

Our view on next week's key events

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By Peter Virovacz



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Source: Shutterstock

✓ Hungary: Tiptoeing towards hawkish territory

The National Bank of Hungary is set to make its first hawkish step since 2011. We expect the central bank to start its policy normalisation with a ten basis point increase in the overnight deposit rate and a reduction in FX swaps worth HUF 200-300 billion. Due to the rather gloomy outlook in the global environment, we expect the central bank to emphasise the downside risks to domestic inflation in the monetary policy horizon (five to eight quarters) and highlight its cautious and gradual approach. Elsewhere, we see the 4Q18 current account balance posting a deficit for the first time since 2014.

✓ Poland: March inflation, back on track?

We expect CPI to return back to the National Bank of Poland's target boundaries in March. Our initial forecasts point towards another increase from 1.2% to 1.6-1.7% YoY, due to food and fuel prices. Core inflation should remain stable - close to 1.0% YoY. The Polish statistical office will only provide information - allowing for a more precise estimate - next Monday, after our calendar release.

Czech National Bank: De ja vu?

We could easily copy and paste our Czech National Bank preview from the February meeting. The uncertain global environment remains the main driver for policymakers, pushing the Board towards a more wait-and-see approach. As such, we expect the CNB to stay on hold next Thursday. We expect the board to wait for a new QIR forecast (in May) before any policy reaction. This should outweigh the weaker-than-expected Czech koruna and higher core inflation.

We still see scope for two rate hikes this year with the first being delivered in May, though an improvement in the global economic outlook is now a necessary condition. We don't think the dovish Federal Reserve and European Central Bank takes away the prospects of a hike in 2019. The Bank might be more independent now, given the lower sensitivity of the Czech koruna to interest rates abroad.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 25 March					
Turkey	0700	Mar Real Sector Confidence Index, SA	-	-	96.9
	0700	Mar Industrial Confidence	-	-	97.2
	0700	Mar Capacity Utilization (%)	-	-	74.0
Poland	0900	Feb Unemployment Rate (%)	6.1	-	6.1
	-	Feb Budget Level (YTD)	-	-	6587.5
Czech Rep	0800	Mar Business Confidence	-	-	15.9
	0800	Mar Consumer & Business Confidence	-	-	13.5
	0800	Mar Consumer Confidence	-	-	4.0
Hungary	0730	4Q C/A (€mn)	-111.3	-	155.7
	2300	Mar Economic Sentiment	7.5	-	6.7
	2300	Mar Business Confidence	13.7	-	12.9
	2300	Mar Consumer Confidence	-10.0	-	-11.1
Ukraine	-	National Bank of Ukraine Publishes Minutes of Rate Meeting			
Serbia	1100	Jan Real Wages (YoY%)	-	-	4.4
Israel	1100	Feb Monthly Unemployment Rate (%)	-	-	4.3
Brazil	1330	Feb C/A Balance (\$mn)	-2400.0	-	-6548.4
Tuesday 26 March					
Hungary	1300	Policy Rate (%)	0.9	-	0.9
	1300	Overnight Deposit Rate	-0.05	-	-0.15
South Africa	0700	Jan Leading Indicator	-	-	105.2
Brazil	1100	COPOM Meeting Minutes			
Mexico	1400	Jan Retail Sales (YoY%)	-1.0	-	-1.3
Wednesday 27 March					
Kazakhstan	-	Feb M3 Money Supply (MoM%)	-	-	2.9
Croatia	1000	Feb Unemployment Rate (%)	-	-	10.3
	1000	Jan Real Wages (YoY%)	-	-	4.4
Mexico	1400	Feb Unemployment Rate SA (%)	3.5	-	3.5
Thursday 28 March					
Czech Rep	1200	Repo Rate	1.75	-	1.75
Kazakhstan	-	4Q C/A (US\$m)	-	-	1413.1
South Africa	0930	Feb PPI (MoM/YoY%)	-/-	-/-	-0.8/4.1
	-	Repo Rate (%)	-	-	6.75
Mexico	1900	Overnight Rate	8.25	-	8.25
Friday 29 March					
Russia	1300	4Q F C/A (US\$m)	-	-	38800.0
Turkey	0700	Feb Trade Balance (US\$m)	-2.2	-	-2.5
	1100	Monthly Aggregate Banking Data			
Poland	0900	Mar P CPI (MoM/YoY%)	-1.6	-/-	0.4/1.2
Hungary	0800	Jan Avg Gross Wages (YoY%)	10.0	-	10.2
	0800	Feb PPI (MoM/YoY%)	0.0/3.0	-/-	-0.5/3.8
Serbia	1100	Feb Industrial Production (YoY%)	-	-	-5.5
	1100	Feb Retail Sales (YoY%)	-	-	5.3
	1100	Feb Trade Balance (€m)	-	-	-466.6
Croatia	1000	Feb Industrial Production (YoY%, SA)	-	-	4.7
	1000	Feb Retail Sales (YoY%)	-	-	4.3
	-	4Q C/A balance	-	-	4011.4
	-	Feb M1 Money Supply (HRKmn)	-	-	116652.57
South Africa	0600	Feb M3 Money Supply (YoY%)	-	-	5.1
	0600	Feb Private Sector Credit (YoY%)	-	-	6.5
	1200	Feb National Budget Balance (ZARbn)	-	-	-60.3
	1200	Feb Trade Balance (ZARbn)	-	-	-13.1
	-	Moody's Announcement			
Brazil	1200	Feb Unemployment Rate (%)	12.4	12.4	12.0

Source: ING, Bloomberg

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Key events in developed markets next week

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Source: Shutterstock

✓ UK: Third time lucky for May's deal? Probably not

After a classic marathon evening of talks at the March European Council meeting, EU leaders have agreed to extend the two-year Brexit Article 50 negotiating period. The decision, being dubbed a "flexextension", gives the UK two options and piles the pressure on Westminster to agree on a way forward over the next few weeks. If PM May's Brexit deal passes next week, the EU will grant an extension that lasts until 22 May - the day before European parliament elections. This would give the UK time to pass the relevant legislation. If the deal doesn't pass next week, then the UK will have until 12 April to decide a way forward.

But will May's deal go through next week? In short, probably not.

The momentum that seemed to be gathering behind May's deal last weekend appears to have faded. And, of course, to have a vote in the first place, the Prime Minister needs to find a 'substantial' change to the deal, to satisfy a requirement put forward by [Speaker of the House of Commons John Bercow earlier in the week](#). If the vote goes through as we expect, lawmakers will be aware that this might be the last opportunity to vote on May's deal, but we still suspect the numbers will be nowhere near enough for May to get her deal passed.

Assuming PM May's deal is rejected for the third time, the focus will switch back to this idea of

'indicative votes' - a process where parliament will get its say on alternative Brexit options.

✓ Federal Reserve: Even more patient

The Federal Reserve has clearly signalled that they will be very patient in their interest rate deliberations. In fact, they have next to no appetite to change monetary policy this year meaning the upcoming data is unlikely to have a massive impact on financial markets, even if we get some surprises. 4Q GDP may be modestly revised lower because of delayed data due to the government shutdown, but any move will be marginal. Of more interest will be what happens to the trade balance in January.

It deteriorated sharply towards the end of the year, which we think was largely due to US firms ramping up imports from China ahead of anticipated tariff increases in January. The tariffs were subsequently delayed, but businesses could not have known that and given the time it takes to ship products across the Pacific we suspect they'd ordered far fewer imports for January. This should show up to some extent in this week's report, but we think data for February may see even more shrinkage in the deficit. Meanwhile, consumer confidence should be firm thanks to the strong jobs market and rising pay while homes sales should be supported by falling mortgage rates.

✓ Eurozone: All eyes on Brexit as no-deal scenario edges closer

For the eurozone - and especially countries like Ireland, Netherlands and Belgium, all eyes will be on Brexit developments. In a no-deal scenario, [these countries are expected to experience a material impact.](#)

In terms of data, inflation figures are out on Friday. Expect one more month with a stable energy contribution before the energy component drops more significantly again. Core inflation seems dependent on business confidence. Right now, higher wages are being absorbed through business margins amid high levels of uncertainty about global economic developments.

✓ Germany: Will Ifo's point towards economic recovery?

The most important data release next week will be the Ifo index. Some forward-looking indicators for global activity have started to pick up again and the German ZEW also showed signs of stabilisation. A rebound of the Ifo index would support our view of a gradual recovery of the German economy in the first half of the year.

✓ Canada: Different month, similar story

The late-2018 oil price decline inevitably weighed on growth figures in December (-0.1% MoM), and the seventh consecutive monthly decline for the construction sector was a true reinforcement that the housing market slowdown is well underway. We aren't expecting any upside surprise in the latter for January - given the real estate sector is materially weak. And although global oil prices were poised somewhat for a recovery at the start of the year, due to lagged effects, average gasoline prices were still down in January.

The positive news is that manufacturing sales recovered in January (+1% MoM) after three weak months. However, given that the decline in December retail sales was largely due to a drop in gasoline sales (which was largely a function of lower gasoline prices), we can't see January offering much respite, which is why we anticipate no economic growth in January.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 25 March					
US	0145	Fed's Evans Speaks in Hong Kong (0145) & (0500)			
	1000	Fed's Harker Speaks in London on Economic Outlook			
Japan	0430	Jan All Industry Activity Index (MoM%)	-	-	-0.4
	0630	BOJ Harada Speaks at DIR Conference			
	2350	BOJ Summary of Opinions			
	2350	Feb PPI Services (YoY%)	-	-	1.1
Germany	0900	Mar IFO Business Climate	98.8	-	98.5
	0900	Mar IFO Expectations	95.0	-	93.8
	0900	Mar IFO Current Assessment	103.0	-	103.4
Australia	2030	RBA's Ellis Speaks in Sydney			
Portugal	0845	Bank of Portugal, IMF Conference on Reform and Growth			
	1100	Portugal Releases House Price Index			
Tuesday 26 March					
US	-	Fed's Rosengren Speaks (0030) & Evan's in Q&A (1030) in Hong Kong			
	1200	Fed's Harker Speaks in Frankfurt on Economic Outlook			
	1400	Mar Consumer Confidence	133.0	131.8	131.4
Australia	2300	RBA's Kent in Sydney Panel			
Sweden	0830	Riksbank Business Survey March			
Netherlands	0530	4Q F GDP (QoQ%)	-	-	0.5
Wednesday 27 March					
US	1230	Jan Trade Balance (US\$bn)	-55.0	-58.5	-59.8
	1600	Revisions: Industrial Production and Capacity Utilization			
Eurozone	-	ECB's Draghi (0800) & Praet (0845) Speak in Frankfurt			
	-	ECB's de Guindos (1045) & Mersch (1330) Speak in Frankfurt			
New Zealand	0100	RBNZ OCR Decision	1.75	-	1.75
	2100	N.Z. Government 8-Month Financial Statements			
Norway	0700	Jan Unemployment Rate AKU	-	-	3.7
Sweden	0800	Mar Economic Tendency Indicator	102.0	-	102.4
	0830	Feb Household Lending (YoY%)	-	-	5.4
	1700	Riksbank's Ingves Speaks			
Portugal	-	Portugal Releases Year-to-Date Budget Report			
Thursday 28 March					
US	1230	4Q T GDP (QoQ Annualised %)	2.6	2.4	2.6
	1330	Fed's Clarida Speaks at Bank of France Conference in Paris			
	2120	Fed's Bullard Speaks at Madison, Wisconsin			
Japan	2350	Feb P Industrial Production P (MoM/YoY%)	-2.2/-0.2	-/-	-3.4/0.3
	2350	Feb Retail Trade (MoM, SA/YoY%)	-0.5	-/-	-2.3/0.6
	2350	Feb Jobless Rate (YoY%)	2.5	-	2.5
Eurozone	0900	Feb M3 Money Supply (YoY%)	3.7	-	3.8
	1000	Mar Economic Confidence	106.4	-	106.1
Germany	1300	Mar P CPI (MoM/YoY%)	0.3/1.4	-/-	0.4/1.5
Spain	0800	Mar P HICP (MoM/YoY%)	-/-	-/-	0.2/1.1
Norway	0700	Feb Credit Indicator (YoY%)	-	-	5.6
Sweden	0830	Feb Retail Sales (Ex. Fuel, YoY%)	-	-	2.2
Switzerland	1700	SNB's Maechler Speaks in Zurich			
Friday 29 March					
US	1230	Core PCE Inflation (MoM/YoY%)	0.2/1.9	-	0.2/1.9
	1400	Mar F U. of Mich. Sentiment Index	97.8	97.4	97.8
	1645	Fed's Quarles Speaks in New York			
Eurozone	1000	Mar A Core CPI (YoY%)	1.1	-	1.0
	1000	Mar Flash CPI (YoY%)	1.5	-	1.5
Germany	0855	Mar Unemployment Change (000's)	-	-	-21.0
	0855	Mar Unemployment Rate (%)	5.0	-	5.0
UK	0930	4Q F GDP (QoQ/YoY%)	0.2/1.3	-/-	0.2/1.3
Italy	1000	Mar P HICP (YoY%)	1.1	-	1.1
	-	Bank of Italy to Release 4Q Credit Conditions and Risk			
Canada	1230	Jan GDP (MoM/YoY%)	0.0/1.3	-/-	-0.1/1.1
Norway	0700	Feb Retail Sales (Ex. Motor Vehicles, SA, MoM%)	-	-	1.6
	0900	Mar Unemployment Rate	-	-	2.5

Source: ING, Bloomberg

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Asia week ahead: Thailand heads to the polls

Will the government of Thai Prime Minister Prayut Chan-ocha maintain its hold on power in the elections this Sunday? We think it'll be a close call



Source: Shutterstock

➔ A triangular battle for power in Thailand

The elections scheduled for this Sunday, 24 March will be a triangular battle between the military-backed party of prime minister Prayut Chan-o-cha, the pro-Thaksin political alliance, and the Democrat party led by former prime minister Abhisit Vejjajiva. It is likely to be a close call, but many are hoping these elections will end the five-year military rule in Thailand.

With the military-dominated senate, the upper house with all 250 members being military appointees, Prayut's Palang Pracharat party enjoys political advantage over its rivals. It only needs

to win 126 seats in the 500 strong lower house for which the elections are being held. Yet, the likelihood of populist backing for pro-Thaksin parties could make the transition of power to the newly-elected government difficult. The third faction, the Democratic party, could be a swing factor. Although it has been critical of the military regime, it may not shake hands with the Thaksin faction either, so safe to say, it'll be complicated.

We expect markets to remain on the edge until the uncertainty lifts completely, as the results are expected sometime early next week. At 31.70, the Thai baht exchange rate against the dollar isn't far from our forecast of 32 for the end of March. It could re-test 33 in the event that uncertainty intensifies.

[Read why we think the Thai baht is likely to be an Asian outperformer in the medium-term](#)

➔ Trade to dominate agenda at the so-called Asian Davos

This year's annual Boao Forum - the so-called Asian Davos, takes place between 26-29 March.

The theme 'Shared Future, Concerted Action, Common Development', appears to be driven by rising global trade protectionism, needless to mention the ongoing trade tensions between the US and China. Speeches by China's central bank governor Yi Gang and finance minister Liu Kun may shed more light on Beijing's stance on the trade negotiations with the US. With the ebbing positive rhetoric in recent days, the uncertainty continues to linger with reports of the next Trump-Xi meeting getting pushed out to June.

➔ Export drag on Asian manufacturing to persist

Manufacturing data from across the region also crowd the calendar and exports continue to weigh down manufacturing growth.

Korea, Taiwan, Singapore, and Thailand's February industrial production data are due too - all reinforcing the prevalent weak trend. The combined January-February manufacturing growth will be a good gauge of GDP growth in the current quarter.

Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
Sunday 24 March					
Thailand	-	General Elections			
Monday 25 March					
Singapore	0500	Feb CPI (YoY%)	0.2	-	0.4
	0500	Feb CPI Core (YoY%)	1.6	-	1.7
Taiwan	0800	Feb Industrial Production (YoY%)	-12.7	-1.5	-1.9
	0810	Feb Money Supply (M2) (YoY%)	3.3	-	3.1
Tuesday 26 March					
Hong Kong	830	Feb Exports (YoY%)	-11.0	-	-0.4
	830	Feb Imports (YoY%)	-10.2	-	-6.0
	830	Feb Trade Balance (YoY%)	-40.3	-	-10.3
Singapore	0500	Feb Industrial Production (MoM/YoY%)	-2.6/2.2	-/-	0.9/-3.1
South Korea	2100	Mar BOK Consumer Sentiment Index	97.5	-	99.5
Wednesday 27 March					
China	0130	Feb Industrial Profits (YTD, YoY%)	-2.2	-	-1.9
South Korea	2100	Apr BOK Business Survey Index, mfg	69.8	-	76.0
	2100	Apr BOK Business Survey Index, non-mfg	69.5	-	75.0
Thursday 28 March					
South Korea	2300	Feb Industrial production (MoM, SA/YoY%)	-1.0/0.5	-/-	0.5/0.1
Thailand	0330	Feb Manufacturing Index (YoY%)	1.3	-	-0.5
Friday 29 March					
India	-	Feb Fiscal Deficit (INR crore)	-	-	69388.0
Philippines	-	Feb Budget Balance (PHP bn)	-	-	44.5
Thailand	0730	Feb Current Account Balance (US\$bn)	3.1	-	2.3

Source: ING, Bloomberg, *GMT

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