

Our view on next week's key events

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By Min Joo Kang

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✓ US: Second-quarter GDP expected to be revised modestly higher to -0.8%

The market remains split as to whether the Federal Reserve will hike rates by 50bp or 75bp on 21 September, but things may become clearer after the annual Jackson Hole policy symposium begins next Thursday which will see Fed officials and other global central bankers, finance ministers and academics converge in Wyoming. Fed chair Jerome Powell will give the keynote speech. However, even after this event it is all to play for with the August jobs report to be published on 2 September and the August inflation report on 13 September. We currently favour 50bp moves in September and November with a final 25bp hike in December, but should payrolls rise strongly yet again (350k+) and inflation move upwards, then we would likely switch to a 75bp hike on 21 September.

The data calendar includes revisions to 2Q GDP, which was initially reported as -0.9%. We suspect that consumer spending could be revised modestly higher following the revisions in the retail sales report so are tentatively suggesting -0.8%. We will also get July consumer spending numbers, which should be OK with lower gasoline prices boosting household spending power, supporting consumption elsewhere. Durable goods should also hold up, buoyed by robust Boeing aircraft order

numbers.

✔ Eurozone: The PMIs are expected to deteriorate further in August

Next week Tuesday will give a sense of where the eurozone economy is headed in August as both PMI and consumer confidence data will be out. The PMIs will be especially closely watched as the composite PMI dipped below 50 in July, indicating a contraction in economic activity. We expect a further deterioration for August as businesses and consumers struggle with even higher energy prices, and drought is adding to production problems in Germany. This will also impact consumer confidence, which had already dropped to an all-time low in July. Don't rule out another new record for August.

Developed Markets Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Tuesday 23 August				
US	1445 Aug S&P Global Manufacturing PMI Flash	-		52.2
	1445 Aug S&P Global Services PMI Flash	-		47.3
	1500 Jul New Home Sales-Units	0.57	0.59	0.59
Germany	0830 Aug S&P Global Manufacturing Flash PMI	48.5		49.3
	0830 Aug S&P Global Service Flash PMI	48.8		49.7
	0830 Aug S&P Global Composite Flash PMI	47.3		48.1
France	0815 Aug S&P Global Composite Flash PMI	-		51.7
UK	0930 Aug Flash Manufacturing PMI	50.5		52.1
	0930 Aug Flash Services PMI	52		52.6
Eurozone	0900 Aug S&P Global Manufacturing Flash PMI	48.6		49.8
	0900 Aug S&P Global Services Flash PMI	50.2		51.2
	0900 Aug S&P Global Composite Flash PMI	49.0		49.9
	1500 Aug Consumer Confidence Flash	-27.5		-27.0
Wednesday 24 August				
US	1330 Jul Durable Goods	1.0	0.7	2.0
Thursday 25 August				
US	- Fed's annual Jackson Hole Forum starts			
	1330 Q2 GDP 2nd Estimate	-0.8	-0.9	-0.9
	1330 Initial Jobless Claims	255		250
	1330 Continue Jobless Claims	1440		1437
Germany	0700 Q2 GDP Detailed (QoQ%/YoY%)	-0.1/1.4		0/1.5
	0900 Aug Ifo Business Climate	87.9		88.6
	0900 Aug Ifo Current Conditions	96.5		97.7
	0900 Aug Ifo Expectations	79.5		80.3
Friday 26 August				
US	1330 Jul Personal Income (MoM%)	0.6	0.6	0.6
	1330 Jul Personal Consumption Real (MoM%)	0.3		0.1
	1330 Jul Consumption, Adjusted (MoM%)	0.5	0.3	1.1
	1330 Jul Core PCE Price Index (MoM%)	0.3	0.3	0.6
	1500 Aug U Mich Sentiment Final	55.5	55.1	55.1
	1500 Fed Chair Powell speaks at Jackson Hole forum			
Germany	0700 Sep GfK Consumer Sentiment	-31.0		-30.6
Sweden	0700 Jul Unemployment Rate	-		8.6
Eurozone	0900 Jul Money-M3 Annual Grwth	-		5.7
	0900 Jul Broad Money	-		15850535

Source: Refinitiv, ING

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 22 August					
Poland	0900	Jul Retail Sales (YoY%)	-	18.7	19.9
Tuesday 23 August					
Poland	1300	Jul M3 Money Supply (YoY%)	-	5.7	6.5
Wednesday 24 August					
Russia	1700	Jul Industrial Output	-2.4	-2.4	-1.8
Poland	0900	Jul Unemployment Rate	-	4.8	4.9
Hungary	0800	Jun Average Gross Wages (YoY%)	-		14.9
South Africa	0900	Jul CPI (MoM%/YoY%)	-/-		1.1/7.4
	0900	Jul Core inflation (MoM%/YoY%)	-/-		0.6/4.4
Brazil	1300	Aug IPCA-15 Mid-Month CPI	-		0.13
	1300	Aug IPCA-15 Mid-Month CPI (YoY%)	-		11.4
Mexico	1200	Aug 1st Half-Month Core Inflation (MoM%)	-		0.34
	1200	Aug 1st Half-Month Inflation (MoM%)	-		0.43
Thursday 25 August					
Hungary	0800	Jul Unemployment Rate 3M	-		3.2
South Africa	1030	Jul PPI (MoM%/YoY%)	-/-		2.1/16.2
Mexico	1200	Q2 GDP (YoY%) Final	-		2.1
	1200	Q2 GDP (QoQ%/YoY%)	-/-		1.0/2.1
Friday 26 August					
Croatia	1000	Q2 GDP (YoY%)	-		7.0
Brazil	1330	Apr Current Account	-	0.671	-2.8
	1330	Apr Foreign Direct Investm't	-	6.327	7.6
Mexico	1200	Jul Trade Balance SA	-		-6.4

Source: Refinitiv, ING

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Asia week ahead: Key central bank moves and inflation reports

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(Central bank) decisions decisions decisions...

Next week's Asia calendar features key central bank decisions. We expect the Bank of Korea (BoK) to raise rates by 25bp on 25 August. On the same day, the BoK will release its latest economic outlook. The 2022 GDP outlook could be downgraded slightly to 2.6% from the current 2.7%, while the CPI inflation outlook should rise sharply to 5.3% from 4.5%. Surveys for consumers and businesses are also likely to worsen as the recent nationwide floods will likely take a toll on sentiment.

Bank Indonesia (BI) is also meeting next Thursday and we could see BI Governor Perry Warjiyo whipping out a surprise 25bp rate increase after staying on hold for all of 2022. BI has held firm despite tightening from regional players, indicating that inflation has stayed "manageable". Recently, however, plans to decrease the energy subsidy, floated by President Joko Widodo, suggest that the price of subsidised fuel could increase in the near term. A jump in fuel

prices could be enough to nudge core inflation past the target and this could be reason enough for BI to hike rates as early as next week.

Meanwhile, we expect banks in China to cut the Loan Prime Rate for 1Y to 3.6% from 3.7%, and 5Y to 4.3% from 4.45%. The market consensus points to banks cutting both the 1Y and 5Y by only 10bp, however. Our more aggressive projection of the 5Y rate cut comes from the government's request to support economic growth and a larger 5Y cut should help existing mortgagors lower their interest cost burden.

Inflation from Tokyo and Singapore

Inflation reports are also the highlight for next week and Tokyo CPI inflation is expected to stabilise with lower global oil prices and a weaker yen.

For Singapore, both headline and core inflation are expected to heat up further. This should keep the Monetary Authority of Singapore (MAS) on notice for additional tightening with a move likely at the October meeting. Headline inflation could heat up to roughly 7% while core inflation could pick up further to 4.5%.

Other key reports out next week: Key Taiwan data and Japan's PMI

Other key data reports in the coming week are from Taiwan, which releases export orders, industrial production, and unemployment figures in the coming days. We expect that global demand for semiconductors will slide and therefore put downward pressure on export orders and industrial production. As such, we also expect that the unemployment rate could edge up as economic activity slows. Lastly, we round the week off with Japan's preliminary manufacturing PMI data, which is likely to drop below 50 on concerns about slowing growth from developed markets and China.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 22 August					
China	0215	Aug Loan Prime Rate (1Y/5Y)	3.6/4.3		3.70/4.45
Philippines	-	Jul Budget Balance	-		-215.5
Taiwan	0900	Jul Unemployment rate (%)	3.74		3.73
	0900	Jul Export Orders (YoY%)	7.5		9.49
South Korea	2200	Aug BoK Consumer Sentiment Index	84		86
Tuesday 23 August					
Australia	0000	Aug Manufacturing PMI Flash	-		55.7
	0000	Aug Services PMI Flash	-		50.9
	0000	Aug Composite PMI Flash	-		51.1
Japan	0130	Aug Manufacturing PMI Flash	49.5		52.1
Singapore	0600	Jul Core CPI (YoY%)	4.6		4.4
	0600	Jul CPI (YoY%)	6.8		6.7
	0600	Jul CPI (MoM%) NSA	-		1.0
Indonesia	-	Bank Indonesia policy rate	3.75		3.5
Taiwan	0900	Jul Industrial Output (YoY%)	0.86		0.73
South Korea	2200	Sep BOK Manufacturing BSI	78		80
Wednesday 24 August					
Indonesia	0400	Jul M2 Money Supply (YoY%)	-		10.6
Taiwan	0920	Jul Money Supply - M2 (YoY%)	7.20		7.65
Thursday 25 August					
South Korea	0200	Aug Bank of Korea Base Rate	2.50		2.25
Friday 26 August					
Japan	0030	Tokyo CPI	2.5		2.5
Singapore	0600	Jul Manufacturing Output (MoM%/YoY%)	-/-		-8.5/2.2

Source: Refinitiv, ING

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