

## Our view on next week's key events

Discover what our analysts are looking out for next week in our global economic calendars

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Article | 23 February 2018

# Key events in developed markets next week

Will the new Fed Chair, Jerome Powell, lead the Fed to increase its interest rate hike forecast for this year?

## US: how will Powell's tone determine the number of Fed hikes this year?

The key event next week will be new Fed Chair, Jerome Powell, testifying to the House Financial Services Committee following the release of the semi-annual monetary policy report this Friday. The tone he strikes will be key to determining whether the Fed will hike rates at the March FOMC, which looks probable, and whether the Fed will increase its forecast for the number of hikes it expects to implement this year from three to four. The downside risks to inflation have certainly faded with wages showing some signs of life and CPI in January coming in above expectations. With core inflation likely to rise above 2% in coming months we think the Fed will choose to take a more aggressive course of action.

As for the data, manufacturing numbers will be in focus. Durable goods orders will be dragged lower due to the volatility in Boeing aircraft orders, but excluding transportation the order book for US manufacturers looks very strong. This should be reflected in another robust reading for the ISM manufacturing index. The one area of potential data disappointment may be consumer confidence with the potential for slightly softer readings due to recent equity market volatility and higher mortgage borrowing costs. However, both the Conference Board and the University of Michigan surveys will remain incredibly strong by historical standards given robust employment and rising wages.

## Eurozone: insights into the inflation puzzle

For the Eurozone, next week will bring more insight into the inflation puzzle. The Eurozone PMI revealed somewhat softening price pressures in February, confirming that the pipeline pressures to inflation remain relatively mild. As energy price effects will likely subdue inflation further, not much is to be expected of the February HICP release. Meanwhile, the unemployment rate could have ticked lower again in January as the labour market continues to show more signs of tightening.

## Germany: will the SPD join a grand coalition with Merkel's CDU?

Being the first inflation data for February in the entire Eurozone, German CPI data on Tuesday should trigger most market attention. With the latest drop in oil prices and the stronger euro, German headline inflation should have remained stable, at best. For the rest, Germany will be warming up to the results of the SPD members' vote on whether or not to join a grand coalition with Merkel's CDU. This result is due on Sunday, 4 March.

## Sweden: expect a softening of growth

In Sweden, 4Q GDP figures are due on Wednesday. We expect a solid end to the year at 0.8% quarter-on-quarter. But indicators for 1Q18 so far suggest a softening in growth, which may be confirmed by further data this week: Economic Tendency Survey, Retail Sales, and Manufacturing PMIs will all be released.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 23 February</b>					
US	1515	Fed's Dudley and Rosengren Speak on Panel on Fed Balance Sheet			
	1600	Fed Releases February 2018 Monetary Policy Report to Congress			
	2040	Fed's Williams Speaks on Outlook for U.S. Economy			
Eurozone	1000	Jan F Core CPI (YoY%)	1	1	1
	1000	Jan F CPI (MoM/YoY%)	-0.9/1.3	-0.9/1.3	-0.9/1.3
	1830	ECB's Coeure, Fed's Mester Participate in Panel in New York			
Germany	0700	4Q F GDP (QoQ/YoY%)	0.6/2.9	0.6/2.9	0.6/2.9
UK	1200	BOE's Ramsden Speaks on Productivity in Cambridge			
Canada	1330	Jan CPI (MoM/YoY%)	-/-	0.5/1.5	-0.4/1.9
Sweden	0830	Riksbank Minutes			
<b>Monday 26 February</b>					
US	1300	Fed's Bullard Speaks on U.S. Economy and Monetary Policy			
Japan	0500	Dec F Leading economic index	-	-	107.9
UK	1800	BOE's Cunliffe Speaks at Event at Warwick University			
Portugal	-	Portugal Releases Year-to-Date Budget Report			
<b>Tuesday 27 February</b>					
US	1330	Jan P Durable Goods Orders (MoM%)	-2.5	-1.5	2.8
	1330	Jan P Durable Goods Orders (ex. Trans, MoM%)	0.4	0.5	0.7
	1500	Feb Consumer Confidence	125	126	125.4
Japan	2350	Jan Retail trade (MoM/YoY%)	0.7/4.3	-/-	0.9/3.6
	2350	Jan P Industrial production - Prel (MoM/YoY%)	-6.4/5.8	-/-	2.9/4.4
Eurozone	0900	Jan M3 Money Supply (YoY%)	4.5	-	4.6
Germany	1300	Feb P CPI (MoM/YoY%)	0.6/1.6	-/-	-0.7/1.6
	1000	Bundesbank's Weidmann Presents Institution's Annual Report			
Spain	0800	Feb P HICP (MoM/YoY%)	-/-	-/-	-1.5/0.7
Sweden	0800	Feb Economic Tendency Survey	-	-	110.2
	0900	Riksbank's af Jochnick (0900) and Ohlsson (1700) Give Speeches			

Wednesday 28 February					
US	1330	4Q S GDP (QoQ Annualised %)	2.6	2.6	2.6
	1500	Fed's Powell Testifies to House Financial Services Committee			
Eurozone	1000	Feb Flash CPI (YoY%)	1.3	-	1.3
Germany	0855	Feb Unemployment Change (000's)	-	-	-24
	0855	Feb Unemployment Rate (%)	5.4	-	5.4
Sweden	0830	4Q GDP (QoQ%)	0.8	-	0.8
	0830	Jan Retail Sales (MoM/YoY%)	-/-	-/-	-1.4/3.3
	1600	Riksbank's Ingves Gives Speech in Lulea, Sweden			
Portugal	1500	Portuguese Prime Minister Speaks at Debate in Parliament			
Thursday 1 March					
US	1500	Feb ISM Manufacturing	58.3	58.6	59.1
Japan	0500	Feb Consumer confidence index	44.9	-	44.7
	2330	Jan Household spending (YoY%)	0.2	-	-0.1
	2350	Feb Monetary base (JPY tr)	486	-	476.718
	0130	BOJ Kataoka makes a speech			
	2330	Tokyo Feb CPI			
Eurozone	1000	Jan Unemployment Rate (%)	8.6	-	8.7
UK	0930	Feb Markit/CIPS Manufacturing PMI	55.5	-	55.3
Sweden	0700	Riksbank's Ingves Speaks in Lulea, Sweden			
Norway	0800	Feb Manufacturing PMI	-	-	59
Friday 2 March					
US	1500	Feb F U. of Mich. Sentiment Index	99	-	99.9
Italy	0900	4Q F GDP (QoQ/YoY%)	-/-	-/-	0.3/1.6
Canada	1330	Dec GDP (MoM/YoY%)	-/-	-/-	0.4/3.5
	1330	4Q GDP (Annualised, QoQ%)	-	-	1.706
Sweden	0700	Feb PES Unemployment rate (%)	-	-	4
	0730	Feb Swedbank/Silf Manufacturing PMI	-	-	57
Norway	0900	Feb Unemployment Rate (%)	-	-	2.6

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Article | 22 February 2018

## Key events in EMEA and LATAM next week

What is in store for Hungarian monetary policy? What will S&P and Moody's say about Romania?

### **Hungary: will the National Bank of Hungary change its monetary policy?**

We don't see the National Bank of Hungary altering its monetary policy, we think it will keep rates unchanged using its IRS tenders to provide the much-needed dovish impetus. In line with recent global movements, we expect the PMI and confidence indicators to slip, but to remain at a level that suggests further optimism.

### **Romania: a rating downgrade in sight?**

We do not see any rating action by either S&P or Moody's on Romania. Still, the reports are likely to highlight the negatives. With no fiscal consolidation in sight, Romanian credit looks exposed to rating downgrades in case of potential adverse economic shocks.

### **Poland: focus on the pace of investment recovery**

The second reading of 4Q17 GDP will present a detailed breakdown of growth. The market's attention should be focused on the pace of the investment recovery, where we expect solid 11.4% year-on-year growth. The CSO statistical bulletin (published this Friday) will provide guidance as to whether the expansion was driven by the public or private sector.

## EMEA and LATAM Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 23 February</b>					
Russia	-	Russia Sovereign Debt to be rated by S&P and Fitch			
Turkey	-	Turkey Sovereign Debt to be rated by S&P			
Serbia	1100	Jan CPI (MoM/YoY%)	-/-	-/-	0/3
Croatia	-	Croatia Sovereign Debt to Be Rated by Moody's			
Mexico	1400	4Q F GDP (YoY%)	1.8	1.75	1.75
<b>Saturday 24 February</b>					
Kazakhstan	-	Jan M3 Money Supply (MoM%)	-	-	0.4
<b>Sunday 25 February</b>					
Hungary	2300	Feb Economic Sentiment	6.3	-	8.2
	2300	Feb Business Confidence	12	-	14.2
	2300	Feb Consumer Confidence	-10	-	-8.9
<b>Monday 26 February</b>					
Czech Rep	0800	Feb Business Confidence	-	-	16.4
	0800	Feb Consumer & Business Confidence	-	-	15.1
	0800	Feb Consumer Confidence	-	-	9.8
Serbia	1100	Jan HPPI (MoM/YoY%)	-/-	-/-	0.8/2.4
	1100	Jan Real Wages (YoY%)	-	-	-1.3
Brazil	1330	Jan C/A Balance (\$mn)	-4500	-	-4326.52
Mexico	1400	Dec Retail Sales (YoY%)	-1.2	-	-1.5
<b>Tuesday 27 February</b>					
Hungary	1300	Policy Rate (%)	0.9	0.9	0.9
Croatia	1000	Jan PPI (MoM/YoY%)	-/-	-/-	-0.1/1.7
Mexico	1400	Jan Unemployment Rate SA (%)	3.45	-	3.37
<b>Wednesday 28 February</b>					
Turkey	0700	Jan Trade Balance (US\$m)	-9.1	-	-9.21
	0800	Jan Foreign Tourist Arrivals (YoY%)	-	-	30.8
Poland	0900	4Q F GDP (QoQ/YoY%)	1/5.1	-/-	1/5.1
Czech Rep	0800	Jan PPI (Industrial) (MoM/YoY%)	0.5/0.5	0.5/0.5	0.3/0.7
Hungary	0800	Jan PPI (MoM/YoY%)	0.4/3.5	-/-	0/3.9
	0800	Hungary's Varga, Virag, Palotai, Richter's Orban Speak			
Serbia	1100	Jan Industrial Production (YoY%)	-	-	0.5
	1100	4Q F GDP (YoY%)	-	-	2.5
	1100	Jan Retail Sales (YoY%)	-	-	1.5
Croatia	1000	Dec Real Wages (YoY%)	-	-	3.8
	1000	4Q P GDP (YoY%)	-	2.8	3.34
	-	Jan M1 Money Supply (HRKmn)	-	-	99436.3
South Africa	0600	Jan M3 Money Supply (YoY%)	-	-	6.41
	0600	Jan Private Sector Credit (YoY%)	-	-	6.72
	0930	Jan PPI (MoM/YoY%)	-/-	-/-	0.6/5.2
	1200	Jan National Budget Balance (ZARbn)	-	-	13.18
	1200	Jan Trade Balance (ZARbn)	-	-	15.72
Israel	1100	Jan Monthly Unemployment Rate (%)	-	-	4
Brazil	1200	Jan Unemployment Rate (%)	12.3	-	11.8
Mexico	-	Mexican Central Bank Releases Inflation Report			
<b>Thursday 1 March</b>					
Russia	0600	Feb Markit Manufacturing PMI	-	-	52.1
Turkey	0700	Feb Markit/ISO Manufacturing PMI	-	-	55.7
Poland	0800	Feb Markit Manufacturing PMI	-	-	54.6
Czech Rep	0830	Feb Markit Manufacturing PMI	59.3	-	59.8
	1300	Feb Budget Balance (CZKbn)	-	-	26.45
Hungary	0800	Feb Manufacturing PMI	58.5	-	60.9
	1100	Hungary's Central Bank Holds IRS Tender			
Ukraine	1200	Mar 1 Key Rate (%)	-	-	16
Romania	0700	Jan Unemployment Rate Total 15 - 74 Years SA	-	-	4.6
	-	Feb FX Reserves (€bn, Net)	-	-	37095.5
Kazakhstan	-	Feb CPI (MoM/YoY%)	-/-	-/-	0.6/6.8
	-	Feb PPI (MoM%/YoY%)	-/-	-/-	1.4/12.2
South Africa	0900	Feb Kagiso PMI	-	-	49.9
	1100	Jan Electricity Production (YoY%)	-	-	1.4
	1100	Jan Electricity Consumption (YoY%)	-	-	1
	-	Feb NAAMSA Vehicle Sales (YoY%)	-	-	-8.8
Brazil	1200	4Q GDP (QoQ%/YoY%)	0.3/2.4	-/-	0.15/1.42
<b>Friday 2 March</b>					
Czech Rep	0800	4Q P GDP (QoQ/YoY%)	-/-	-/-	0.5/5.1
Hungary	0800	Dec F Trade Balance (€mn)	502	-	502
Romania	0700	Jan PPI (MoM/YoY%)	-/-	-/-	0.2/3.7
	-	Romania Sovereign Debt to be rated by S&P and Moody's			

Source: ING, Bloomberg

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Article | 22 February 2018

## Asia Week Ahead: Weak won may comfort Korean central bank

We have scaled back our Bank of Korea policy forecast from two rate hikes this year to only one in the third quarter



### South Korean data deluge

A Bloomberg headline this week that [“S. Korea’s Household Debt Hits Record \\$1.3 Trillion in 2017”](#) punches monetary policy hawks ahead of the Bank of Korea (BoK) monetary policy meeting on Tuesday, February 27. The article cited an 8% rise in household debt in the last year led by surging mortgage debt. The pace of debt growth has slowed from 11.6% in 2016 but it’s still too rapid for an economy growing at only 3%. The article also cited the risk of rising debt defaults as interest rates go up. High household debt has prominently appeared as a risk in BoK policy statements.

The BoK started raising policy interest rates in November 2017, in what now looks like it will be a very slow tightening cycle. The pressure on further tightening has ebbed since, thanks to a sharp slowdown in GDP growth in the final quarter of 2017 (to 3% from 3.8%) and inflation has also begun to drift well below the target rate. A slew of Korean activity data, including forward-looking consumer and business confidence indexes and hard data on exports and industrial production, will inform on the current state of the economy. The recent global market rout could dent



confidence indicators while the Lunar New Year holiday will distort real activity data.

## Bank of Korea rate decision

Moreover, the recent market turbulence should have laid to rest the BoK's concern over the Korean won (KRW). The selloff once again exposed the KRW's "VIX currency" status, e.g. appreciating more than most other Asian currencies during 'risk-on' market sentiment and depreciating more than most during 'risk off'. While markets do not expect the BoK to change their policy at the forthcoming meeting, they will pore through the statement for signs of future policy moves. We have scaled back our BoK policy forecast for this year from two 25bp rate hikes to only one in the third quarter of the year.

## Singapore PMI

Singapore's industrial production for January and manufacturing PMI for February will help show how GDP growth is shaping up in 2018. The 13% year-on-year growth in non-oil domestic exports (NODX) in January was an upside surprise but electronics shipments growth, the mainstay of Singapore's exports, remained in negative territory. We expect NODX growth to return to the mid-single digit range this year. The April central bank decision remains a very tough call, and we are still somewhat uncomfortable with our long-standing tightening forecast. But following the recent stimulative budget announcement, some very modest offsetting tightening by the Monetary Authority Of Singapore seems more probable than it did.

## Hong Kong Budget

Hong Kong's Budget for 2018 is due on February 28. Just as in Singapore, a significant fiscal surplus leading to a payback to households will not come as a complete surprise. Innovation is the buzzword in both Hong Kong and Singapore with greater policy initiatives.

## Indian GDP

India also reports GDP data for the October-December quarter. The majority of Asian economies posted a year-on-year growth slowdown in the last quarter of 2017, thanks mostly to a high base a year ago. India's growth, however, benefits from low base effects. Consistent also with the run of high-frequency data over the period, we anticipate a slight acceleration in growth to 6.5% YoY in the October-December quarter from 6.3% the previous quarter. But it will take a big upside growth surprise to put some lift in the Indian rupee, Asia's worst performer this month.

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Saturday 24 February</b>					
China	0130	China January Property Prices			
<b>Monday 26 February</b>					
Philippines	-	Dec Budget balance (PHP bn)	-	-	-8.623
Singapore	0500	Jan Industrial production (MoM/YoY%)	-/-	2.7/7.8	-2/-3.9
South Korea	2100	Feb BOK Consumer Sentiment Index	111.7	-	109.9
<b>Tuesday 27 February</b>					
Taiwan	0820	Jan Money supply (M2) (YoY%)	-	-	3.6
Thailand	-	Jan Manufacturing index (YoY%)	2.6	-	2.3
Hong Kong	0815	Jan Exports (YoY%)	-	-	6
	0815	Jan Imports (YoY%)	-	-	9
	0815	Jan Trade balance (HK\$ bn)	-	-	-59.9
South Korea	-	7-Day Repo Rate	1.5	-	1.5
	2100	Mar BOK Business Survey Index, mfg	74.7	-	77
	2100	Mar BOK Business Survey Index, non-mfg	78.9	-	78
<b>Wednesday 28 February</b>					
China	0100	Feb Non-manufacturing PMI	-	-	55.3
	0100	Feb Manufacturing PMI	-	-	51.3
India	0500	Feb Nikkei Manufacturing PMI	-	-	52.4
	1100	Jan Fiscal deficit (INR crore)	-	-	8844
	1200	2018 GDP annual (YoY%)	6.5	-	7.1
	1200	4Q GDP (Q) (YoY%)	6.5	-	6.3
Hong Kong	0815	4Q17 GDP (MoM/YoY%)	-/3.3	-/-	0.5/3.6
	-	FY2018 Budget			
Malaysia	0400	Jan CPI (YoY%)	2.7	-	3.5
<b>Thursday 1 March</b>					
China	0145	Feb Caixin Manufacturing PMI	-	-	51.5
Indonesia	0400	Feb CPI core (YoY%)	-	-	2.69
	0400	Feb CPI (YoY%)	3.4	-	3.25
Taiwan	0030	Feb Nikkei Manufacturing PMI	-	-	56.9
	0800	Jan Export orders (YoY%)	30	-	17.54
South Korea	0000	Feb Exports (YoY%)	-2	-	22.2
	0000	Feb Trade balance (US\$mn)	1775	-	3721
	0000	Feb Imports (YoY%)	12	-	20.9
	2300	Jan Industrial production (MoM/YoY% SA)	-0.2/4.4	-/-	-0.5/-6
	-	Independence Day holiday			
<b>Friday 2 March</b>					
Singapore	1300	Feb Purchasing Managers Index	-	-	53.1
Thailand	0300	Feb CPI (YoY%)	0.8	-	0.68
	0300	Feb Core-CPI (YoY%)	0.6	-	0.58
South Korea	0030	Feb Nikkei Manufacturing PMI	50.3	-	50.7
Hong Kong	0815	Jan Retail sales value (YoY%)	-	-	5.8
	0815	Jan Retail sales volume (YoY%)	-	-	4.3

Source: Bloomberg, ING

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