

# Our view on next week's key events

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# Key events in developed markets next week

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Source: Shutterstock

## US first quarter GDP unlikely to knock the Fed off course for successive 50bp rate hikes

The next Federal Reserve meeting is on 4 May and market expectations are firmly centred on a 50bp interest rate increase. St. Louis Fed President James Bullard has raised the possibility of a 75bp hike, but he is generally considered the most hawkish member of the FOMC and no other members have openly discussed this scenario. As such, we continue to look for 50bp moves in May, June and July before the Fed switches back to 25bp hikes thereafter given quantitative tightening will be up and running at full speed in late 3Q as the Fed seeks to shrink its \$9tn balance sheet quickly.

The coming data shouldn't impact this outlook meaningfully. 1Q GDP data is expected to show the economy expanded at a 1-1.5% annualised rate, which would mark quite a deceleration from 4Q 2021's 6.9% rate, reflecting the Omicron wave of the pandemic that impacted people movement quite considerably. However, recent data has pointed to a renewed uptick in activity and we expect to see stronger GDP growth for the second quarter. Durable goods orders should also be healthy based on regional manufacturing data, the ISM report and higher Boeing aircraft orders. That said, we anticipate a bit more weakness in the housing data as surging mortgage rates take some of the

steam out of the housing market.

## ✓ Eurozone inflation to top last month's 7.5% figure

The eurozone is anxiously awaiting the next inflation figure, which will no doubt be above 7% again. The question is mainly whether it is again higher than the 7.5% seen in March or whether the decline in oil and gas prices since early March has translated into a small drop in headline inflation. We expect the former to be the case, also because of second-round effects from energy prices on core inflation. On a more positive note, GDP growth for 1Q is also due out on Friday and is expected to have remained positive despite disruptions to production and high inflation.

## ✓ Riksbank to position for its first rate hike

There's been a huge seachange in rhetoric from Riksbank policymakers since the last meeting in February. Back then, policymakers were officially projecting no change in the repo rate before 2024. That thinking always looked unlikely to hold for long, and in fact a string of officials - including Governor Stefan Ingves - have effectively given the green light to multiple rate hikes this year in recent comments. There's an outside chance the first could come next week, though we think this meeting will be more about making the major forecast shifts required to lay the groundwork for higher rates - including a hefty upgrade to the inflation projections.

We had previously pencilled in the first hike for September, though it looks increasingly likely that this could come in June.

## Key events next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 25 April</b>					
Germany	0900	Apr Ifo Business Climate	88.5		90.8
	0900	Apr Ifo Curr Conditions	95		97.0
	0900	Apr Ifo Expectations	83		85.1
<b>Tuesday 26 April</b>					
US	1330	Mar Durable Goods	1.5	1.0	-2.1
	1400	Feb CaseShiller 20 (MoM%/YoY%)	1.2/18.9		1.8/19.1
	1500	Apr Consumer Confidence	110	107.5	107.2
	1500	Mar New Home Sales-Units	0.72	0.78	0.77
<b>Wednesday 27 April</b>					
Germany	0700	May GfK Consumer Sentiment	-16		-15.5
Sweden	0700	Mar Unemployment Rate	-		7.9
<b>Thursday 28 April</b>					
US	1330	1Q GDP (QoQ% annualised)	1.3	1.0	6.9
	1330	Initial Jobless Claims (000s)	180		184
	1330	Cont Jobless Claims (000s)	1400		1417
Eurozone	1000	Apr Business Climate	2.0		1.7
	1000	Apr Economic Sentiment	109		108.5
Germany	1300	Apr CPI Prelim (MoM%/YoY%)	1.2/8.0		2.5/7.3
Spain	0800	Apr CPI Flash (MoM%/YoY%)	-		3.0/9.8
Sweden	0700	Q1 GDP (QoQ%/YoY%)	-/-		1.1/5.2
	0830	Riksbank Rate	0.0		0.0
Eurozone	1000	Apr Consumer Confidence Final	-		-16.9
<b>Friday 29 April</b>					
US	1330	Mar Personal Income (MoM%)	0.5	0.4	0.5
	1330	Mar Personal Consump Real (MoM%)	0.0	-	-0.4
	1330	Mar Consumption, Adjusted (MoM%)	0.8	0.6	0.2
	1330	Mar Core PCE Price Index (MoM%/YoY%)	0.3/5.3	0.3/5.3	0.4/5.4
	1445	Apr Chicago PMI	63.0	63.2	62.9
	1500	Apr U Mich Sentiment Final	66.0	65.7	65.7
Eurozone	0900	Mar M3 Money (YoY%)	6.2		6.3
	1000	Apr CPI Flash (YoY%)	7.7		7.5
	1000	Apr Core CPI Flash (YoY%)	3.1		2.9
	1000	Q1 GDP Flash Prelim (QoQ%/YoY%)	0.2/4.8		0.3/4.6
Germany	0800	Q1 GDP Flash (QoQ%/YoY%)	-0.1/3.0		-0.3/1.8
France	0630	Q1 GDP Flash (QoQ%/YoY%)	-/-		0.7/5.4
	0745	Apr CPI Flash (MoM%/YoY%)	-		1.6/5.1
Italy	0900	Q1 GDP Prelim (QoQ%/YoY%)	-/-		0.6/6.2
	1000	Apr CPI Prelim (MoM%/YoY%)	-/-		2.4/6.8
Canada	1330	Feb GDP (MoM%)	-		0.2
Portugal	0930	Apr CPI Flash (YoY%)	-		5.3

Source: Macrobond, ING

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## Key events in EMEA next week

Expect another rate hike from the Hungarian central bank next week as policymakers remain focused on tackling high inflation



Source: Shutterstock

### ✓ Hungarian central bank poised to hike the base rate by 100bp

The National Bank of Hungary will most likely stick to last month's playbook at its meeting next week, given the high degree of uncertainty surrounding both the economic and inflation outlook. That means a 100bp hike in the base rate to 5.40% on Tuesday, while raising the one-week deposit rate (the effective rate) by 30bp to 6.45% on Thursday.

We don't expect any change in the forward guidance, and decision-makers remain committed to tackling inflation, which is surrounded by upside risks. This suggests a continuation of the rate hike cycle with similar steps until new incoming data (including the full effect of the war) require a change in the process (probably on the hawkish side).

Away from monetary policy, the focus will be on labour market data, where we expect a further improvement in wages in parallel with a roughly unchanged unemployment rate. That would indicate a labour market that is close to full employment.

## Key events next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 25 April</b>					
Poland	1300	Mar M3 Money Supply (YoY%)	-	7.7	8.0
Kazakhstan	1000	Apr Base Interest Rate	-		13.5
Brazil	1330	Feb Current Account	-	-1.8	-8.1
	1330	Feb Foreign Direct Investment	-	9.8	4.7
Mexico	1300	Feb IGAE Econ Activity (YoY%)	-		1.8
<b>Tuesday 26 April</b>					
Poland	0900	Mar Unemployment Rate	-	5.4	5.5
Hungary	0800	Feb Average Gross Wages (YoY%)	14.5		14.2
	1300	Apr Hungary Base Rate	5.4		4.4
	1300	Apr O/N Deposit Rate	5.4		4.4
Mexico	1300	Feb Retail Sales (MoM%/YoY%)	-		0.6/6.7
<b>Wednesday 27 April</b>					
Russia	1700	Mar Industrial Output	-2.2	-2.6	6.3
	1700	Mar Retail Sales (YoY%)	28	4.3	5.9
	1700	Mar Unemployment Rate	4.4	4.5	4.1
		- Feb GDP (YoY%) Monthly	-		6.6
Brazil	1300	Apr IPCA-15 Mid-Month CPI	-		1.0
	1300	Apr IPCA-15 Mid-Month CPI (YoY%)	-		10.8
Mexico	1300	Mar Trade Balance SA	-		0.1
<b>Thursday 28 April</b>					
Hungary	0800	Mar Unemployment Rate 3M	3.9		3.8
	0800	One-Week Deposit Rate	6.45		6.15
Turkey	800	Inflation Report 2022-II	-		-
South Africa	1030	Mar PPI (MoM%/YoY%)	-/-	1.6/10.9	1.1/10.5
Brazil	1300	Apr IGP-M Inflation Index	-		1.7
		- Mar Central Government Balance	-		-20.6
Mexico	1300	Mar Jobless Rate	-		3.7
<b>Friday 29 April</b>					
Russia	1130	Apr Central bank key rate	15	20.0	17.0
Turkey	0800	Apr Manufacturing PMI	-		49.4
	0800	Mar Trade Balance	-		-7.9
	1200	Mar Bank NPL Ratio	-		3.02
Czech Rep	0800	Q1 Preliminary GDP (QoQ%/YoY%)	-		0.8/3.6
South Africa	0700	Mar M3 Money Supply (YoY%)	-		6.4
	0700	Mar Private Sector Credit Ext.	-		3.6
	1300	Mar Trade Bal (Incl. Region)	-		10.6

Source: Refinitiv, ING

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## Asia week ahead: Inflation reports, Korean GDP and China PMI

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Key east Asian economic barometers will reflect worsening Covid situations

### Price data key to RBA policy, and MAS watches on with a hawkish eye

Next week, Singapore and Australia are slated to release their March and 1Q22 inflation figures respectively.

With the Reserve Bank Of Australia (RBA) slowly back-pedaling from their previously ultra-dovish stance, inflation data is one of two key variables in the coming weeks that could decide the extent and timing of their first rate hike. We see the 1Q22 headline inflation rate rising to 4.0% from 3.5% in 4Q21. If coupled with a pick up in the wage price index on 18 May to close to or above 3.0%, then this will set up the RBA for a June hike of 15bp taking the cash rate target to 0.25%. This may be accompanied by a larger increase in the Exchange Settlement (ES) rate which sets the floor for the cash rate.

For Singapore, both headline and core inflation rates are likely to quicken further in March even as the Monetary Authority of Singapore (MAS) had earlier tightened its monetary policy. Core



inflation, the price gauge monitored by the MAS, is expected to rise 2.5% before reaching 3% by mid-year. Higher commodity prices and constrained supply chains likely pushed prices higher, and we expect both headline and core inflation to remain elevated in the near term.

## **Key East Asian economic barometers to reflect similar worsening Covid situations**

Taiwan industrial production in March could be affected by the rising number of Covid cases locally. The government is struggling to make a decision whether to impose lockdowns. Even if March data does not yet reflect the impact of Covid locally, it should give us a hint about the degree of supply chain disruptions to Taiwanese production as China's production was somehow affected in March.

GDP in the first quarter should show moderate growth as the growth rate could be undermined by a high base effect from last year. Otherwise, investments and production should support growth while consumption will remain weak due to the deteriorating Covid situation.

China's manufacturing PMI in April should reflect weaker production as a result of lockdowns. Delivery times should increase, and input prices should rise. The whole manufacturing picture could be quite gloomy. We expect both manufacturing and non-manufacturing PMIs in April to be below 50, entering contractionary territory.

## **Mixed data out of Korea**

South Korea's 1Q22 GDP is expected to decelerate, mainly due to weak household consumption and net export contributions. The Bank of Korea's Consumer Sentiment Index (CSI) and Business Survey Index (BSI) should reflect optimism on social mobility rules being lifted along with businesses' re-openings, leading to improved consumer sentiment and suppressing concerns about high inflation and slow growth. Nonetheless, business sentiment is still likely to deteriorate further moving forward owing to rising global risks.

## **Weaker Japan labour data, and a weaker Yen as well**

The unemployment rate is expected to inch higher as domestic hiring took a hit, owing to a surge of Omicron during the month. The market is not expecting any rate action from the Bank of Japan (BoJ), but continues to keep a close watch on what Japan's central bank thinks of the recent JPY weakness. Recently, the BoJ and Ministry of Finance (MoF) have commented more frequently on the FX market, expressing concerns about the relatively rapid pace of the Yen's depreciation.

## Asia Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
<b>Monday 25 April</b>				
Japan	0030	Mar Unemployment Rate	3.0	2.7
Philippines	-	Mar Budget Balance	-	-23.4
Singapore	0600	Mar Core CPI (YoY%)	2.5	2.2
	0600	Mar CPI (MoM%/YoY%)	0.3/4.4	0.9/4.3
Taiwan	0900	Mar Industrial Output (YoY%)	12.04	10.01
	0920	Mar Money Supply - M2 (YoY%)	7.7	7.67
South Korea	0000	Q1 GDP Growth (QoQ%/YoY%)	0.4/2.8	1.2/4.2
<b>Tuesday 26 April</b>				
Singapore	0600	Mar Manufacturing Output (MoM%/YoY%)	-/-	16.6/17.6
South Korea	2200	Apr BoK Consumer Sentiment Index	104	103.2
<b>Wednesday 27 April</b>				
Japan	0050	Mar Industrial O/P Prelim (MoM%/YoY%)	-1.2/-2.4	2/0.5
	0050	Mar Retail Sales (YoY%)	-1.3	-0.8
Australia	0230	Q1 CPI (QoQ%/YoY%)	1.1/4.0	1.3/3.5
China	0230	Feb Industrial Profit (YoY%)	-18	4.2
South Korea	2200	May BOK Manufacturing BSI	83	85
<b>Thursday 28 April</b>				
Japan	-	BOJ Rate Decision	-0.1	-0.1
Singapore	0330	Q1 Unemployment Rate Prelim	-	2.3
Taiwan	0900	Q1 GDP (YoY%) Prelim	3.00	4.86
South Korea	0000	Mar Industrial Output (YoY%)	3.4	6.5
<b>Friday 29 April</b>				
China	0245	Apr Caixin Manufacturing PMI Final	45.0	48.1
Indonesia	0500	Mar M2 Money Supply (YoY%)	-	12.5
<b>Saturday 30 April</b>				
China	0230	Apr Official Manufacturing PMI	46.0	49.5
		Apr Official Non-Manufacturing PMI	43.0	48.4

Source: Refinitiv, ING, \*GMT

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