

## 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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Trade tensions to remain high in the US while the ECB will be focusing on Eurozone inflation and German IFOs. But what else is going on in developed...

By James Knightley, Carsten Brzeski and Bert Colijn



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### Strong US consumer confidence but trade tensions remain high

Trade tensions remain high with President Trump threatening another round of tariffs on Chinese products imported into the US. China is not backing down, leading to growing worries about an intensifying situation that threatens global growth. Home builders are already warning about the higher costs from tariffs on lumber and other materials, and we suspect more industries will soon be vocalising their fears about the risks from a trade war. At this stage, we seem a considerable distance from an agreement that can calm market nerves.

The data calendar remains light with the main focus being housing data and consumer confidence. For now, demand and sentiment remain strong, boosted by record employment levels and growing signs of wage pressures. We will also be looking out for comments from Federal Reserve officials. The latest Fed forecasts suggest a growing appetite for two further rate rises this year, which we also expect will happen.



## The ECB to watch Eurozone inflation and German IFOs

The Eurozone inflation numbers will be eagerly watched next week. While headline inflation will remain high thanks to oil price and base effects, core inflation developments will be key for the ECB to stay on course for its suggested path towards the end of quantitative easing.

After the announcement of dovish tapering on the back of a still positive macro assessment, next week's German data will get close attention from the ECB. Ideally, a rebound in the Ifo with headline inflation above 2% for the second month in a row would be the best outcome for the ECB and strongest support for last week's decision.

However, any disappointment, be it a weaker Ifo or falling inflation data, could clearly lead to doubts about the ECB's determination to really push through with the anticipated dovish tapering.

## Developed Markets Economic Calendar

| Country                  | Time | Data/event  | ING     | Survey  | Prev.   |
|--------------------------|------|---|---------|---------|---------|
| <b>Friday 22 June</b>    |      |   |         |         |         |
| Japan                    | 0030 | May National CPI (YoY%)   | -       | 0.6     | 0.6     |
|                          | 0530 | Apr All industry activity index (MoM%)                                      | -       | 0.9     | 0       |
| Eurozone                 | 0900 | Jun P Markit Manufacturing PMI  | 55.7    | 55      | 55.5    |
|                          | 0900 | Jun P Markit Services PMI   | 54.1    | 53.8    | 53.8    |
|                          | 0900 | Jun P Markit Composite PMI  | 54.4    | 53.9    | 54.1    |
| Canada                   | 1330 | May CPI (MoM/YoY%)  | -/-     | 0.4/2.5 | 0.3/2.2 |
| Netherlands              | 0530 | 1Q F GDP (QoQ%)   | 0.5     | 0.5     | 0.5     |
| Portugal                 | 1100 | Portugal Reports First-Quarter GDP by Institutional Sector                  |         |         |         |
| Global                   | -    | OPEC Ministers and Partners Meet in Vienna to Discuss Outputs (until 23/06) |         |         |         |
| <b>Monday 25 June</b>    |      |   |         |         |         |
| US                       | 1330 | May New Home Sales (MoM%)   | -       | 1.2     | -1.5    |
| Japan                    | 0600 | Apr F Leading economic index  | -       | -       | 105.6   |
|                          | 0050 | BOJ Summary of Opinions   |         |         |         |
| Eurozone                 | 0930 | ECB's Nowotny Presents Conclusions of IMF Report on Austria                 |         |         |         |
| Germany                  | 0900 | Jun IFO Business Climate  | 102.4   | -       | 102.2   |
|                          | 0900 | Jun IFO Expectations  | 98.7    | -       | 98.5    |
|                          | 0900 | Jun IFO Current Assessment  | 106.2   | -       | 106     |
| <b>Tuesday 26 June</b>   |      |   |         |         |         |
| US                       | 1500 | Jun Consumer Confidence   | 127     | 127.2   | 128     |
|                          | 1800 | Fed's Bostic Speaks in Birmingham, Alabama                                  |         |         |         |
|                          | 1845 | Fed's Kaplan Speaks in Houston  |         |         |         |
| Eurozone                 | 0900 | ECB's Hansson Speaks on Outlook for Euro Area and Estonia                   |         |         |         |
| Portugal                 | -    | Portugal Releases Year-to-Date Budget Report                                |         |         |         |
| <b>Wednesday 27 June</b> |      |   |         |         |         |
| US                       | 1330 | May P Durable Goods Orders (MoM%)   | -0.5    | -0.7    | -1.6    |
|                          | 1330 | May P Durable Goods Orders (ex. Trans, MoM%)                                | 0.4     | 0.5     | 0.9     |
|                          | 1330 | May Pending Home Sales (MoM%)   | -       | 1       | -1.3    |
|                          | 1715 | Fed's Rosengren Speaks on Ethics and Economics                              |         |         |         |
| Eurozone                 | 0900 | May M3 Money Supply (YoY%)  | 3.9     | -       | 3.9     |
|                          | -    | ECB's Peter Praet talking to Dutch parliament                               |         |         |         |
| UK                       | 0930 | BOE's Carney Speaks About Financial Stability Report                        |         |         |         |
| Canada                   | 2000 | Bank of Canada Governor Stephen Poloz Gives Speech in Victoria              |         |         |         |
| New Zealand              | 2200 | RBNZ OCR decision   |         |         |         |
| Norway                   | 0700 | Apr Unemployment rate (AKU, %)  | -       | -       | 3.9     |
| <b>Thursday 28 June</b>  |      |   |         |         |         |
| US                       | 1330 | 1Q T GDP (QoQ Annualised %)   | 2.2     | 2.2     | 2.2     |
| Japan                    | 0050 | May P Retail trade (MoM/YoY%)   | -/-     | -/-     | 1.3/1.5 |
| Eurozone                 | 0900 | ECB Publishes Economic Bulletin   |         |         |         |
| Germany                  | 1300 | Jun P CPI (MoM/YoY%)  | 0.0/2.0 | -/-     | 0.5/2.2 |
| Italy                    | 1000 | Jun P HICP (YoY%)   | -       | -       | 1       |
|                          | 0930 | Bank of Italy to Release 1Q Credit Conditions and Risk                      |         |         |         |
| Spain                    | 0800 | Jun P HICP (MoM/YoY%)   | -/-     | -/-     | 0.9/2.1 |
| Sweden                   | 0830 | May Retail Sales (MoM/YoY%)   | -/-     | -/-     | 0.6/3.6 |
| <b>Friday 29 June</b>    |      |   |         |         |         |
| US                       | 1500 | Jun F U. of Mich. Sentiment Index   | 99.3    | -       | 99.3    |
| Japan                    | 0050 | May P Industrial production - Prel (MoM/YoY%)                               | -/-     | -/-     | 0.5/2.6 |
|                          | 0600 | Jun Consumer confidence index   | -       | -       | 43.8    |
| Eurozone                 | 1000 | Jun A Core CPI (YoY%)   | 1.1     | -       | 1.1     |
|                          | 1000 | Jun Flash CPI (YoY%)  | 2       | -       | 1.9     |
| Germany                  | 0855 | Jun Unemployment Change (000's)   | -       | -       | -12     |
|                          | 0855 | Jun Unemployment Rate (%)   | 5.1     | -       | 5.2     |
| UK                       | 0930 | 1Q F GDP (QoQ/YoY%)   | 0.1/1.2 | -/-     | 0.1/1.2 |
| Canada                   | 1330 | Apr GDP (MoM/YoY%)  | -/-     | -/-     | 0.3/2.9 |
| Norway                   | 0900 | Jun Unemployment (registered, %)  | -       | -       | 2.2     |

Source: ING, Bloomberg

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## Authors

### **James Knightley**

Chief International Economist, US

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

### **Carsten Brzeski**

Global Head of Macro

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

### **Bert Colijn**

Chief Economist, Netherlands

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

# Key events in EMEA and Latam next week

Expect a fair bit of data in EMEA and Latam next week but our main focus will be the Czech central bank



Source: Shutterstock

## ✓ Czech central bank to hike

Due to a significantly weaker Czech koruna and pro-inflationary risks stemming from strong wage dynamics, we expect the Czech National bank (CNB) to deliver a 25bp hike next week.

The CNB had expected EUR/CZK to be at 25.2 on average in 2Q18; however, in reality, it looks as if it will be 25.6 which means the koruna is more than 1.5% weaker versus the euro. Assuming the Bank's rule of thumb, that 1% Czech koruna appreciation is equal to a 25bp hike, then one-and-a-half to two interest rate hikes seem to be missing at the end of June.

Given its transparent forward guidance to tighten monetary conditions, the weak koruna allows the central bank to deliver a much-needed hike.

The ECB's decision to provide forward guidance on stable deposit rates until summer 2019 is not a game changer for the CNB. The sensitivity of the koruna to rising interest rate differentials has significantly declined due to the one-way positioning after the end of the FX-floor regime, enabling the CNB to make its monetary decision much more independently of the ECB.

## ✓ Attention on Polish VAT revenues

We expect the central government budget surplus to remain solid in May at approximately PLN 7

billion. The VAT revenues should get a fair bit of attention as the previous month presented only a moderate annual increase.

## EMEA and Latam Economic Calendar

| Country                  | Time | Data/event                           | ING     | Survey | Prev.    |
|--------------------------|------|--------------------------------------|---------|--------|----------|
| <b>Sunday 24 June</b>    |      |                                      |         |        |          |
| Hungary                  | 2300 | Jun Economic Sentiment               | 7.9     | -      | 8.3      |
|                          | 2300 | Jun Business Confidence              | 13.5    | -      | 13.8     |
|                          | 2300 | Jun Consumer Confidence              | -8      | -      | -7.5     |
| <b>Monday 25 June</b>    |      |                                      |         |        |          |
| Turkey                   | 1230 | Jun Real Sector Confidence Index SA  | -       | -      | 106.7    |
|                          | 1230 | Jun Industrial Confidence            | -       | -      | 109.9    |
|                          | 1230 | Jun Capacity Utilization (%)         | -       | -      | 77.9     |
| Poland                   | 0900 | May Unemployment Rate (%)            | 6.1     | -      | 6.3      |
| Czech Rep                | 0800 | Jun Consumer & Business Confidence   | -       | -      | 14.7     |
| Serbia                   | 1100 | Apr Real Wages (YoY%)                | -       | -      | 1.5      |
| Brazil                   | 1430 | May C/A Balance (\$mn)               | -       | -      | 620      |
| Mexico                   | 1400 | Apr Retail Sales (YoY%)              | -       | -      | 1.2      |
| <b>Tuesday 26 June</b>   |      |                                      |         |        |          |
| South Africa             | 0800 | Apr Leading Indicator                | -       | -      | 107.4    |
| Brazil                   | 1200 | COPOM Meeting Minutes                | -       | -      | -        |
| Mexico                   | 1400 | May Unemployment Rate SA (%)         | -       | -      | 3.36     |
| <b>Wednesday 27 June</b> |      |                                      |         |        |          |
| Czech Rep                | 1200 | Repo Rate                            | 1       | -      | 0.75     |
| Croatia                  | 1000 | Apr Real Wages (YoY%)                | -       | -      | 3.3      |
| <b>Thursday 28 June</b>  |      |                                      |         |        |          |
| South Africa             | 1030 | May PPI (MoM/YoY%)                   | -/-     | -/-    | 1/4.4    |
| Israel                   | 1100 | May Monthly Unemployment Rate (%)    | -       | -      | 3.9      |
| Brazil                   | 1200 | Central Bank 2 Inflation Report      | -       | -      | -        |
| <b>Friday 29 June</b>    |      |                                      |         |        |          |
| Russia                   | 1400 | 1Q F C/A (US\$m)                     | -       | -      | 28800    |
| Turkey                   | 0800 | May Trade Balance (US\$m)            | -7.7    | -      | -6.69    |
|                          | 0900 | May Foreign Tourist Arrivals (YoY%)  | -       | -      | 28.3     |
| Czech Rep                | 0800 | 1Q F GDP (QoQ/YoY%)                  | -/-     | -/-    | 0.4/4.4  |
| Hungary                  | 0800 | May PPI (MoM/YoY%)                   | 0.2/3.4 | -/-    | -0.3/2.7 |
| Kazakhstan               | -    | 1Q C/A (US\$m)                       | -       | -      | -95      |
|                          | -    | 1Q F GDP YTD YoY                     | -       | -      | 4.1      |
| Serbia                   | 1100 | May Industrial Production (YoY%)     | -       | -      | 3.1      |
|                          | 1100 | May Trade Balance (€m)               | -       | -      | -452.4   |
|                          | 1100 | May Retail Sales (YoY%)              | -       | -      | 5.1      |
| Croatia                  | 1000 | May Industrial Production (SA, YoY%) | -       | -      | -1.3     |
|                          | -    | 1Q C/A balance                       | -       | -      | -674.2   |
|                          | -    | May M1 Money Supply (HRKmn)          | -       | -      | 101972   |
| South Africa             | 0700 | May M3 Money Supply (YoY%)           | -       | -      | 6.39     |
|                          | 0700 | May Private Sector Credit (YoY%)     | -       | -      | 5.07     |
|                          | 1300 | May Trade Balance (ZARbn)            | -       | -      | 1.14     |
|                          | 1300 | May National Budget Balance (ZARbn)  | -       | -      | -43.71   |
| Brazil                   | 1300 | May Unemployment Rate (%)            | -       | -      | 12.9     |

Source: ING, Bloomberg

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## Asia week ahead: Spotlight on Indonesia's central bank

Expect Indonesia's central bank to hike rates by another 25bp to stem the rupiah's weakness. The other highlights include manufacturing releases...



# 5%

ING forecast of BI policy rate

Up by 25 basis points

### ➔ Bank Indonesia to tighten policy ... again

Bank Indonesia's monetary policy meeting is the key highlight of the week ahead.

Financial stability will be the main focus of the meeting as an escalation of global trade tensions keep domestic financial assets and the rupiah (IDR) under a weakening pressure. Following its Philippine counterpart, BI moved to tighten policy in May and raised interest rates by a total 50bp, two 25bp moves taking the main policy rate to 4.75%. Alas, the hikes did little to stem the



currency weakness in both countries. Philippine's central bank raised rates by another 25bp this week, and we expect Bank Indonesia to follow suit next week.

On a positive note, however, Indonesia's trade data for May due next week is likely to show a swing in the trade balance to surplus from a deficit. A swing to about \$1bn surplus in May from \$1.6bn deficit in the previous month is what we anticipate, should bring some life into the currency.

**52.3** China manufacturing PMI  
ING forecast

### ➔ Trade tension weighs on China's manufacturing

The soft data on China manufacturing PMI for June may not capture the impact of trade war just yet. At least that's what appears from our house forecast of a rise in PMI to 52.3 in June from 51.9 in May. However, we aren't ruling out a downside risk.

The manufacturing PMI has been bouncing around 51 over the past two years, the level associated with about 6% year on year industrial production growth. Any dent in trading from tariffs will also dent manufacturing.

The good news is that China has started pre-emptive [measures to cushion potential trade war impact](#).

### ➔ So far so good, exports still supporting manufacturing elsewhere

The industrial production releases for May from Korea, Singapore, Taiwan, and Thailand should benefit from firmer exports from these countries. Apart from Thailand, the growth of exports from other economies reporting industrial production data accelerated in May, led by firmer electronics exports.

Industrial production growth closely tracks real GDP growth in most Asian economies, and the combined April-May data will offer a good insight into GDP growth in the current quarter.

## Asia Economic Calendar

| Country                  | Time | Data/event                                 | ING      | Survey | Prev.   |
|--------------------------|------|--|----------|--------|---------|
| <b>Monday 25 June</b>    |      |  |          |        |         |
| Indonesia                | 0500 | May Imports (YoY%)                         | 11.4     | -      | 34.68   |
|                          | 0500 | May Exports (YoY%)                         | 14.5     | -      | 9.01    |
|                          | 0500 | May Trade balance (US\$m)                  | 1034     | -      | -1629.3 |
| Philippines              | -    | May Budget balance (PHP bn)                | -        | -      | 46.3    |
| Singapore                | 0600 | May CPI (YoY%)                             | 0.3      | -      | 0.1     |
|                          | 0600 | May CPI core (YoY%)                        | 1.5      | -      | 1.3     |
| Taiwan                   | 0900 | May Industrial production (YoY%)           | 6.5      | 5.8    | 8.53    |
|                          | 0920 | May Money supply (M2) (YoY%)               | 3.1      | -      | 3.59    |
| South Korea              | 2200 | Jun BOK Consumer Sentiment Index           | -        | -      | 107.9   |
| <b>Tuesday 26 June</b>   |      |  |          |        |         |
| Hong Kong                | 0930 | May Exports (YoY%)                         | 8.5      | -      | 8.1     |
|                          | 0930 | May Imports (YoY%)                         | 11.3     | -      | 11.1    |
|                          | 0930 | May Trade balance (HK\$ bn)                | -48.2    | -      | -46.9   |
| Singapore                | 0600 | May Industrial production (MoM/YoY%)       | 2.0/13.0 | -/-    | 0.2/9.1 |
| <b>Wednesday 27 June</b> |      |  |          |        |         |
| China                    | 0230 | May Industrial profits (YTD, YoY%)         | 17       | -      | 21.9    |
| <b>Thursday 28 June</b>  |      |  |          |        |         |
| Indonesia                | -    | BI policy decision (7-day reverse repo, %) | 5        | -      | 4.75    |
| Thailand                 | -    | May Manufacturing index (YoY%)             | 3.1      | -      | 4       |
| South Korea              | 2200 | Jul BOK Business Survey Index, mfg         | -        | -      | 80      |
|                          | 2200 | Jul BOK Business Survey Index, non-mfg     | -        | -      | 82      |
| <b>Friday 29 June</b>    |      |  |          |        |         |
| India                    | 1200 | May Fiscal deficit (INR crore)             | -        | -      | 151967  |
| South Korea              | 0000 | May Industrial production (MoM/YoY%)       | 2.0/1.9  | -/-    | 3.4/0.9 |
| <b>Saturday 30 June</b>  |      |  |          |        |         |
| China                    | 0900 | Jun Official manufacturing PMI             | 52.3     | -      | 51.9    |
|                          | 0900 | Jun Official non-manufacturing PMI         | 55       | -      | 54.9    |

Source: ING, Bloomberg

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