

Our view on next week's key events

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Source: Shutterstock

✓ Eurozone: Labour market, still strong?

After slightly better survey data from the Eurozone – although manufacturing PMI did dip below 50, which is yet another growth warning sign, this week will be about inflation and unemployment. With higher oil prices, the question is whether inflation will continue its decline or whether it stabilises around current readings of 1.4%.

Also, we turn towards the question of whether the labour market continued to improve at the start of the year despite the sluggish growth signals? As manufacturing continues to be weak, the strong labour market continues to be the driving force of the economy and therefore labour market data increases in importance.

✓ Possible Article 50 extension as Britain prepares for another Brexit vote?

Two weeks on from the last Brexit vote in mid-February, reports suggest little has changed. The UK has not secured the legal concessions it's after on the Irish backstop, so at the time of writing, it looks like there won't be a repeat 'meaningful vote' on May's deal next week.

Instead, the Prime Minister will update lawmakers on progress, which will be followed by a vote on Wednesday to determine whether MPs are happy with May's current negotiating strategy. The key thing to watch will be the so-called Cooper-Boles amendment, a measure designed to kick-start the process of extending the Article 50 negotiating period beyond 29 March. A similar proposal was rejected by MPs at the end of January, but only by a relatively slim margin. With lawmakers beginning to run out of patience, it has a better chance of succeeding this time and we think there is a fairly high chance now that the Brexit deadline will be pushed back. The question nobody really has the answer to is [how long might an extension last?](#)

Sweden: Growth to remain weak

Next week's Swedish 4Q18 GDP data is likely to show a modest rebound from the surprise negative figure we saw in the third quarter, but the growth trajectory remains firmly on a downward trend. Forward-looking surveys from the NIER due on Wednesday and the manufacturing PMI due on Friday are likely to fall further as the economy slows down at the start of 2019. A combination of a housing slump (damaging domestic demand) and a worsening global environment (hitting exports) means Sweden looks likely to underperform peers in 2019.

Meanwhile, Norway's PMI survey is likely to come in stronger as the Norwegian economy remains robust, and the upswing in oil investment will at least partly offset the global slowdown.

Canada 4Q18 GDP: It ain't pretty

The highlight next week will be Canada's growth results for the fourth quarter of 2018, and the news here isn't good. Low oil prices, weakness in the manufacturing sector and a housing market correction are likely to be some of the more significant factors that will drag on growth and contribute to our 1.4% QoQ (annualised) forecast - down from the 2% we saw back in the third quarter.

That said, this dip is largely anticipated, and we expect certain downside factors - such as low oil prices and poor manufacturing data, to dissipate in the medium-term. By no means will these suspected upsides avoid an economic slowdown this year, but they should help to keep the slowdown mild - not major.

Developed Markets Economic Calendar

Country	Time	Data/event	ING Survey		Prev.
Monday 25 February					
Japan	0500	Dec F Leading Economic Index	-	-	97.9
N Zealand	2330	RBNZ Deputy Governor Bascand Speaks on Bank Capital Review			
Sweden	1715	Riksbank's Ingves Speaks			
Tuesday 26 February					
US	1500	Feb Consumer Confidence	123.0	124.9	120.2
	1500	Fed Chair Powell Testifies Before Senate Banking Panel			
UK	1000	BOE's Carney, Ramsden, Vlieghe, Haskel at Parliament Committee			
Portugal	-	Portugal Releases Year-to-Date Budget Report			
Wednesday 27 February					
US	1500	Fed Chair Powell Delivers Semi-Annual Testimony to House Panel			
Japan	0130	BOJ Kataoka Speaks in Takamatsu			
	2350	Jan P Industrial Production - Prel (MoM/YoY%)	-9.1/-0.7	-/-	-0.1/-1.9
	2350	Jan Retail Trade (MoM, SA/YoY%)	-/1.5	-/-	0.9/1.3
Eurozone	0900	Jan M3 Money Supply (YoY%)	3.8	-	4.1
	1000	Feb Economic Confidence	106.5	-	106.2
UK	-	Parliament Holds Vote on a Motion Related to Latest Brexit Progress			
Canada	1330	Jan CPI (MoM/YoY%)	0.3/1.6	0.2/1.5	-0.1/2.0
N Zealand	2100	N.Z. Government 7-Month Financial Statements			
Norway	0700	Jan Retail Sales Ex. Motor Vehicles, SA (MoM%)	-	-	-1.8
	0700	Dec Unemployment Rate AKU	-	-	3.8
Sweden	0800	Feb Economic Tendency Indicator	100.0	-	101.9
	0830	Jan Household Lending (YoY%)	-	-	5.5
Thursday 28 February					
US	1330	4Q A GDP (QoQ Annualised %)	2.6	2.6	3.4
	1300	Fed's Clarida Remarks at Economic Policy Conference			
	1350	Fed's Bostic Speaks on the Economic and Housing Landscape			
	1600	Fed's Harker Discusses Economic Outlook			
	1800	Fed's Kaplan Speaks in Q&A in San Antonio			
Japan	0130	BOJ Suzuki Speaks in Mito			
Germany	1300	Feb CPI (YoY%)	1.2	-	1.4
Spain	0800	Feb P HICP (MoM/YoY%)	-/-	-/-	-1.7/1.0
Norway	0700	Jan Credit Indicator (YoY%)	-	-	5.4
Sweden	0830	4Q GDP (QoQ%)	0.2	-	-0.2
	0830	Jan Retail Sales Ex. Fuel (MoM/YoY%)	-/-	-/-	-1.4/-1.1
Switzerland	0645	4Q GDP (QoQ/YoY%)	-/-	-/-	-0.2/2.4
Friday 1 March					
US	1330	Core PCE Inflation (YoY%)	1.9	1.9	1.9
	1500	Feb ISM Manufacturing	56.4	56.2	56.6
	1500	Feb F U. of Mich. Sentiment Index	95.5	-	95.5
	1750	Fed's Bostic Remarks at Economic Policy Conference			
Japan	0500	Feb Consumer Confidence Index	41.6	-	41.9
	0500	Jan Unemployment Rate (%)	2.4	-	2.4
Eurozone	1000	Jan Unemployment Rate (%)	7.8	-	7.9
	1000	Feb Flash CPI (YoY%)	1.4	-	1.4
	1000	Feb Flash Core CPI (YoY%)	1.1	-	1.1
Germany	0855	Feb Unemployment Change (000's)	-	-	-2.0
	0855	Feb Unemployment Rate (%)	5.0	-	5.0
UK	0930	Feb Markit/CIPS Manufacturing PMI	52.0	-	52.8
Canada	1330	4Q GDP (Annualised, QoQ%)	1.4	-	2.0
	1330	Dec GDP (MoM/YoY%)	0.1/1.6	-/-	-0.1/1.7
Norway	0800	Feb DNB/NIMA Manufacturing PMI	56.0	-	58.3
	0900	Feb Unemployment Rate	-	-	2.6
Sweden	0730	Feb Swedbank/SILF Manufacturing PMI	50.0	-	51.5

Source: ING, Bloomberg

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Source: Shutterstock

✓ National Bank of Hungary: On hold for one more month

The National Bank of Hungary is expected to leave its policy rate unchanged for another month. We see the central bank waiting for February's inflation data (namely core CPI ex. tax) to overshoot the 3% target before starting monetary policy normalisation, which should be conducted via an adjustment in the FX swaps - providing HUF liquidity - and a hike in the overnight deposit rate.

The central bank might highlight in its press release (once again) that recent developments in the eurozone and the ECB's dovish communication warrants a cautious and gradual approach, but in our opinion, this won't cause a delay in the expected start of normalisation in March.

Other than that, we expect producer prices to increase significantly, which is another signal of inflation strengthening. The statistical office will also release the detailed 4Q18 GDP data, and we expect really strong figures in domestic factors such as consumption and investment activity.

✓ Czech Republic: 4Q growth under scrutiny

The market and the Czech National Bank will scrutinise details of 4Q18 GDP growth, which surprised on the upside in the flash release (2.9. vs 2.3). Industrial production and services were

relatively weak in 4Q18, but some one-off factors are likely, such as strong investment activity by the government.

Moreover, February's manufacturing PMI is likely to remain below the 50-point threshold given the weakness in the German PMI.

Poland: Recovery in manufacturing PMI? Not likely

The second GDP reading for 4Q18 should confirm growth of 4.9% year-on-year. We expect a moderation of both private consumption expenditure and investment. Revisions to the growth structure in 2018 seem likely - the annual reading suggested a neutral net export contribution, while quarterly indicators so far have signalled a negative drag.

The PMI is unlikely to recover further in February. We expect a reading of 48.4. The weak confidence of German manufacturing businesses suggests a significant downward risk to our forecasts.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 24 February					
Israel	-	Jan Leading 'S' Indicator (MoM%)	-	-	0.2
Monday 25 February					
Poland	0900	Jan Unemployment Rate (%)	6.1	-	5.8
Czech Rep	0800	Feb Business Confidence	-	-	15.0
	0800	Feb Consumer & Business Confidence	-	-	13.4
	0800	Feb Consumer Confidence	-	-	6.8
	0800	Jan PPI (Industrial) (MoM/YoY%)	0.0/1.9	-	-1.1/2.4
Hungary	2300	Feb Economic Sentiment	5.9	-	7.1
	2300	Feb Business Confidence	12.5	-	13.9
	2300	Feb Consumer Confidence	-13.0	-	-12.1
Kazakhstan	-	Jan M3 Money Supply (MoM%)	-	-	4.6
Serbia	1100	Jan HPPI (MoM/YoY%)	-/-	-/-	-1.1/0.5
	1100	Dec Real Wages (YoY%)	-	-	4.5
Israel	1100	Jan Monthly Unemployment Rate (%)	-	-	4.3
Brazil	1330	Jan C/A Balance (\$mn)	-5800.0	-	-815.2
Mexico	1400	4Q F GDP (YoY%)	1.8	-	1.8
Tuesday 26 February					
Hungary	1300	Policy Rate (%)	0.9	-	0.9
	1300	Overnight Deposit Rate (%)	-0.15	-	-0.15
Croatia	1000	Dec Real Wages (YoY%)	-	-	-0.3
	1000	Jan PPI (MoM/YoY%)	-/-	-/-	-1.1/0.2
	1000	Jan Unemployment Rate (%)	-	-	9.6
South Africa	0700	Dec Leading Indicator	-	-	105.5
Mexico	1400	Dec Retail Sales (YoY%)	2.8	-	3.4
Wednesday 27 February					
Croatia	1000	4Q P GDP (YoY%)	-	-	2.8
Brazil	1200	Jan Unemployment Rate (%)	11.9	-	11.6
Mexico	1400	Jan Unemployment Rate, SA (%)	3.6	-	3.6
	1800	Mexican Central Bank Releases Inflation Report			
Thursday 28 February					
Turkey	0700	Jan Trade Balance (US\$m)	-2.5	-	-2.7
Poland	0900	4Q F GDP (QoQ/YoY%)	0.5/4.9	-/-	0.5/4.9
Hungary	0800	Jan PPI (MoM/YoY%)	0.6/5.3	-/-	-0.4/4.7
Serbia	1100	Jan Industrial Production (YoY%)	-	-	-6.3
	1100	4Q F GDP (YoY%)	-	-	3.5
	1100	Jan Retail Sales (YoY%)	-	-	3.3
Croatia	-	Jan M1 Money Supply (HRKmn)	-	-	119994.8
South Africa	0600	Jan M3 Money Supply (YoY%)	-	5.7	5.6
	0600	Jan Private Sector Credit (YoY%)	-	5.4	5.1
	0930	Jan PPI (MoM/YoY%)	-/-	-/-	-0.9/5.2
	1200	Jan Trade Balance (ZARbn)	-	-	17.2
	1200	Jan National Budget Balance (ZARbn)	-	-	14.5
Brazil	1200	4Q GDP (QoQ/YoY%)	0.2/1.4	-/-	0.8/1.3
Friday 1 March					
Russia	0600	Feb Markit Manufacturing PMI	-	-	50.9
Turkey	0700	Feb Markit/ISO Manufacturing PMI	-	-	44.2
Poland	0800	Feb Markit Manufacturing PMI	48.4	-	48.2
Czech Rep	0800	4Q P GDP (QoQ/YoY%)	0.9/2.8	-/-	1.0/2.9
	0830	Feb Markit Manufacturing PMI	48.7	-	49.0
	1300	Feb Budget Balance (CZKbn)	-	-	8.8
Hungary	0800	Feb Manufacturing PMI	53.5	-	54.0
	0800	4Q F GDP (QoQ, SWDA/YoY%)	1.1/5.0	-/-	1.1/5.0
Romania	0700	Jan Unemployment Rate, 15 - 74 Yrs Old, SA	-	-	3.8
	-	Feb FX Reserves (€bn, Net)	-	-	35764.8
Kazakhstan	-	Feb CPI (MoM/YoY%)	-/-	-/-	0.5/5.2
	-	Feb PPI (MoM/YoY%)	-/-	-/-	-1.2/9.6
South Africa	0900	Feb Kagiso PMI	-	-	49.9

Source: ING, Bloomberg

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Asia week ahead: Deal, no deal, or extended truce

Two key events that will push everything else into the background next week – the deadline to reach a deal on US-China trade conflict and the second...



Source: Shutterstock

➔ US-China trade truce ends, or it doesn't?

One more week before we wake up to the 1 March deadline that marks the end of the trade truce between the US and China. It's not a hard deadline as President Trump recently suggested before the last round of talks currently taking place in Washington. We think this round of talks is unlikely to be the last round, given the scepticism, and with both sides miles apart - an extension of the truce appears to be the most likely outcome.

I can't tell you exactly about timing. The date is not a magical date because a lot of things are happening. We'll see what happens. - President Trump

For now, markets should take comfort in the fact that both sides are aiming for a deal, have started to outline it, and are working out agreements on the stickier issues. Nothing concrete yet, and we may not see anything until the next Trump-Xi meeting later in March.

Aside from the looming deadlines, the focus will be on China's Purchasing Managers Index data. The Lunar New Year holiday slack imparts downside risk to the consensus of little-changed manufacturing PMI from the January reading of 49.5.

➔ The second Trump-Kim Summit may not be the last either

The second Trump-Kim Summit takes place in Hanoi, Vietnam, on 27-28 February, and this too is unlikely to be the last meeting between the two leaders aiming to end North Korea's nuclear programme. There was little progress after the Singapore summit, with no significant indications by North Korea for complete de-nuclearisation, while President Trump seems to be in no rush to achieve it either as the US sanctions on North Korea continue.

Like the Singapore meeting, we may end up with too much fanfare and not any meaningful advance. However, the news that the North Korean leader is prepared to shut a main nuclear facility is a hopeful sign.

We're in no rush whatsoever, we're going to have our meeting... we'll see what happens and I think ultimately we're going to be very successful. - President Trump

The Trump-Kim summit is likely to overshadow economic news from South Korea where lots of activity data including business confidence and exports, as well as the central bank meeting is scheduled. Latest export data with deepening contraction isn't good news for the Bank of Korea after having hiked the policy rate by 25 basis points in late 2018. Our base case is a stable central bank policy well into 2020.

➔ Things aren't looking too great for Asia's growth numbers

Aside from February manufacturing PMI from the region, January industrial production data will be a guide to GDP growth in the first quarter, as weakening exports weigh down manufacturing and GDP growth.

Meanwhile, Hong Kong and India are the last Asian countries to report fourth-quarter GDP data for 2018, and we expect them to join the majority of regional countries who have posted slower growth. In our view, if India gets 6.6% GDP growth in 4Q18, this won't be great news for Prime

Minister Modi just before the election, though it would validate the central bank's policy rate cut earlier this month.

6.6%

India's GDP growth in 4Q18

ING Forecast

Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
Monday 25 February					
Philippines	-	Dec Budget Balance (PHP bn)	-	-	-39.1
Singapore	0500	Jan CPI (YoY%)	0.4	-	0.5
	0500	Jan CPI Core (YoY%)	1.8	-	1.9
South Korea	2100	Feb BoK Consumer Sentiment Index	97.0	-	97.5
Tuesday 26 February					
Hong Kong	0830	Jan Exports (YoY%)	5.0	-	-5.8
	0830	Jan Imports (YoY%)	-1.0	-	-7.0
	0830	Jan Trade Balance (HK\$ bn)	-10.6	-	-51.2
Singapore	0500	Jan Industrial production (MoM/YoY%)	1.5/-2.4	-/-	-5.6/2.7
Taiwan	0800	Jan Industrial production (YoY%)	-3.0	-	-1.2
	0820	Jan Money Supply (M2) (YoY%)	3.1	-	3.1
South Korea	2100	Mar BoK Business Survey Index, mfg	63.3	-	65.0
	2100	Mar BoK Business Survey Index, non-mfg	69.0	-	70.0
Wednesday 27 February					
Hong Kong	-	FY2019 Budget			
	-	4Q GDP (Q) (QoQ, SA/YoY%)	-/2.2	-/-	0.1/2.9
Thailand	-	Jan Manufacturing Index (YoY%)	1.5	-	0.8
South Korea	2300	Jan Industrial Production (MoM/YoY%)	0.2/-6.4	-/-	-1.4/1.6
Thursday 28 February					
China	0100	Feb Non-manufacturing PMI	54.5	-	54.7
	0100	Feb Manufacturing PMI	49.0	-	49.5
India	1200	4Q GDP (Q) (YoY%)	6.6	-	7.1
	1200	2019 GDP Annual (YoY%)	-	-	7.2
	-	Jan Fiscal Deficit (INR crore)	-	-	-15168.0
South Korea	-	7-Day Repo Rate	1.75	-	1.75
Taiwan	-	Peace Day Holiday			
Thailand	0730	Jan Current Account Balance (US\$bn)	3.7	-	5.0
Friday 1 March					
China	0145	Feb Caixin Manufacturing PMI	48.0	-	48.3
	-	End, or Extension, of Trade Truce with US			
India	0500	Feb Nikkei Manufacturing PMI	53.5	-	53.9
Indonesia	-	Feb CPI (YoY%)	3.0	-	2.8
	-	Feb CPI Core (YoY%)	-	-	3.1
Thailand	0030	Feb Nikkei Manufacturing PMI	49.8	-	50.2
	0400	Feb CPI (YoY%)	0.5	-	0.3
	0400	Feb CPI Core (YoY%)	0.7	-	0.7
Malaysia	0030	Feb Nikkei Manufacturing PMI	47.5	-	47.9
South Korea	0000	Feb Exports (YoY%)	2.9	-	-5.8
	0000	Feb Imports (YoY%)	5.8	-	-1.7
	0000	Feb Trade Balance (US\$mn)	4718.0	-	1294.0
	-	Independence Day Holiday			

Source: ING, Bloomberg, *GMT

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