

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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✓ US: fiscal support talks, FED likely to stay on hold and 4Q GDP

Joe Biden will be keen to build momentum behind his \$1.9tn fiscal support package for the US economy, but given many in the Republican party have re-discovered fiscal conservatism it may not be straightforward. Democrats will need to work with moderate Republicans to get past the Senate filibuster that require 60 Senators putting the proposals to a vote. This is obviously possible, but if it isn't, there is a work-around via the budget reconciliation process. This allow a simple majority to adopt certain bills addressing entitlement spending and revenue provisions, thereby prohibiting a filibuster. However, it is not available for all of the package, including the money for local and state governments. This implies some compromises will end up being made.

We also have a Federal Reserve policy meeting, but no changes are expected. The recent pick-up in market inflation expectations and bond yields is likely going to have to be addressed in the Q&A session that follows. We suspect the Fed will retain the line that there are still economic risks and significant spare capacity in the economy that will help to keep inflation contained while they are likely to dismiss talk of a near-term tapering of their \$80bn of Treasury purchases and \$40bn of MBS purchases every month for similar reasons.

Data-wise the highlight will be 4Q GDP growth. Expectations have been lowered marginally on the back of weaker consumer spending numbers and falling employment in December, but we should

still expect a 4%+ growth figure. We are more worried about Q1 given the loss of economic momentum following the latest Covid spikes and the reintroduction of containment measures in many areas. Nonetheless, with vaccinations getting underway and household savings levels at record highs there are clear reasons for optimism regarding 2Q21.

UK jobs numbers to show impact of original furlough deadline

The UK's furlough scheme was originally due to expire last October, to be replaced by a condition that staff were brought back on a part-time basis to be able to continue receiving some state wage subsidies. While that ultimately didn't happen – and the original scheme was extended until this April – redundancies increased ahead of that original deadline as firms hard-hit by the pandemic prepared to reduce headcount.

Next week's job figures will give us a more complete picture of how this increased unemployment. There's some evidence firms began taking action weeks before the changes – redundancies peaked in September, and weekly data shows the jobless rate had correspondingly climbed by around 1 percentage-point to 5.5% in late October. It is likely this will have pushed towards 6% in November (though remember the headline figure we get is a three month average).

Will it rise further in 2021? Quite possibly, though a lot depends on how/when the furlough scheme is unwound. If this happens before the hardest hit sectors are reopened, then we could see the unemployment rate rise towards 7-8%

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 25 January					
Germany	0900	Jan Ifo Business Climate New	91.0		92.1
	0900	Jan Ifo Curr Conditions New	90.0		91.3
	0900	Jan Ifo Expectations New	92.5		92.8
Eurozone	1000	Jan Business Climate	-		-0.41
	1000	Jan Economic Sentiment	85.0		90.4
	1000	Jan Consumer Confidence Final	-17.0		
Tuesday 26 January					
US	1400	Nov CaseShiller 20 (MoM/YoY%)	0.5/8.1	0.7	1.6/7.9
	1500	Jan Consumer Confidence	88.0	89.0	88.6
UK	0700	Nov ILO Unemployment Rate	5.3		4.9
Wednesday 27 January					
US	1330	Dec Durable Goods	1.4	1.0	1.0
	1330	Dec Durables Ex-Transport	0.6	0.5	0.4
	1900	Fed Funds Target Rate	0.125	0.125	0.125
	1900	Fed Interest On Excess Reserves	0.1	0.1	0.1
Japan	2350	Dec Retail Sales (YoY%)	-1.5		0.7
Germany	0700	Feb GfK Consumer Sentiment	-7.9		-7.3
France	0745	Jan Consumer Confidence	-		95.0
Australia	0030	Q4 CPI (QoQ/YoY%)	0.4/0.5		1.6/0.7
New Zealand	2145	Dec Imports	-		4.95
	2145	Dec Trade Balance	-		252.0
	2145	Dec Exports	-		5.2
Sweden	0830	Dec Trade Balance	-		1.4
Austria	0900	Jan Purchasing Managers Idx	-		53.5
Thursday 28 January					
US	1330	4Q GDP (annualised QoQ%)	4.2	4.8	33.4
	1500	Dec New Home Sales-Units (mn)	0.84	0.877	0.841
Japan	2330	Jan CPI Tokyo Ex fresh food (YoY%)	-		-0.9
	2330	Jan CPI, Overall Tokyo	-		-1.3
	2330	Dec Jobs/Applicants Ratio	-		1.06
	2330	Dec Unemployment Rate	3.0		2.9
	2350	Dec Industrial O/P Prelim (MoM/YoY%) SA	1.0/-4.2		-0.5/-3.9
Germany	1300	Jan CPI Prelim (MoM/YoY%)	0.0/0.1		0.5/-0.3
	1300	Jan HICP Prelim (MoM/YoY%)	0.0/0.2		0.6/-0.7
Italy	0900	Jan Consumer Confidence	-		102.4
Spain	0800	Q4 Unemployment Rate	-		16.26
Canada	1330	Dec Building Permits (MoM%)	-		12.9
Norway	0700	Nov Labour Force Survey	-		5.2
Sweden	0830	Dec Retail Sales (MoM/YoY%)	-/-		0.8/5.7
	0830	Dec Unemployment Rate	-		7.7
Friday 29 January					
US	1330	Dec Personal Income (MoM%)	0.1	0.10	-1.1
	1330	Dec Personal Consump Real (MoM%)	-0.6		-0.4
	1330	Dec Consumption, Adjusted (MoM%)	-0.4	-0.5	-0.4
	1330	Dec Core PCE Price Index (MoM%)	0.2	0.2	0.0
	1445	Jan Chicago PMI	58	58.5	59.5
	1500	Jan U Mich Sentiment Final	79.2		79.2
	1500	Dec Pending Sales Change (MoM%)	-1.2	-1.0	-2.6
Japan	-	Dec Housing Starts (YoY%)	-		-3.7
Germany	0900	Q4 GDP Flash (QoQ/YoY%) SA	0.2/-3.9		8.5/-3.9
France	0630	Dec Consumer Spending (MoM%)	-		-18.9
	0630	Q4 GDP Preliminary (QoQ/YoY%)	-/-		18.7/-3.9
Spain	0800	Jan HICP Flash (YoY%)	-		-0.6
	0800	Dec Retail Sales (YoY%)	-		-4.3
Canada	1330	Nov GDP (MoM%)	0.2		0.4
	1330	Dec Producer Prices (MoM%)	-		-0.6
Australia	0030	Dec Private Sector Credit	-		0.1
	0030	Dec Housing Credit	-		0.3
Switzerland	0800	Jan KOF Indicator	-		104.3
	0800	Dec Official Reserves Assets CHF	-		937024
Eurozone	1000	Dec Money-M3 Annual Grwth	10.2		11.0

Source: ING, Refinitiv

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Key events in EMEA and Latam next week

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Source: Shutterstock

✓ Hungary: NBH continues to wait and see

In Hungary, the highlight of the week will be the National Bank of Hungary's rate setting meeting. We expect the central bank to remain conservative, maintaining its wait-and-see approach, especially considering its elevated inflation forecast for 2021. In all, this meeting should be a non-event when it comes to monetary policy action and forward guidance. Data wise, the labour market figures could shed some light on the knock-on effects of the second wave of Covid-19. We expect the December unemployment rate to jump, but this will hardly impact the three-month average. Due to an expected cut in one-off premiums and bonuses at year-end, we see average wage growth slowing significantly, retreating to a pace last seen around 2016.

EMEALatam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 25 January					
Brazil	1230	Dec Current Account	-		0.202
	1230	Dec Foreign Direct Investm't	-		1.514
Mexico	1200	Nov IGAE Econ Activity (YoY%)	-4.3		-5.3
Hungary	0800	Jan Economic Confidence	-22.0		-19.7
	0800	Jan Business Sentiment	-17.8		-13.1
Tuesday 26 January					
Russia	1600	Dec Industrial Output	-1.5	-3.0	-2.6
Hungary	1300	Jan Hungary Base Rate	0.60		0.60
	1300	Jan O/N Deposit Rate	-0.05		-0.05
Brazil	1200	Jan IPCA-15 Mid-Month CPI	-		1.06
	1200	Jan IPCA-15 Mid-Month CPI (YoY%)	-		4.23
Mexico	1200	Nov Retail Sales (YoY%)	-	-5.8	-7.1
Wednesday 27 January					
Poland	0900	Dec Unemployment Rate	6.3	6.2	6.1
Thursday 28 January					
Russia	1600	Dec Retail Sales (YoY%)	-2.2	-2.5	-3.1
	1600	Dec Unemployment Rate	6.0	6.1	6.1
Hungary	0800	Dec Unemployment Rate 3M	4.4		4.4
South Africa	0930	Dec PPI (MoM/YoY%)	-		0.0/3.0
Brazil	1000	Dec Central Govt Balance	-		-18.24
	1100	Jan IGP-M Inflation Index	-		0.96
Mexico	1200	Dec Trade Balance SA	-		3.75
Friday 29 January					
Turkey	0700	Dec Trade Balance	-		-5.03
Hungary	0800	Nov Average Gross Wages (YoY%)	7.2		8.8
South Africa	0600	Dec M3 Money Supply (YoY%)	-		8.18
	0600	Dec Pvt Sector Credit Ext.	-		3.38
	1200	Dec Trade Bal (Incl. Region)	-		36.72

Source: ING, Refinitiv

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Asia week ahead: Fourth-quarter growth numbers dominate the calendar

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Source: Shutterstock

➔ What to expect from 4Q GDP?

Hong Kong SAR, Korea, Taiwan and the Philippines will release their GDP performance in the final quarter of 2020.

Like China, Taiwan continued to buck the region-wide negative GDP trend in the last quarter of 2020. Not only staying in the positive territory, but growth also gained further traction to our house forecast of 4.2% year-on-year in 4Q from 3.9% in 3Q. Accelerating exports are driving the growth - a trend hinging on how the global semiconductor cycle pans out this year. As of now, it

seems to be in full swing, given the strong electronics exports in December.

Moderating GDP contraction remains the baseline for other Asian countries too with the Philippines continuing to be the region's underperformer

The electronics-led export argument holds good for Korea too, though it may not turn the corner into positive territory as the rapid spread of the virus depressed consumer and business confidence and brought a decade-high unemployment rate of 4.6%.

The low base year effect seems to be the only hope of a little less negative growth in Hong Kong. That said, our house view of steep GDP contraction in 4Q, by -5.0% YoY than -3.5% in 3Q, is probably a reflection of this economy losing its lustre as the world's gateway to China.

Moderating GDP contraction remains the baseline for other Asian countries too with the Philippines continuing to be the region's underperformer with another quarter of double-digit GDP contraction (ING forecast -10.4% YoY in 4Q vs. -11.5% in 3Q). This is because the pandemic weighed down domestic demand and exports failed to catch up despite its high electronics content.

➔ What else to look out for?

Lots of December industrial production releases will help refine GDP estimates for the last quarter, though Korean and Taiwanese data would be of little use as we also get their GDP figures. However, forward-looking indicators like consumer and business sentiment indices from Korea should be of some interest.

We don't see CPI inflation figures from either Singapore or Australia causing any ripples in the markets either

That leaves us looking out for December industrial production from Japan and Thailand where sluggish export recovery sustained the negative spell on manufacturing growth. Singapore also reports industrial production data, which will indicate likely direction of revision to the -3.8% YoY advance 4Q GDP estimate released earlier this month. Also, look out for Singapore's jobs report for the fourth-quarter, which should show an unchanged unemployment rate at 3.6%.

Lastly, we don't see CPI inflation figures from either Singapore or Australia causing any ripples in the markets. Prices continue to be under pressure from weak consumer spending, which together with sluggish growth prospects argue for sustained policy accommodation ahead.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 25 January					
Singapore	0700	Dec Core CPI (YoY%)	-0.1		-0.1
	0700	Dec Consumer Price Index (YoY%)	0.0		-0.1
Taiwan	0800	Dec Industrial Output (YoY%)	4.2		7.8
	0800	Dec Money supply (M2) (%YoY)	7.6		7.6
South Korea	2300	Q4 GDP Growth (QoQ/YoY%) Advance	1.5/-0.9		2.1/-1.1
Tuesday 26 January					
Singapore	0500	Dec Manufacturing Output (MoM/YoY%)	-2.0/13.0		7.2/17.9
Hong Kong	0900	Dec Imports	8.2		5.1
	0900	Dec Exports	10.9		5.6
	0900	Dec Trade balance	-25.0		-25.6
South Korea	2100	Jan BoK Consumer Sentiment Index	95.4		89.8
Wednesday 27 January					
China	0130	Dec Industrial Profit (YoY%)	27.0		15.5
Thailand	0330	Dec Manufacturing Prod (YoY%)	-2.4		0.4
South Korea	2100	Feb BOK Manufacturing BSI	80.0		77.0
	2100	Feb BOK Non-manufacturing BSI	70.0		64.0
Thursday 28 January					
Philippines	0200	Q4 GDP (YoY%)	-10.4		-11.5
Singapore	0230	Q4 Unemployment Rate Prelim SA	3.6		3.6
South Korea	2300	Dec Industrial Output (MoM/YoY%)	-0.5/-2.0		0.3/0.5
Friday 29 January					
Malaysia	0400	Dec Imports	-10.0		-9.0
	0400	Dec Exports	4.0		4.3
	0400	Dec Trade balance	24.7		16.8
Thailand	0730	Dec Current Account	-0.9		-1.5
Taiwan	0800	Q4 GDP (YoY%) Prelim	4.2		3.9
Hong Kong	0830	Dec 4Q20 GDP - advance (YoY%)	-5.0		-3.5

Source: ING, Refinitiv, *GMT

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