

Our view on next week's key events

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US: All eyes on Chairman Powell's testimony

The undoubted highlight next week will be Powell's testimony to Congress. This is a big one as it is tied to the publication of the Federal Reserve's semi-annual monetary policy report so there should in theory be substantive guidance on how the Fed is seeing the path of monetary policy developing. The recent blowout retail sales and industrial production reports, progress on President Biden's \$1.9tn stimulus plan, clear positive momentum in the vaccine programme and a growing sense that inflation is about to pick up meaningfully mean it will be a tricky path for Powell to tread. It will be difficult to argue that the economy remains weak and risks are skewed to the downside, but he won't want to sound too upbeat either as that could trigger further sharp moves higher in Treasury yields, which could impede the recovery and result in broader market volatility. Consequently, we look for a cautiously positive tone, which also emphasises risks in terms of potential vaccine rollout issues and the potential threat from virus mutations. He will likely look to dampen talk of a QE tapering anytime soon and we suspect that if the testimony passes without significant market reaction he and his Fed colleagues will view that as a "successful" outcome.

In terms of data there are GDP revisions, consumer confidence and the Fed's favoured measure of inflation, the core personal consumer expenditure deflator. Given the huge retail sales figure, the

consumer spending numbers will be fantastic, although not as strong given services are included – retail sales account for a little over 40% of personal consumption. Confidence may dip a little given January was likely buoyed by the \$600 stimulus payment. GDP could be revised a touch higher, but it will be marginal at best.

UK: Reopening in focus; unemployment set to rise

UK Prime Minister Boris Johnson will unveil the roadmap for reopening the economy on Monday, and caution is likely to be the name of the game. The good news is the vaccination programme continues apace, and all priority groups are likely to have had their first dose by Easter. But unless capacity increases considerably (which is possible), it will be another few months before all adults have been partially vaccinated given the switch towards giving second doses from April. In the meantime, the government will be wary about keeping community transmission down, out of concern for the new, more vaccine-resistant strains. Aside from schools, most of the reopening is likely to be concentrated in April and May, and even then there are likely to be some ongoing distancing measures to keep transmission down (the hope is the vaccine will increasingly do some of the work here).

Separately we'll also get the UK jobs report, which is likely to show that the unemployment rate has stabilised since the furlough scheme was fully extended back in November. However, a further rise in the jobless rate is inevitable when support is unwound (a further extension to the summer seems likely), although the hope is that returning demand for services later in the year will help drive up employment again in the hardest-hit consumer service sectors. Nevertheless we expect the unemployment rate to stay above pre-virus levels for the foreseeable future, and this will be a factor limiting the return of the overall economy to its early-2020 size before mid/late 2022.

Developed Markets Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|------------------------------|------|--------------------------------------|----------|-------------|-----------|
| Monday 22 February | | | | | |
| Germany | 0900 | Feb ifo Business Climate New | 89.7 | | 90.1 |
| | 0900 | Feb ifo Curr Conditions New | 88.2 | | 89.2 |
| | 0900 | Feb ifo Expectations New | 91.5 | | 91.1 |
| Norway | 0700 | Dec Labour Force Survey | - | | 5.0 |
| Tuesday 23 February | | | | | |
| US | 1400 | Dec CaseShiller 20 (MoM/YoY%) | -/- | | 1.4/9.1 |
| | 1500 | Feb Consumer Confidence | 88.5 | 89.6 | 89.3 |
| UK | 0700 | Dec ILO Unemployment Rate | 5.1 | | 5.0 |
| | 0700 | Dec Employment Change | -45.0 | | -88.0 |
| Italy | 0900 | Dec Industrial Orders (MoM/YoY%) | - | | -1.3/5.3 |
| | 0900 | Dec Industrial Sales (MoM/YoY%) | - | | -2.0/-4.6 |
| Sweden | 0830 | Jan Unemployment Rate | - | | 8.2 |
| Wednesday 24 February | | | | | |
| US | 1500 | Jan New Home Sales-Units (mln) | 0.82 | 0.86 | 0.84 |
| Germany | 0700 | Q4 GDP Detailed (QoQ%/YoY%) | 1.0/-2.9 | | 0.1/-2.9 |
| Thursday 25 February | | | | | |
| US | 1330 | Jan Durable Goods | - | 1.4 | 0.5 |
| | 1330 | Q4 GDP 2nd Estimate | 4.2 | 4.3 | 4.0 |
| | 1330 | Q4 GDP Deflator Prelim | 0.2/1.4 | | 1.9 |
| Japan | 2330 | Feb CPI, Overall Tokyo | - | | -0.5 |
| | 2350 | Jan Industrial O/P Prelim (MoM/YoY%) | -/- | | -1.0/-0.3 |
| Germany | 0700 | Mar GfK Consumer Sentiment | -16.0 | | -15.6 |
| France | 0745 | Feb Consumer Confidence | - | | 92.0 |
| Italy | 0900 | Feb Consumer Confidence | - | | 100.7 |
| New Zealand | 2145 | Jan Imports | - | | 5.3 |
| | 2145 | Jan Trade Balance | - | | 17.0 |
| | 2145 | Jan Exports | - | | 5.4 |
| Eurozone | 1000 | Jan Money-M3 Annual Grwth | 11.9 | 11.9 | 12.3 |
| | 1000 | Jan Broad Money | - | 1.46284E+13 | 14521679 |
| | 1000 | Feb Economic Sentiment | - | 91.8 | 91.5 |
| | 1000 | Feb Consumer Confidence Final | - | -15 | |
| Friday 26 February | | | | | |
| US | 1330 | Jan Personal Income (MoM%) | 9.0 | 8.0 | 0.6 |
| | 1330 | Jan Personal Consump Real (MoM%) | 3.1 | | -0.6 |
| | 1330 | Jan Consumption, Adjusted (MoM%) | - | 0.5 | -0.2 |
| | 1500 | Feb U Mich Sentiment Final | - | | 76.2 |
| Japan | - | Jan Housing Starts (YoY%) | - | | -9.0 |
| France | 0745 | Jan Consumer Spending (MoM%) | - | | 23.0 |
| | 0745 | Q4 GDP (QoQ/YoY%) | -/- | | -1.3/-5.0 |
| | 0745 | Feb CPI (EU Norm) Prelim (MoM/YoY%) | - | | |
| Spain | 0800 | Feb CPI (MoM/YoY%) Flash NSA | - | | 0.0/0.5 |
| Canada | 1330 | Jan Producer Prices (MoM/YoY%) | -/- | | 1.5/1.8 |
| Australia | 0030 | Jan Broad Money | - | | 2441.47 |
| | 0030 | Jan Private Sector Credit | - | | 0.3 |
| | 0030 | Jan Housing Credit | - | | 0.4 |
| Sweden | 0830 | Q4 GDP Final (QoQ/YoY%) | 0.5/-2.6 | | 0.5/-2.6 |
| | 0830 | Jan Retail Sales (MoM/YoY%) | -/- | | -4.9/-0.6 |
| | 0830 | Jan Trade Balance | - | | 2.7 |
| Portugal | 0930 | Feb CPI Flash (MoM/YoY%) | -/- | | -0.3/0.3 |
| | 0930 | Q4 GDP (QoQ/YoY%) | -/- | | |

Source: ING, Refinitiv

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Key events in EMEA next week

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Source: Shutterstock

✓ Hungary: Non-event meeting as NBH in wait-and-see mode

We see the February rate setting meeting of the NBH as a non-event. The latest incoming data will push the central bank to review its GDP and inflation outlook, but the new staff projection won't be revealed until March. As there is no immediate pressure on the bank, either from inflation or the forint, policymakers can afford to take a 'wait-and-see' approach again. So we expect the monetary policy setup to remain unchanged. The usual messages, which have telegraphed a relatively hawkish commitment since September, will also remain intact in our view. Besides the Monetary Council meeting, we'll also find out the latest labour market data. We see wage growth remaining elevated, before falling sharply next month. The unemployment rate is to creep higher as the second wave puts employers in a difficult position and the number of registered job seekers increased by 3% month-on-month in January.

✓ Poland: Flash GDP estimate to remain the same for 4Q

In the case of Poland, on Friday we will learn the structure of GDP in the fourth quarter. According to the flash estimate, Poland's GDP fell by 2.8% year-on-year and 0.7% quarter-on-quarter in the last quarter of 2020. We do not expect these figures to be changed. The structure should show ca. 3.0% YoY drop of consumption, 10% YoY fall in investment and a positive contribution from net

exports (ca. +1.5ppt).

EMEALatam Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|------------------------------|------|-------------------------------------|-----------|--------|-----------|
| Monday 22 February | | | | | |
| Poland | 1300 | Jan M3 Money Supply (YoY%) | - | 16.4 | 16.4 |
| Tuesday 23 February | | | | | |
| Poland | 0900 | Jan Unemployment Rate | - | 6.5 | 6.2 |
| Hungary | 1300 | Feb Hungary Base Rate | 0.60 | 0.60 | 0.60 |
| | 1300 | Feb O/N Deposit Rate | -0.05 | -0.05 | -0.05 |
| Mexico | 1200 | Feb 1st Half-Month Core Infl (MoM%) | - | | 0.24 |
| | 1200 | Feb 1st Half-Month Infl (MoM%) | - | | 0.51 |
| Wednesday 24 February | | | | | |
| Croatia | 1000 | Jan CPI (MoM/YoY%) NSA | - | | -0.6/-0.7 |
| Brazil | 1200 | Feb IPCA-15 Mid-Month CPI | - | | 0.78 |
| | 1200 | Feb IPCA-15 Mid-Month CPI (YoY%) | - | | 4.3 |
| | 1230 | Jan Current Account | - | | -5.4 |
| | 1230 | Jan Foreign Direct Investm't | - | | 0.739 |
| Mexico | 1200 | Dec Retail Sales (MoM/YoY%) | - | | 3.3/-5.1 |
| Thursday 25 February | | | | | |
| Hungary | 0800 | Dec Average Gross Wages (YoY%) | 8.6 | | 8.6 |
| Croatia | 0900 | Q4 GDP (YoY%) | - | | -10.0 |
| Brazil | 1000 | Jan Central Govt Balance | - | | -44.1 |
| | 1100 | Feb IGP-M Inflation Index | - | | 2.58 |
| Mexico | 1200 | Q4 GDP (QoQ/YoY%) | -/- | | 3.1/-3.9 |
| | 1200 | Jan Jobless Rate | - | | 3.8 |
| Friday 26 February | | | | | |
| Turkey | 0700 | Jan Trade Balance | -3.1 | | -4.53 |
| Poland | 0900 | Q4 GDP (QoQ/YoY%) | -0.7/-2.8 | | -0.7/-2.8 |
| Hungary | 0800 | Jan Unemployment Rate 3M | 4.3 | | 4.2 |
| Mexico | 1200 | Jan Trade Balance SA | - | | 4.154 |

Source: ING, Refinitiv

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Asia week ahead: Packed with data

Three central bank policy meetings are unlikely to offer up any surprises next week. This leaves the markets to ponder the economic data of which a lot is...



Source: Shutterstock

➔ Central bank meetings

Central banks in China, Korea and New Zealand are set to review their monetary policy. All are expected to leave interest rates on hold.

The People's Bank of China hasn't touched the 1-year and 5-year Base Lending Rates since April last year. There is no reason for it to disturb policy now given that the recovery is coming along nicely. The renewed threat to the economy from the pandemic may instil some interest in the other two central bank meetings; the Bank of Korea and the Reserve Bank of New Zealand.

An alarming spike in Korea's jobless rate from 4.5% in December to 5.4% in January, the highest

since the Asian crisis in 1999, adds weight to the argument for the Bank of Korea to ease. The last move in the BoK policy rate was a 25bp cut in May 2020, putting it at an all-time low of 0.5%. With very little leeway to take rates lower, it will continue to place the onus on the government to boost growth. As for the RBNZ, we think it will look through the latest brief lockdown in Auckland, while above-expected 4Q20 CPI inflation of 1.4% in 4Q20 supports stable policy for now.

➔ Heavy data pipeline

January inflation, trade and manufacturing releases dominate the data calendar.

CPI inflation in Hong Kong, Malaysia and Singapore likely remained in negative territory. Of note here would be data from Malaysia where tighter Covid-19 movement restrictions possibly intensified the downward price trend, supporting our call of a 25bp Bank Negara Malaysia policy rate cut in March.

Regional exports are off to a strong start in 2021 with double-digit growth in the majority of countries that have reported January figures so far. The releases from Hong Kong, Malaysia and Thailand next week should show similar results. And Taiwan's export orders should inform where this trend is heading. Following on the heels of surging exports, manufacturing output continues to firm up this year. So does GDP growth.

India will be in the spotlight as it reports 4Q20 GDP. There has been no end to the negative growth trend just yet, though we estimate a moderate contraction of -4.7% year-on-year compared to -7.5% in 3Q20. This stems from firmer manufacturing growth complementing the seasonal agriculture strength in 4Q, though domestic demand remained under pressure from the virus.

Asia Economic Calendar

| Country | Time Data/event | ING Survey | Prev. |
|------------------------------|---|------------|----------|
| Saturday 20 February | | | |
| Taiwan | 0800 Q4 GDP Final (YoY%) | 4.95 | 4.94 |
| Monday 22 February | | | |
| China | 0130 Feb Loan Prime Rate 1Y | 3.85 | 3.85 |
| | 0130 Feb Loan Prime Rate 5Y | 4.65 | 4.65 |
| Hong Kong | 0900 Jan CPI (YoY%) | -0.1 | -0.7 |
| Thailand | 0300 Jan Exports (Cust est, %YoY) | 3.8 | 4.9 |
| | 0300 Jan Imports (Cust est, %YoY) | -10.8 | 3.0 |
| | 0300 Jan Trade balance (Cust est, US\$m) | 1647 | 964 |
| South Korea | 2100 Feb BoK Consumer Sentiment Index | - | 95.4 |
| Tuesday 23 February | | | |
| China | 0130 Jan New home prices (% MoM) | 0.1 | 0.1 |
| Singapore | 0500 Jan CPI (YoY%) | -0.1 | 0 |
| | 0500 Jan Core CPI (YoY%) | -0.2 | -0.3 |
| South Korea | 2100 Mar BOK Manufacturing BSI | - | 84.0 |
| Wednesday 24 February | | | |
| Hong Kong | - FY2021-22 Budget | | |
| | 0800 Q4 GDP Final (YoY%) | -3.00 | -3.00 |
| Thailand | - Jan Manufacturing Prod (YoY%) | -6.2 | -2.44 |
| Malaysia | 0400 Jan CPI (YoY%) | -1.6 | -1.4 |
| Taiwan | 0800 Jan Export orders (%YoY) | 41.6 | 38.3 |
| Thursday 25 February | | | |
| Hong Kong | 0900 Jan Imports | 40.0 | 14.1 |
| | 0900 Jan Exports | 46.0 | 11.7 |
| Thailand | 0700 Jan Current account balance (US\$bn) | -300 | -693 |
| Taiwan | 0800 Jan Industrial Output (YoY%) | 12.0 | 9.9 |
| | 0800 Jan Unemployment Rate (%) | 3.7 | 3.76 |
| South Korea | 0100 Feb Bank of Korea Base Rate | 0.5 | 0.5 |
| Friday 26 February | | | |
| India | 1200 Q4 2020 GDP Quarterly (YoY%) | -4.7 | -7.5 |
| Malaysia | 0400 Jan Trade Balance (MYR bn) | 24.1 | 20.7 |
| | 0400 Jan Exports | 16.0 | 10.8 |
| | 0400 Jan Imports | 2.0 | 1.6 |
| Indonesia | 0400 Jan M2 Money Supply (YoY%) | - | 12.4 |
| Philippines | - Dec Budget Balance | - | -128.3 |
| Singapore | 0500 Jan Manufacturing Output (MoM/YoY%) | 6.1/6.4 | 2.4/14.3 |
| Taiwan | 0820 Jan Money Supply - M2 (YoY%) | 8.5 | 8.45 |
| Thailand | 0730 Jan Exports (YoY%) | - | 4.6 |
| | 0730 Jan Imports (YoY%) | - | -0.1 |
| | 0730 Jan Current Account | - | -0.7 |

Source: ING, Refinitiv, *GMT

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