

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



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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