

## 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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# Key events in developed markets next week

The Fed's Jackson Hole conference is the key event next week. In the UK, expect PMI data to show strong progress despite Covid-19 spread



Source: Shutterstock

## ✓ US: Further discussion on an early QE tapering at Jackson Hole

The key event will be the Federal Reserve's annual Jackson Hole Economic Symposium.

The headline discussion will be "Macroeconomic Policy in an Uneven Economy", but the main focus for markets will be the discussions surrounding what appears to be an impending tapering of the Fed's QE asset purchase program. The minutes to the July FOMC meeting weren't [especially clear](#), with lots of discussions over whether the threat of higher inflation should prompt an earlier tapering or whether the Delta variant of Covid-19 could "damp the recovery" and justify a delay to tapering. "Various participants" suggested a QE reduction would be warranted "in coming months", but "several" others suggested it may be more appropriate "early next year". As for the composition, "most... saw benefits" from reducing agency MBS and Treasuries proportionally to end simultaneously, but "several" saw the benefits of focusing on MBS first.

Recent comments (post-July's strong jobs number) from officials have been more openly backing the idea of an early and swift tapering program. Several Fed members have openly suggested that it could start in October and end in 2Q with the \$80bn monthly Treasury purchases and \$40bn agency MBS being cut proportionally, so purchases end at the same point in time. Nonetheless, this is all going to be Covid-19 contingent with the Reserve Bank of New Zealand's decisions to defer

hiking rates until there is more clarity - a likely blueprint for the Fed. The resurgence of Covid-19 is tentatively showing signs of slowing with case numbers in some of the hotspots, such as Missouri, Arkansas and Texas topping out, but Florida remains a major concern. We remain hopeful that any slowdown in activity this has generated will be temporary, and encouraging comments from the Jackson Hole conference will reinforce expectations that policy normalisation is on its way at some point later this year.

The data highlights will be durable goods orders and housing data, and the personal income and spending reports with 2Q GDP revisions likely to show little change. Durable goods orders will be depressed by a plunge in Boeing aircraft orders after a blowout in June (June saw 219 new aircraft orders, but this fell to 31 in July). Outside of this, the ISM report still points to decent gains.

Housing numbers are likely to remain under pressure as a 17%YoY price increase hurts affordability and weighs on potential buyer traffic and mortgage applications. Personal income should rise as employment and wage gains are more broadly felt, which will help to support overall spending. Retail sales did fall, but we expect to see spending on services, such as entertainment, leisure, and travel more than offset that.

### **UK: PMIs to remain solid, despite Covid-19 spread**

We expect a modest increase in the UK PMIs next week, though the services and manufacturing indices are likely to remain below their recent high in May.

For the former, high rates of worker self-isolation have caused a real headache over the past month, amplifying staff shortages in the likes of hospitality. It'll be interesting to see if the PMI press release confirms anecdotal stories about firms having to raise pay to recruit workers - though if this is the case, we expect it to prove temporary. And like everywhere else, the manufacturing side is constrained by supply disruption, which shows little sign of abating.

All in all, it's another sign that the recovery has paused over the summer but hasn't actively gone into reverse so far.

## **Developed Markets Economic Calendar**

| Country                    | Time | Data/event                         | ING  | Survey | Prev.    |
|----------------------------|------|------------------------------------|------|--------|----------|
| <b>Monday 23 August</b>    |      |                                    |      |        |          |
| US                         | 1445 | Aug Markit Composite Flash PMI     | 58.2 |        | 59.9     |
|                            | 1445 | Aug Markit Manufacturing PMI Flash | 61.4 |        | 63.4     |
|                            | 1445 | Aug Markit Services PMI Flash      | 58.2 |        | 59.9     |
|                            | 1500 | Jul existing home sales (mn)       | 5.78 | 5.84   | 5.86     |
| Germany                    | 0830 | Aug Markit Manufacturing Flash PMI | -    |        | 65.9     |
|                            | 0830 | Aug Markit Service Flash PMI       | -    |        | 61.8     |
|                            | 0830 | Aug Markit Composite Flash PMI     | -    |        | 62.4     |
| France                     | 0815 | Aug Markit Manufacturing Flash PMI | -    |        | 58.0     |
|                            | 0815 | Aug Markit Services Flash PMI      | -    |        | 56.8     |
|                            | 0815 | Aug Markit Composite Flash PMI     | -    |        | 56.6     |
| UK                         | 0930 | Aug Flash Composite PMI            | 60.6 |        | 59.2     |
|                            | 0930 | Aug Flash Manufacturing PMI        | 61   |        | 60.4     |
|                            | 0930 | Aug Flash Services PMI             | 60.5 |        | 59.6     |
| Eurozone                   | 0900 | Aug Markit Manufacturing Flash PMI | -    |        | 62.8     |
|                            | 0900 | Aug Markit Services Flash PMI      | -    |        | 59.8     |
|                            | 0900 | Aug Markit Composite Flash PMI     | -    |        | 60.2     |
|                            | 1500 | Aug Consumer Confidence Flash      | -    |        | -4.4     |
| <b>Tuesday 24 August</b>   |      |                                    |      |        |          |
| US                         | 1500 | Jul New Home Sales-Units (000s)    | 665  | 700    | 676.0    |
| Germany                    | 0700 | Q2 GDP Detailed (QoQ%/YoY%)        | -/-  |        | 1.5/9.6  |
| <b>Wednesday 25 August</b> |      |                                    |      |        |          |
| US                         | 1330 | Jul Durable Goods                  | -0.2 | -0.1   | 0.9      |
| Germany                    | 0900 | Aug Ifo Business Climate           | -    | 100.3  | 100.8    |
|                            | 0900 | Aug Ifo Curr Conditions            | -    |        | 100.4    |
|                            | 0900 | Aug Ifo Expectations               | -    |        | 101.2    |
| <b>Thursday 26 August</b>  |      |                                    |      |        |          |
| US                         | 1330 | Q2 GDP 2nd Estimate (QoQ% ann)     | 6.6  | 6.6    | 6.5      |
|                            | 1330 | Q2 GDP Deflator Prelim             | 6    |        | 6        |
|                            | 1330 | Q2 Core PCE Prices Prelim          | 6.1  |        | 6.1      |
|                            | 1330 | Initial Jobless Clm                | 350  |        | 348      |
|                            | 1330 | Cont Jobless Clm                   | 2810 |        | 2820     |
|                            |      | - Fed Jackson Hole Conference      | -    |        | -        |
| Germany                    | 0700 | Sep GfK Consumer Sentiment         | -    |        | -0.3     |
| Sweden                     | 0830 | Jul Unemployment Rate              | -    |        | 10.3     |
| Eurozone                   | 0900 | Jul Money-M3 Annual Grwth          | -    | 8.1    | 8.3      |
|                            | 0900 | Jul Broad Money                    | -    |        | 14950623 |
| <b>Friday 27 August</b>    |      |                                    |      |        |          |
| US                         | 1330 | Jul Personal Income (MoM%)         | 0.1  | 0.1    | 0.1      |
|                            | 1330 | Jul Personal Consump Real (MoM%)   | 0    |        | 0.5      |
|                            | 1330 | Jul Consumption, Adjusted (MoM%)   | 0.4  | 0.4    | 1.0      |
|                            | 1330 | Jul Core PCE Price Index (MoM%)    | 0.3  | 0.3    | 0.4      |
|                            | 1500 | Aug U Mich Sentiment Final         | 71.5 | 71     | 70.2     |
| France                     | 0745 | Aug Consumer Confidence            | -    |        | 101.0    |
| Italy                      | 0900 | Aug Consumer Confidence            | -    |        | 116.6    |
| Sweden                     | 0830 | Q2 GDP Final (QoQ%)                | 0.9  |        | 0.8      |
|                            | 0830 | Jul Retail Sales (MoM%/YoY%)       | -/-  |        | -0.3/8.5 |
|                            | 0830 | Jul Trade Balance                  | -    |        | 10.3     |
| Austria                    | 0900 | Aug Purchasing Managers Idx        | -    |        | 63.9     |

Source: Refinitiv, ING, \*GMT

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# Asia week ahead: Initial signs of Delta downturn?

Asia's economic calendar for the coming week features lots of inflation, manufacturing and trade releases



## The week ahead

Australia's flash PMI over the weekend kicks off a string of data reports from Asia next week, with regional inflation, manufacturing and trade reports lined up. Meanwhile, in July, China's industrial profits are likely to expand year on year, padded by base effects. Still, overall profit levels may actually dip from the previous month, with the effects of the recent government crackdown on technology, education and real estate sectors spilling over to manufacturing firms.

## Mixed trends in industrial production

In July, Singapore industrial production was supported by firm exports, but we are expecting a retracement from the outsized 25.7% YoY surge in June as base effects turn unfavourable. Thailand also reports manufacturing production during the week. We expect an 11.0% YoY increase - a deceleration from the previous month as base effects fade and mobility restrictions weigh overall economic activity.

Meanwhile, Taiwan is expected to post another month of robust growth, largely driven by the high demand for computer chips. Some semiconductor companies are pushing capacity utilisation past 100% to satisfy demand.

## Decelerating inflation

Regional inflation is set for a slight deceleration trend across the reporting countries.

Singapore's July headline inflation should ease to 2.2% YoY from 2.4% from the previous month. This stems from lower housing inflation due to Services and Conservancy Charges (S&CC) rebate for public housing. However, a 3.8% hike in the electricity tariff for the current quarter offsets some of these S&CC effects. Core inflation probably ticked up to 0.7% YoY from 0.6%.

At this rate, annual average headline inflation should exceed the MAS's 0.5% to 1.5% forecast range, but the core rate should be within 0% to 1%. We don't see any significant policy implications of this data, with the MAS likely staying on a neutral policy course in the October statement. Meanwhile, Malaysia July inflation is expected to decelerate to 2.9% from 3.4% previously, on soft domestic demand and as base effects fade.

## Trade likely up YoY but Delta variant slows momentum

We also get trade reports from both Thailand and Malaysia.

Base effects will likely keep YoY growth rates positive, but we note the overall deceleration from the previous month's readings as the strain from tightened mobility restrictions and anxiety over the Delta variant begin to take hold. Malaysia's export growth may ease to 8% YoY (from 27% previously), resulting in a trade surplus of roughly MYR20mn, which should be positive for the ringgit in the near term.

However, the negative factors of rising Covid-19 cases and political uncertainty locally, coupled with falling global oil prices, outweigh the positives and should keep the currency on a depreciation path.

## Delta downturn?

In the coming weeks, we believe the focus may increasingly shift towards concerns about the growth narrative as the Delta variant spreads across the globe. At the same time, base effects that have distorted YoY growth will continue to fade as we move into the second half of 2021.

Concerns over the Delta variant and the impact on global growth is already being factored in by monetary authorities. For example, the Reserve Bank of New Zealand paused at its recent meeting after the country tightened up movement restrictions on Tuesday. We expect the Bank of Korea to possibly take cue from the RBNZ and leave rates unchanged too.

## Asia Economic Calendar

| Country                    | Time | Data/event                           | ING       | Survey | Prev.     |
|----------------------------|------|--------------------------------------|-----------|--------|-----------|
| <b>Sunday 22 August</b>    |      |                                      |           |        |           |
| Australia                  | 0000 | Aug Manufacturing PMI Flash          | 55.8      |        | 56.9      |
|                            | 0000 | Aug Services PMI Flash               | 40.8      |        | 44.2      |
|                            | 0000 | Aug Composite PMI Flash              | 42.0      |        | 45.2      |
| <b>Monday 23 August</b>    |      |                                      |           |        |           |
| Philippines                |      | - Jul Budget Balance                 | -86.2     |        | -149.9    |
| Singapore                  | 0600 | Jul Core CPI (YoY%)                  | 0.7       |        | 0.6       |
|                            | 0600 | Jul CPI (YoY%)                       | 2.2       |        | 2.4       |
| Taiwan                     | 0900 | Jul Industrial Output (YoY%)         | 19.9      |        | 18.4      |
|                            | 0900 | Jul Unemployment rate (%)            | 4.78      |        | 4.8       |
| Thailand                   | 0800 | Jul Manufacturing Prod (YoY%)        | 11.0      |        | 17.6      |
| South Korea                | 2200 | Aug BoK Consumer Sentiment Index     | 102.3     |        | 103.2     |
| <b>Tuesday 24 August</b>   |      |                                      |           |        |           |
| Taiwan                     | 0920 | Jul Money Supply - M2 (YoY%)         | 9.25      |        | 9.2       |
| Thailand                   | 0430 | Jul Exports (YoY%)                   | 21.0      |        | 43.8      |
|                            | 0430 | Jul Imports (YoY%)                   | 43.0      |        | 53.8      |
|                            | 0430 | Jul Trade balance (US\$m)            | 775.0     |        | 945.0     |
| South Korea                | 2200 | Sep BOK Manufacturing BSI            | 90.0      |        | 92.0      |
| <b>Wednesday 25 August</b> |      |                                      |           |        |           |
| Malaysia                   | 0500 | Jul CPI (YoY%)                       | 2.9       |        | 3.4       |
| <b>Thursday 26 August</b>  |      |                                      |           |        |           |
| Japan                      | 0030 | Aug CPI, Overall Tokyo               | -         |        | -0.1      |
| Singapore                  | 0600 | Jul Manufacturing Output (MoM%/YoY%) | -1.6/15.8 |        | -3.0/27.5 |
| South Korea                | 0200 | Aug Bank of Korea Base Rate          | 0.5       |        | 0.5       |
| <b>Friday 27 August</b>    |      |                                      |           |        |           |
| China                      | 0230 | Jul Industrial Profit (YoY%)         | 22.4      |        | 20.0      |
| Malaysia                   | 0500 | Jul Trade Balance (MYR m)            | 19.9      |        | 22.2      |
|                            | 0500 | Jul Exports (YoY%)                   | 8.0       |        | 27.2      |
|                            | 0500 | Jul Imports (YoY%)                   | 19.0      |        | 32.1      |

Source: Refinitiv, ING, \*GMT

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## Key events in EMEA next week

Look out for GDP figures in Russia, Croatia, and Mexico, as well as an interest rate announcement in Hungary



Source: Shutterstock

## EMEA Economic Calendar

| Country                    | Time | Data/event                          | ING | Survey | Prev.    |
|----------------------------|------|-------------------------------------|-----|--------|----------|
| <b>Monday 23 August</b>    |      |                                     |     |        |          |
| Russia                     | -    | Jul GDP (YoY%) Monthly              | -   |        | 8.5      |
| Poland                     | 1300 | Jul M3 Money Supply (YoY%)          | -   |        | 7.4      |
| Mexico                     | 1200 | Jun Retail Sales (MoM%/YoY%)        | -   |        | 0.6/29.7 |
| <b>Tuesday 24 August</b>   |      |                                     |     |        |          |
| Poland                     | 0900 | Jul Unemployment Rate               | -   | 5.8    | 5.9      |
|                            |      | - Aug NBP Base Rate                 | -   |        | 0.1      |
| Hungary                    | 1300 | Aug Hungary Base Rate               | -   |        | 1.2      |
|                            | 1300 | Aug O/N Deposit Rate                | -   |        | 0.25     |
| Mexico                     | 1200 | Aug 1st Half-Month Core Infl (MoM%) | -   |        | 0.31     |
| <b>Wednesday 25 August</b> |      |                                     |     |        |          |
| Russia                     | 1700 | Jul Industrial Output               | 7.6 | 8.2    | 10.4     |
| Brazil                     | 1100 | Jul Current Account                 | -   |        | 2.8      |
|                            | 1100 | Jul Foreign Direct Investm't        | -   |        | 0.17     |
|                            | 1300 | Aug IPCA-15 Mid-Month CPI (YoY%)    | -   |        | 8.59     |
| Mexico                     | 1200 | Jun IGAE Econ Activity (YoY%)       | -   |        | 25.1     |
|                            | 1300 | Q2 GDP (QoQ%/YoY%) Final            | -   |        | 1.5/19.7 |
| <b>Thursday 26 August</b>  |      |                                     |     |        |          |
| South Africa               | 1030 | Jul PPI (MoM%/YoY%)                 | -/- |        | 0.8/7.7  |
| Mexico                     | 1200 | Jul Jobless Rate                    | -   |        | 4.0      |
| <b>Friday 27 August</b>    |      |                                     |     |        |          |
| Hungary                    | 0800 | Jul Unemployment Rate 3M            | -   |        | 4.1      |
| Croatia                    | 1000 | Q2 GDP (YoY%)                       | -   |        | -0.7     |
| Mexico                     | 1200 | Jul Trade Balance                   | -   |        | -0.64    |

Source: Refinitiv, ING, \*GMT

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