal income and spending figures will see a reversal after the boost from the $600 stimulus cheques in the January data. This weakness won't last long given the latest $1400 stimulus payment has been hitting bank accounts over the past week with March's figures set to be even stronger than January for both income and spending.

We also have six different Federal Reserve members speaking next week including a joint appearance to the Senate Banking Committee from Fed Chair Jerome Powell and Treasury Secretary Janet Yellen on Wednesday. Given the move higher in longer-dated bond yields it will be interesting to see whether that is making them nervous. Almost certainly we will hear a narrative that inflation risks are overblown, but in an environment of a supply-constrained economy that is experiencing massive stimulus-induced demand, we certainly think inflation will be higher and more sustained than the Fed has publicly stated. Consequently, we expect the Federal Reserve to end up tapering its asset purchases before the end of the year and think the bank will start raising interest rates by the summer of 2023 and not wait until 2024 as the Fed dot plot diagram currently suggests.

Eurozone: Heading for a 1Q contraction

Next week will shed light on how March is shaping up in terms of eurozone economic performance. The PMIs will provide insight into whether the strong manufacturing rebound has continued and whether services have profited from the small improvements in mobility seen in Google data. Expect March data to remain subdued as a whole as lockdowns in the larger eurozone economies continue to weigh on activity, meaning that an overall contraction in 1Q GDP is hard to avoid at this point.

Switzerland: Life gets easier for the SNB

The Swiss National Bank meets on Thursday for its first monetary policy meeting since the beginning of 2021. We do not expect any major changes from the SNB, with the policy rate expected to remain at its historically and globally low level of -0.75%. However, the environment has improved significantly since the last meeting, thanks to better inflation and growth prospects around the world, which has led the Swiss franc to depreciate against the euro to its lowest level since 2019.

The SNB's headache has therefore diminished significantly. Nevertheless, it is unlikely that the SNB will fundamentally change its stance. We expect it to continue to insist that the Swiss franc is still highly overvalued and that it is still prepared to act in the foreign exchange market if necessary.

UK: What to expect from the mass of data next week

There's a lot of data coming through in the next week, and here are the highlights:

- **Jobs**: Having risen through the autumn, the November extension of the furlough scheme has helped add some stability to the jobs market over recent months. Expect the unemployment rate to remain stable and indeed stay that way through the first half of the year. The rate will inevitably rise when furlough ends, currently set for September, though the fact that this extends well beyond the planned reopening phase should help minimise the number of viable jobs being lost.
- **Inflation:** Like everywhere else this is really the calm before the storm, but it probably won't be until the April data before we see a real jump in the inflation rate. Reopening price spikes and more favourable energy base effects should help lift inflation back to target in the second half of the year, though unlike the US, we think it's more likely that it dips back through 2022.
- **PMIs:** Services set to rebound on rising optimism about the reopening, but manufacturing may (counterintuitively) dip assuming supplier delivery times improve a little. Brexit disruption caused these to rise massively, though the way the PMIs are calculated means this has pushed up the headline number in recent readings.
- **Retail data:** Expect only a partial recovery after January's sharp fall in sales. However past experience from lockdowns suggest it'll only be a matter of weeks before this mounts a full recovery once the shops reopen in April, though the shift to online is unlikely to be fully

returned and pressure on high street businesses will continue.

- **Covid-19 data:** Very few cases have been detected as a result of school reopenings, which bodes well for the next stage of reopening. The question is whether many new cases have been generated through increased mixing now classrooms have been open a couple of weeks, but in any case the Easter holiday should act as a natural brake on transmission. Meanwhile it's likely to be another bumper vaccine week and the bulk of over-50s are likely to have had the jab by the end of March. Thereafter, supply is expected to dip and focus will shift significantly towards second doses during April.

Key events in developed markets

Country	Time	Data/event	ING	Survey	Prev.
		Monday 22 March			
Eurozone	0900	Jan Current Account SA, EUR	-		36.7
		Tuesday 23 March			
US	1230	Q4 Current Account	-189		-178.5
	1400	Feb New Home Sales-Units	0.87		0.92
UK	0700	Jan ILO Unemployment Rate	5.1		5.1
	0700	Jan Employment Change	-85		-114
Australia	2200	Mar Composite PMI Flash	-		54.4
New Zealand	2145	Feb Trade Balance	-		-626
		Wednesday 24 March			
US	1230	Feb Durable Goods	2.5	1	3.4
	1230	Feb Durable Goods ex transport	0.9	0.6	1.3
Germany	0830	Mar Markit Manufacturing Flash PMI	60.2		60.7
	0830	Mar Markit Service Flash PMI	45.4		45.7
	0830	Mar Markit Composite Flash PMI	50.8		51.1
France	0815	Mar Markit Composite Flash PMI	-		47.0
UK	0700	Feb Core CPI (YoY%)	1.3		1.4
	0700	Feb CPI (MoM/YoY%)	0.5/0.8		-0.2/0.7
	0930	Mar Flash Manufacturing PMI	54		55.1
	0930	Mar Flash Services PMI	51		49.5
Eurozone	0900	Mar Markit Manufacturing Flash PMI	57.5		57.9
	0900	Mar Markit Services Flash PMI	46.6		45.7
	0900	Mar Markit Composite Flash PMI	49.4		48.8
	1500	Mar Consumer Confidence Flash	-14.3		-14.8
		Thursday 25 March			
US	1230	Q4 GDP Final	4.1	4.1	4.1
Japan	2330	Mar CPI, Overall Tokyo	-		-0.3
Germany	0700	Apr GfK Consumer Sentiment	-14		-12.9
Eurozone	1000	Feb Money-M3 Annual Grwth	11.1		12.5
	1000	Feb Broad Money	-		14604483
France	0845	Mar Business Climate Mfg			97
Switzerland	0930	SNB Policy rate			-0.75
		Friday 26 March			
US	1330	Feb Personal Income (MoM%)	-7	-7.3	10.00
	1330	Feb Personal Consump Real (MoM%)	-1		2.00
	1330	Feb Consumption, Adjusted (MoM%)	-0.8	-0.4	2.4
	1330	Feb Core PCE Price Index (MoM%)	0.1	0.1	0.3
	1400	Mar University Mich Sentiment Final	84	83.6	83.0
Germany	0900	Mar Ifo Business Climate New	92.6		92.4
	0900	Mar Ifo Current Conditions New	90.4		90.6
	0900	Mar Ifo Expectations New	95		94.2
UK	0700	Feb Retail Sales (MoM%)	2.2		-8.2
Italy	0900	Mar Consumer Confidence	101.6		101.4
Spain	0700	Q4 GDP (QoQ/YoY%)	-/-		0.4/-9.1
Sweden	0830	Feb Retail Sales (MoM/YoY%)	-/-		3.4/3.1

Source: Refinitiv, ING

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Key events in EMEA next week

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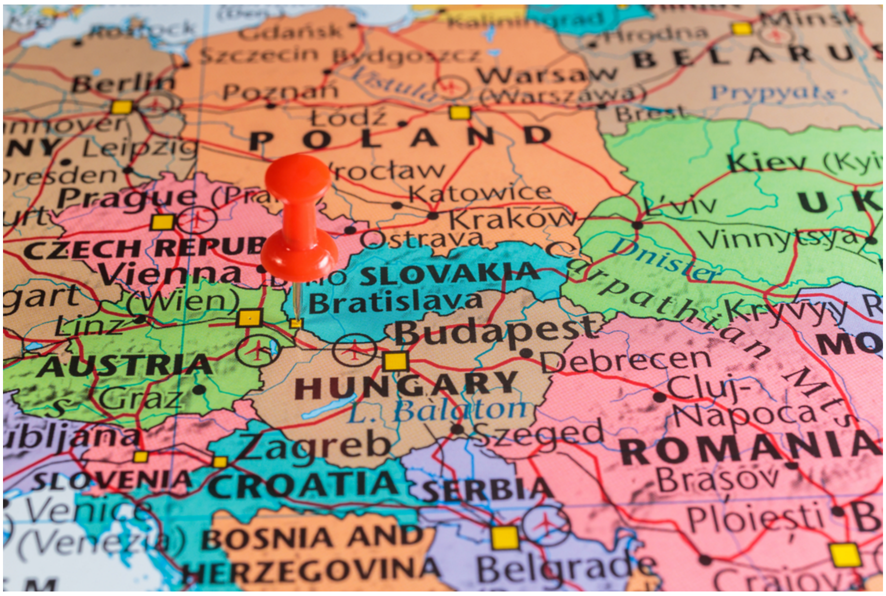

Source: Shutterstock

Hungary: No changes expected despite anticipated rise in inflation

In Hungary, the highlight of the week is the rate-setting meeting of the National Bank of Hungary. However, we are not expecting any fireworks from the monetary authority, and no change is expected in either the policy rates, framework or the hawkish commitment. The latter in particular should remain in place, given we are bracing for an inflation spike over coming months, with the headline reading set to jump above the central bank's tolerance band. Despite this forecast, we expect the NBH to align with the Federal Reserve, being only reactive and signalling it won't act pre-emptively based on forecasts. Speaking of which, we see no major change in the Inflation Report when it comes to the macro outlook.

Czech Republic: CNB on hold next week

The Czech National Bank (CNB) is to stay on hold next Wednesday and should reiterate the latest board members' comments that front-loaded tightening (i.e., in 2Q) is unlikely given the deteriorating Covid situation. Still, with inflation higher than the CNB's expectations and with 4Q20 GDP and wages also stronger, the case for tightening in 2021 remains intact. We look for two hikes in 4Q21.

Key events in EMEA

Country	Time	Data/event	ING	Survey	Prev.
		Monday 22 March			
Poland	1300	Feb M3 Money Supply (YoY%)	-		16.8
		Tuesday 23 March			
Poland	0900	Feb Unemployment Rate	-		6.5
Hungary	1300	Mar Hungary Base Rate	0.6		0.6
	1300	Mar O/N Deposit Rate	-0.05		-0.05
		Wednesday 24 March			
Czech Rep	1330	CNB Repo Rate	0.25		0.25
Hungary	0730	Q4 C/A Balance QQ	0.628		0.752
Mexico	1200	Mar 1st Half-Month Core Infl (MoM%)	-		0.22
	1200	Mar 1st Half-Month Infl (MoM%)	-		0.23
	1200	Feb Jobless Rate	-		4.7
		Thursday 25 March			
Brazil	1200	Mar IPCA-15 Mid-Month CPI	-		0.48
	1200	Mar IPCA-15 Mid-Month CPI (YoY%)	-		4.57
Mexico	1200	Jan IGAE Econ Activity (YoY%)	-		-2.7
	1200	Jan Retail Sales (MoM/YoY%)	-		-2.4/-5.9
	1900	Mar Interest Rate	-		4.00
		Friday 26 March			
Brazil	1230	Feb Current Account	-		-7.25
	1230	Feb Foreign Direct Investm't	-		1.8
Mexico	1200	Feb Trade Balance SA	-		2.879

Source: Refinitiv, ING

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Asia week ahead: Growth, inflation or a bit of both?

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Source: Shutterstock

Inflation remains low for now

Record policy stimulus last year together with recovering domestic spending and rising global oil prices are contributing to worries about rising inflation ahead. For Asia, such worries are premature given that, aside from a couple of economies like India and the Philippines, inflation around the region continues to be benign. We aren't ruling out imminent inflation risks stemming from the low base effects, however.

Of the three countries to release February inflation figures next week, Hong Kong SAR is expected to show some moderation, Malaysia should go deeper into negative territory and Singapore will likely accelerate following year-on-year January readings of 1.9%, -0.2% and -0.2%, respectively.

But price pressure is building

A common thread in most inflation data lately is the transmission of rising global oil prices into domestic fuel and transport prices and a further broadening out to other inflation components.

Both Malaysia and Singapore are standouts for the administrative fuel price hikes. However, the dampening effects of the Covid-19 movement restrictions in Malaysia on consumer spending have outweighed higher fuel prices and this pushed headline inflation deeper into negative territory in February. In Singapore, a 21% hike in petrol duty in the FY2021 Budget worked towards boosting both the headline and core inflation in the last month.

We see both economies experiencing rising inflation in the months ahead, with Malaysia's far outpacing Singapore's on the back of more pronounced base effects.

Exports power manufacturing

A raft of February trade and industrial production (IP) releases will inform on GDP growth in the current quarter. Industrial production growth typically tracks real GDP growth closely.

The exports recovery is deep-rooted in Singapore and Taiwan and this is powering their manufacturing higher. This is what underlies our house view of double-digit IP growth for both. Taiwan's export orders data will be a leading indicator for where this is headed in the months ahead.

On the other spectrum is Thailand, where exports continue to be sluggish and manufacturing continues to extend an almost two-year-long decline.

What do central banks make of it?

The combination of low inflation and firming growth argue for stable central bank policies pretty much everywhere in Asia. We don't anticipate any policy actions at two central bank meetings next week in the Philippines and Thailand.

Even so, there will be a great deal of interest in the Bangko Sentral ng Pilipinas' meeting as inflation has exceeded the BSP's 4% policy limit in recent months, while the raging Covid-19 spread is taking a toll on economic growth. We believe this central bank will see through inflation and instead focus on growth. In the process, we see the BSP leaving the interest rate policy on hold throughout 2021.

Key events in Asia

Country	Time	Data/event	ING	Survey	Prev.
		Monday 22 March			
China	0130	Mar Loan Prime Rate 1Y	3.85		3.85
	0130	Mar Loan Prime Rate 5Y	4.65		4.65
Hong Kong	0900	Feb CPI (YoY%) NSA	1.7		0.1
Taiwan	0800	Feb Export orders (YoY%)	10.3		49.3
	0800	Feb Unemployment rate (%)	3.8		3.8
Thailand	0330	Feb Exports (YoY%)	1.6		0.4
	0330	Feb Imports (YoY%)	18.5		-5.2
	0330	Feb Trade balance (US$mn)	1452.0		-202.0
		Tuesday 23 March			
Singapore	0500	Feb Core CPI (YoY%)	0.4		-0.2
	0500	Feb CPI (YoY%)	0.6		0.2
Taiwan	0800	Feb Industrial Output (YoY%)	19.9		18.8
		Wednesday 24 March			
Malaysia	0400	Feb CPI (YoY%)	-0.7		-0.2
Taiwan	0820	Feb Money Supply - M2 (YoY%)	8.8		8.8
Thailand	0705	BoT 1-Day Repo Rate	0.5		0.5
		Thursday 25 March			
Hong Kong	0900	Feb Imports (YoY%)	58.0		37.7
	0900	Feb Exports (YoY%)	43.8		44.0
	0900	Feb Trade balance (HK$bn)	-21.3		-25.2
Philippines	0800	Policy Interest Rate	2.00		2.00
Thailand	-	Feb Manufacturing Prod (YoY%)	-1.8		-2.8
South Korea	2100	Mar BoK Consumer Sentiment Index	-		97.4
		Friday 26 March			
Singapore	0500	Feb Manufacturing Output (MoM/YoY%)	-3.3/13.6		4.6/8.6

Source: Refinitiv, ING