

Our view on next week's key events

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Source: Shutterstock

✓ US: Recession fears remain elevated

We are rapidly heading towards the 14 December FOMC meeting where a 50bp interest rate hike looks likely after four consecutive 75bp moves. Nonetheless, the Federal Reserve will not be pleased with the recent sharp falls in Treasury yields and the dollar, which are loosening financial conditions and undermining the Fed's efforts to beat inflation down. Consequently, we are likely to see strong messaging in the press conference and the accompanying forecast update that the rate rises are not finished and that the policy rate is set to stay high for a prolonged period of time. Markets are likely to remain sceptical given that recession fears remain elevated. Softening consumer confidence, weaker ISM services and a relatively subdued PPI report are unlikely to do the Fed many favours next week in this regard.

✓ Canada: Favour 50bp however a very close call

In Canada, the highlight will be the central bank policy meeting for which both markets and economists are split down the middle on whether it will be a 25bp or 50bp hike. We favour the latter given a robust 3Q GDP outcome, the tight jobs market and the ongoing elevated inflation readings. But we acknowledge there are signs of softening in the economy. The housing market is looking vulnerable and Canadian households are more exposed to higher rates than elsewhere

due to high borrowing levels so we recognise this is a very close call. We are getting very close to the peak though, which we think will be 4.5% in 1Q 2023.

Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 5 December					
US	1445 Nov	S&P Global/CIPS Composite Final PMI	-		46.3
	1445 Nov	S&P Global/CIPS Services PMI Final	-		46.1
	1500 Oct	Factory Orders (MoM%)	0.7	0.7	0.3
	1500 Nov	ISM N-Manufacturing PMI	54.0	53.7	54.4
Germany	0855 Nov	S&P Global Services PMI	46.4		46.4
	0855 Nov	S&P Global Composite Final PMI	46.4		46.4
France	0850 Nov	S&P Global Composite PMI	-		48.8
UK	0930 Nov	S&P Global/CIPS Services PMI Final	48.8		48.8
	0930 Nov	Composite PMI Final	48.3		48.3
Italy	0845 Nov	Composite PMI	-		45.8
Spain	0815 Nov	Service PMI	-		49.7
Eurozone	0900 Nov	S&P Global Service Final PMI	-		48.6
	0900 Nov	S&P Global Composite Final PMI	-		47.8
	1000 Oct	Retail Sales (MoM%/YoY%)	-/-		0.4/-0.6
Tuesday 6 December					
US	1330 Oct	International Trade (USD bn)	-79.0	-71	-73.3
Germany	0700 Oct	Industrial Orders (MoM%)	0.5		-4
UK	0930 Nov	All-Sector PMI	-		48.7
	0930 Nov	S&P Global/CIPS Consumption PMI	-		53.2
Canada	1330 Oct	Trade Balance (CAD bn)	-		1.14
Wednesday 7 December					
US	2000 Oct	Consumer Credit	28.0	26.5	24.98
Germany	0700 Oct	Industrial Output (MoM%/YoY%)	-1.5/1.5		0.6/2.52
France	0745 Nov	ReServicee Assets Total	-		238277
	0745 Oct	Trade Balance	-		-17.49
Canada	1500 BoC	Rate Decision	4.25	4.13	3.75
Switzerland	0645 Nov	Unemployment Rate Adjusted	-		2.1
Eurozone	1000 Q3	Employment Final (QoQ%/YoY%)	-		0.2/1.7
	1000 Q3	GDP Revised (QoQ%/YoY%)	-/-		0.2/2.1
Thursday 8 December					
US	1330	Initial Jobless Claims	-		225
	1330	Continue Jobless Claims	-		1608
Netherlands	0530 Nov	CPI (MoM%/YoY%) NSA	-		1.1/14.3
Friday 9 December					
US	1330 Nov	PPI (MoM%)	-	0.3	0.2
	1330 Nov	core PPI (MoM%)	-	0.2	0
	1500 Dec	University of Michigan Sentiment Prelim	55.5	56	56.8
	1500 Dec	University of Michigan Conditions Prelim	57.5		58.8
	1500 Dec	University of Michigan Expectations Prelim	54.5		55.6
Norway	0700 Nov	CPI (MoM%/YoY%)	-/-		0.3/7.5
	0700 Nov	Core Inflation (MoM%/YoY%)	-/-		0.3/5.9
Netherlands	0530 Oct	Manufacturing Output (MoM%)	-		0.5
Greece	0900 Nov	CPI (YoY%)	-		9.1
	1000 Oct	Industrial Output (YoY%)	-		-1.1

Source: Refinitiv, ING

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Key events in EMEA next week

Following a lower CPI reading, the Polish Monetary Policy Council officially declared a pause in its hiking cycle. So for next Wednesday, we are expecting...



Source: Shutterstock

✓ Poland: end of the cycle

NBP rate in December (6.75% - unchanged)

The Polish Monetary Policy Council officially declared a pause in its rate hiking though in practice, this is the end of the cycle. With CPI inflation moderating from 17.9% year-on-year in October to 17.4% YoY in November (flash estimate) and GDP growth pointing to weak household spending and fixed investment, the Council is unlikely to tighten further anytime soon. Policymakers will wait for the impact of rate hikes delivered so far and hope that further tightening by central banks in core markets, along with a global economic slowdown, will bring Polish inflation down. However, the National Bank of Poland's target of 2.5% (+/- 1 perc. point.) is not in sight over the medium term.

✓ Turkey: risks are still on the upside

In November, we expect annual inflation to change direction and drop to 84.4% (2.9% on monthly basis) from 85.5% a month ago, as base effects start to kick in. These will become more pronounced in December and early next year. Stability in the currency is another factor for some moderation in the pace of increase lately. However, the risks lie to the upside given the deterioration in pricing behaviour and still prevailing cost-push pressures.

✓ Hungary: year-on-year indices of inflation rise further

October economic activity data is due next week in Hungary. We expect the retail sector to post a slowdown in sales volume, as household purchasing power is increasingly hit by rising inflation. Business survey indicators, including the PMI, suggest that we might also see a temporary slowdown in industrial production in October, after a surprisingly strong September. The next big thing however is the November inflation print. We see food prices rising further as domestic producer prices are skyrocketing in the food industry (close to 50% YoY). Still, the strengthening of the forint may ease some pressure on imported inflation, and as aggregate demand retreats, inflation in services could also slow down. In all, we see the month-on-month headline inflation rate at around 1.8% and core inflation at 1.7%. But these rates are still higher than last year's figures from the same month, thus the year-on-year indices are going to rise further, with the headline and core rates surpassing 22% and 23%, respectively. When it comes to the budgetary situation, unlike in the previous two months, we see a monthly deficit. This is fuelled by the extra pension adjustment by law due to high inflation. This payment triggered a significant outflow of cash in November, pushing the monthly budget balance into negative territory despite rising revenues from high inflation and windfall taxes, in our view.

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 5 December					
Russia	0600	Nov S&P Global Services PMI	-		43.7
Turkey	0700	Nov CPI (MoM%/YoY%)	2.9/84.4		3.5/85.5
Czech Rep	0800	Q3 Gross wages (YoY%)	-		-9.8
Hungary	0800	Oct Retail Sales (YoY%)	2.2		3
Romania	1300	Mon Policy Rate	-		6.75
Kazakhstan	0900	Dec Base Interest Rate	16.5	14.75	16
South Africa	0715	Nov Std Bank Whole Econ PMI	-		49.5
Brazil	1300	Nov S&P Global Services PMI	-		54
	1300	Nov S&P Global Composite PMI	-		53.4
Tuesday 6 December					
Czech Rep	0800	Oct Retail Sales (YoY%)	-		-5.6
South Africa	0930	Q3 GDP (YoY%)	-		0.2
Wednesday 7 December					
Poland	-	Dec NBP Base Rate	6.75		6.75
Czech Rep	0800	Oct Industrial Output (YoY%)	-		8.3
	0800	Oct Trade Balance	-		-13.9
Hungary	0800	Oct Industrial Output (YoY%)	10.1		11.3
Brazil	2100	Selic Interest Rate	-		13.75
Thursday 8 December					
Czech Rep	0800	Nov Unemployment Rate	-		3.5
Hungary	0800	Nov Core CPI (YoY%)	23.3		22.3
	0800	Nov CPI (YoY%)	22.4		21.1
	0800	Nov CPI (MoM%) NSA	1.8		2.0
	1000	Nov Budget Balance	-150		101.3
Ukraine	1200	Central bank interest rate	-		25
Serbia	1100	Dec Benchmark Interest rate	-		4.5
South Africa	0900	Q3 Current Account	-		-87
Brazil	1200	Oct Retail sales (MoM%/YoY%)	-/-		1.1/3.2
Mexico	1200	Nov Headline Inflation	-		0.57
	1200	Nov Core inflation	-		0.63
Friday 9 December					
Russia	1600	Nov CPI (MoM%/YoY%)	0.4/12.0		0.2/12.6
Ukraine	-	Nov CPI (MoM%/YoY%)	-/-		2.5/26.6
Brazil	-	Nov IPCA Inflation Index (MoM%/YoY%)	-/-		0.59/6.47

Source: Refinitiv, ING

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Asia week ahead: Slowing global trade likely weighing on Asia's export momentum

Global trade may be slowing and it's hitting both China and Taiwan's export sectors



Source: Shutterstock

Slowing global trade weighing on China and Taiwan

Export data for China and Taiwan should show a deeper yearly contraction, which reflects high inflation in the US and Europe. As domestic demand and export demand have been weak, PPI in China continues to shrink year-on-year, with CPI stabilising just slightly above 2%.

Singapore retail sales supported by tourist arrivals?

Singapore retail sales will be out next week. We had expected a slowdown in retail sales due to elevated inflation, but retail sales managed to hold relatively firm, possibly supported by the influx of foreign visitors. We expect October retail sales to remain in expansion although the pace of growth may slow somewhat as higher prices finally bite.

Philippine inflation could hit 8%

Meanwhile, Philippine inflation is scheduled for release on 6 December. Headline inflation could hit 8.2%YoY, driven largely by higher food prices resulting from extensive crop damage due to typhoons. Bangko Sentral ng Pilipinas is likely to retain its hawkish bias to close out the year although governor Felipe Medalla has recently hinted that a pause may be in the cards as early as the first quarter of 2023.

Other data releases next week

Japan's third-quarter GDP reading will be out next week but we expect no change from its initial forecast. We expect the -0.3% quarter-on-quarter seasonally-adjusted preliminary forecast to hold.

Australia also releases GDP data for 3Q22, this time an initial forecast. We think it will slow a little from the 0.9%QoQ growth rate shown in 2Q22, but is likely to come in at around 0.7%QoQ, which still represents a very decent rate of growth.

A little before the GDP release, the Reserve Bank of Australia meets to decide on monetary policy. We have decided that the central bank is no longer particularly concerned with the flow of data, and will hike rates another 25bp despite recent softer-than-expected inflation.

And Reserve Bank of India also meets next week. Inflation remains higher than it would like but is showing some signs of peaking, while rates have already been raised a lot. It is not inconceivable that it will hike by only 25bp, less than the 35bp expected by the market.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 5 December					
Japan	0030	Nov Services PMI	-		50
	2330	Oct All Household Spending (MoM%/YoY%)	-		1.8/2.3
China	0145	Nov Caixin Services PMI	48.4		48.4
India	0500	Nov IHS Markit Services PMI	-		55.1
Singapore	0500	Oct Retail Sales (MoM%/YoY%)	1.5/8.4		3.3/11.2
Taiwan	0820	Nov Foreign Exchange Reserve	-		542.792
Tuesday 6 December					
Australia	0030	Q3 Current Account Balance SA	-		18.3
	0330	Dec RBA Cash Rate	-		2.85
Philippines	0100	Nov CPI (MoM%/YoY%)	1.1/8.2		0.9/7.7
	0100	Nov Core CPI (YoY%)	6		5.9
Taiwan	0800	Nov CPI/WPI (YoY% NSA)	2.60/12.2		2.72/11.1
Wednesday 7 December					
Japan	2350	Q3 GDP Revised (QoQ% ann)	-		-1.2
	2350	Q3 GDP Revised (QoQ%)	-		-0.3
Australia	0030	Q3 Real GDP (QoQ%/YoY%)	-/-		0.9/3.6
China	-	Nov FX Reserves (Monthly)	3.089		3.052
	0300	Nov Imports/Exports	-21.7/-14.3		-0.7/-0.3
	0300	Nov Trade Balance	80.2		85.15
India	0430	Repo Rate	-		5.9
	0430	Reverse Repo Rate	-		3.35
	0430	Cash Reserve Ratio	-		4.5
Indonesia	0400	Nov Forex Reserves	129		130.2
Philippines	-	Nov Forex Reserves (USD bn)	92.5		94.1
Singapore	0900	Nov Foreign Reserves (USD bn)	282		282.3
Taiwan	0800	Nov Imports/Exports	-16.8/0.67		8.2/-0.5
	0800	Nov Trade Balance	-0.02		2.99
Thursday 8 December					
Japan	2350	Nov M2 Money Supply (YoY%)	-		12095971
Australia	0030	Oct Trade Balance (AUD bn)	-		12444
Indonesia	0300	Nov Consumer Confidence Index	-		120.3
South Korea	2300	Oct Current Account Balance NSA (USD bn)	-		1.61
Friday 9 December					
China	0130	Nov CPI/PPI (YoY%)	2.2/-1.3		2.1/-1.3
Indonesia	1000	Oct Retail Sales Index (YoY)	-		4.6

Source: Refinitiv, ING

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