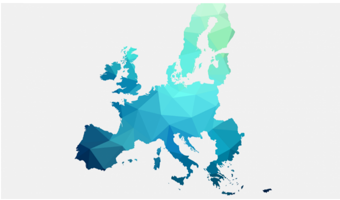
Bundles | 23 February 2024

Our view on next week's key events

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

In this bundle



Key events in developed markets next week

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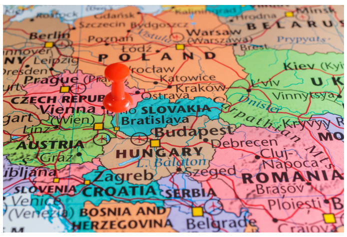
By James Knightley and Bert Colijn

Australia | China...

Asia week ahead: India's GDP and China PMI readings plus regional trade and inflation numbers

A busier week ahead in Asia features the release of several inflation and trade reports across the region

By Min Joo Kang and Lynn Song



Hungary | Poland...

Key events in EMEA next week

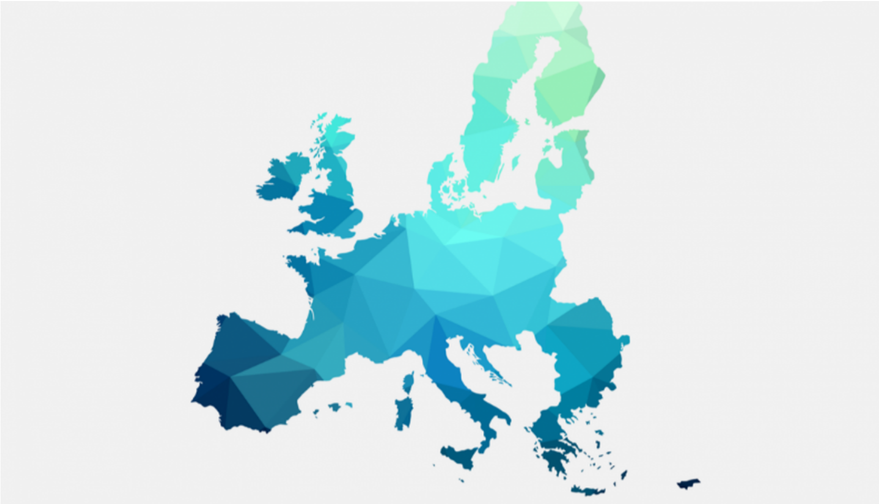
Next week's EMEA calendar highlights include Tuesday's NBH meeting and the release of GDP figures in Poland and Turkey

By Adam Antoniak , Peter Virovacz and Muhammet Mercan

Article | 23 February 2024

Key events in developed markets next week

Next week in the US, we will get the Fed's favoured measure of inflation the core PCE deflator, which we expect to rise by 0.4% month-on-month. In the eurozone, we will see the release of key data points including inflation and unemployment which may give the ECB an idea of whether rates can be cut later this year



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US: Core PCE deflator to post a 0.4% MoM increase

Financial markets have moved back to pricing 75-100bp of Federal Reserve interest rate cuts this year having favoured 150-175bp just a few weeks ago. The strong growth, jobs and inflation numbers suggest that an imminent move is unlikely with the data needing to show more benign inflation prints as a bare minimum before the Fed will contemplate policy loosening.

We won't get that next week with the Fed's favoured measure of inflation, the core (ex-food & energy) personal consumer expenditure deflator, set to post a 0.4% MoM increase. We need to see MoM prints consistently below 0.2% MoM to be confident that inflation will return to the 2% year-on-year target over time, and we had been making excellent progress with six out of the past seven months seeing inflation come in sub 0.2%. However, the January PPI and CPI reports suggest that key components within the PCE deflator will post outsized increases this month with insurance, medical and portfolio management fees boosting inflation. Much of this isn't especially driven by fundamental demand and supply factors - insurance is caused by higher crime relating to more expensive assets while strong equity market gains have boosted portfolio fees – but it presents a major stumbling block regarding the prospect of interest rate cuts. We are hopeful that February will post better numbers.

The same personal income and spending report will likely show that consumer spending started the year on a weak footing after retail sales fell more than expected, but the economy still has decent momentum with 4Q GDP revisions set to confirm the economy expanded at a 3.3% annualised rate in the final three months of last year – remember this was above every single forecast in the Bloomberg survey ahead of the initial release. Meanwhile, the rise in mortgage applications points to a decent bounce in new home sales, but this may not last long now that 30-year mortgage rates have pushed back above 7% and look set to head towards 7.25% in the next couple of weeks. Finally, the ISM manufacturing index should continue to grind higher but remain below the 50 break-even level. As such, the index will have been in contraction territory for 16 consecutive months.

Eurozone: Doubts about the pace of inflation drops have increased

For the eurozone, the big question next week is whether inflation figures will give the European Central Bank some comfort that rate cuts can happen later in the year. Doubts about the pace of inflation drops have increased in recent weeks. Don’t expect a big drop this month outside of some base effects. In France, energy taxes are being reintroduced, which adds to price growth. Also look at unemployment, which has remained stable around record lows for some time. We don't expect this will change anytime soon, but an upside surprise would add to dovish pressures on the ECB to cut rates sooner rather than later.

Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
		Monday 26 February			
US	1500	Jan New Home Sales-Units	0.69	0.684	0.664
Italy	0900	Jan Unemployment Rate	7.3		7.2
		Tuesday 27 February			
US	1330	Jan Durable Goods	-5	-4.5	0
	1400	Dec CaseShiller 20 (MoM%/YoY%)	0.2/6.0	/	0.1/5.4
	1500	Feb Consumer Confidence	114	114.8	114.8
Germany	0700	Mar GfK Consumer Sentiment	-29.7		-29.7
Eurozone	0900	Jan Money-M3 Annual Grwth	0.1		0.1
		Wednesday 28 February			
US	1330	Q4 GDP 2nd Estimate	3.3	3.3	3.3
	1330	Q4 GDP Deflator Prelim	1.5		1.5
	1330	Q4 Core PCE Prices Prelim	2		2
Italy	0901	Feb Consumer Confidence	96.2		96.4
Eurozone	1000	Feb Business Climate	-		-0.4
	1000	Feb Economic Sentiment	96.8		96.2
	1000	Feb Consumer Confidence Final	-		
		Thursday 29 February			
US	1330	Jan Personal Income (MoM%)	0.5	0.5	0.3
	1330	Jan Personal Consumption Real (MoM%)	0	-	0.5
	1330	Jan Consumption, Adjusted (MoM%)	0.2	0.2	0.7
	1330	Jan Core PCE Price Index (MoM%/YoY%)	0.4/2.8	0.4/2.8	0.2/2.9
	1445	Feb Chicago PMI	48.5		46
	1330	Initial Jobless Claims	210	-	201
	1330	Continuing Jobless Claims	1880	-	1862
Germany	0700	Jan Retail Sales (MoM%/YoY%)	-0.8/-4.1	/	-1.6/-1.7
	0855	Feb Unemployment Rate	5.8		5.8
	1300	Feb CPI Prelim (MoM%/YoY%)	1.0/2.8	/	0.2/2.9
France	0745	Q4 GDP (QoQ%/YoY%)	-/-	/	0/0.7
	0745	Feb CPI Prelim (YoY%)	-		3.4
	0745	Feb CPI (EU Norm) Prelim (MoM%)	-		-0.2
Spain	0800	Feb CPI (MoM%/YoY%) Flash	-		0.1/3.4
Canada	1330	Q4 GDP (YoY%)	1.0		0.47
	1330	Dec GDP (MoM%)	-		0.2
Sweden	0700	Q4 GDP Final (QoQ%/YoY%)	-		0.1/0.0
Switzerland	0800	Q4 GDP (QoQ%/YoY%)	-/-	/	0.3/0.3
Portugal	0930	Feb CPI Flash (YoY%)	-		2.3
	1100	Q4 GDP (QoQ%/YoY%)	-/-	/	0.8/2.2
Austria	0800	Q4 GDP Growth (QoQ%) Final	-		0.2
		Friday 1 March			
US	1500	Feb ISM Manufacturing PMI	49.5	49.2	49.1
	1500	Feb ISM Manufacturing Prices Paid	53		52.9
	1500	Feb U Mich Sentiment Final	79.6		79.6
Germany	0855	Feb S&P Global/BME Manufacturing PMI	42.3		
UK	0930	Feb S&P Global/CIPS Manufacturing PMI Final	47.1		
Italy	0845	Feb S&P Global/IHS Manufacturing PMI	48.2		48.5
	1000	Feb CPI Prelim (MoM%/YoY%)	-/-	/	/
Eurozone	0900	Feb S&P Global Manufacturing PMI Final	46.2		
	1000	Feb CPI Flash (YoY%)	2.5		
	1000	Feb Core CPI Flash (YoY%)	2.9		
	1000	Jan Unemployment Rate	6.4		6.4

Source: Refinitiv, ING

Author

James Knightley
Chief International Economist, US
james.knightley@ing.com

Bert Colijn
Chief Economist, Netherlands
bert.colijn@ing.com

Asia week ahead: India's GDP and China PMI readings plus regional trade and inflation numbers

Next week features several economies across the region reporting inflation and trade numbers. Meanwhile, China also reports its latest PMI readings and India releases GDP figures

China's PMI could remain in contraction territory

China's February PMI will be published next Friday. We expect the manufacturing PMI to remain broadly stable, dipping slightly from 49.2 to 49.1. The Lunar New Year effect could act as a drag on the February data as factories shut down for the break. This year's eight-day holiday is also a day longer than normal. The PMI will likely come in below the critical 50 threshold for the fifth consecutive month, but the non-manufacturing PMI on the other hand should paint a more favourable picture. A strong recovery in travel and tourism over the Lunar New Year period bodes well for services sectors, and we expect an uptick from 50.7 to 51.0.

Australia's inflation could tick higher

January's inflation data will probably unwind some of the December decline, as we are not expecting a repeat of the big drop in prices that followed the December 2022 price spike. That should take inflation from 3.4% year-on-year to 3.7%, with a chance that it comes in even higher. With the Reserve Bank of Australia (RBA) mulling the need for further possible rate hikes at their February meeting, the narrative on rates in Australia may shift from when and how much the RBA will start easing back to whether rates have peaked after all.

India's GDP growth to settle at 7.2%

Fourth quarter GDP data for 2023 will ease back from the 7.6% YoY rate in the third quarter, but should still deliver a respectable growth rate of around 7.2% YoY. That would also leave calendar 2023 GDP growth at 7.2%, the fastest growth rate of any major economy last year. Forward-looking indicators – together with another supportive Union budget for the coming calendar year – should maintain growth close to current levels in 2024.

Japan data deluge next week

Japan's consumer prices are expected to drop quite sharply in January due to a high base last year. By expenditure type, service prices should slow down, partially offset by higher fresh food prices.

Given upbeat January exports results, we expect January's industrial production to rise modestly. The production disruption caused by the earthquake should have some impact, but this will probably be offset by strong output growth in vehicles and semiconductors. Retail sales, however, are expected to deteriorate based on an early vehicle sales report.

Lastly, Japan's jobless rate is expected to remain unchanged at 2.4% in January, suggesting tight labour market conditions. We believe the upcoming data set will point to an economic recovery for the quarter.

Korea's trade data

Early February trade data suggests exports momentum is continuing in February. The Lunar New Year holiday will likely skew the headline exports figures, but the daily average exports are expected to rise solidly. Semiconductors should remain the main driver.

Taiwan's export's likely to sustain momentum

January's export orders will be published next Tuesday. For December, we observed a recovery of actual exports to 11.8% YoY, but export orders saw a surprisingly large drop, down -16.0% YoY in Dec. With strong January exports continuing at 18.1% YoY, we expect an uptick in the export orders in this month's data. The unemployment rate and industrial production data will also be published on Thursday, where we expect the moderate recovery trend to continue with a slight drop in unemployment and a recovery of IP.

Indonesia inflation likely to remain subdued

Price pressures in Indonesia are expected to remain manageable, with inflation likely to settle at roughly 2.6% YoY, up only by 0.2% from the previous month. Despite inflation staying relatively stable, Bank Indonesia's recently lowered inflation target (1.5-3.5%) suggests it may need to remain cautious and hold policy rates at current levels for now.

Key events in Asia next week

Country	Time (GMT+8)	Data/event	ING	Survey	Prev.
		Monday 26 February			
Japan	2330	Jan CPI (MoM%)	-0.2		-0.1
	2330	Jan CPI (YoY%)	1.8		2.6
Singapore	0500	Jan Manufacturing Output (MoM%/YoY%)	-/-	/	-1.7/-2.5
		Tuesday 27 February			
Taiwan	0820	Jan Money Supply - M2 (YoY%)	-		5.3
		Wednesday 28 February			
Japan	0500	Dec Leading Indicator Revised	-		1.9
	2350	Jan Industrial O/P Prelim (MoM%/YoY%)	0.5/6.0	/	1.4/-1.0
	2350	Jan Retail Sales (YoY%)	-5		2.1
Australia		Jan CPI (YoY%)	3.7		3.4
		Thursday 29 February			
Japan	0500	Jan Housing Starts (YoY%)	-		-4
	2330	Jan Unemployment Rate	2.4		2.4
India	1200	Q3 GDP Quarterly (YoY%)	7.2		7.6
Philippines	-	Dec Budget Balance	-		-93.3
Taiwan	0800	Jan Industrial Output (YoY%)	-		-3.99
	0800	Jan Unemployment rate (%)	-		3.4
		Friday 1 March			
Japan	0030	Feb Jibun Bank Manufacturing PMI	47.2		47.2
China	0130	Feb NBS Manufacturing PMI	-		49.2
	0130	Feb NBS Non-Manufacturing PMI	-		50.7
	0145	Feb Caixin Manufacturing PMI Final	-		50.8
Indonesia	0030	Feb IHS S&P Global PMI	-		52.9
	0400	Feb core Inflation (YoY%)	1.8		1.68
	0400	Feb Inflation (MoM%/YoY%)	0.15/2.56	/	0.04/2.57
Philippines	0030	Feb Manufacturing PMI	51.2		50.9
Taiwan	0030	Feb IHS S&P Global Manufacturing PMI	-		48.8
South Korea	0000	Feb Export Growth Prelim (YoY%)	-2		18
	0000	Feb Import Growth Prelim (YoY%)	-10		-7.9
	0000	Feb Trade Balance Prelim (Bil, USD)	-1.5		0.33

Author

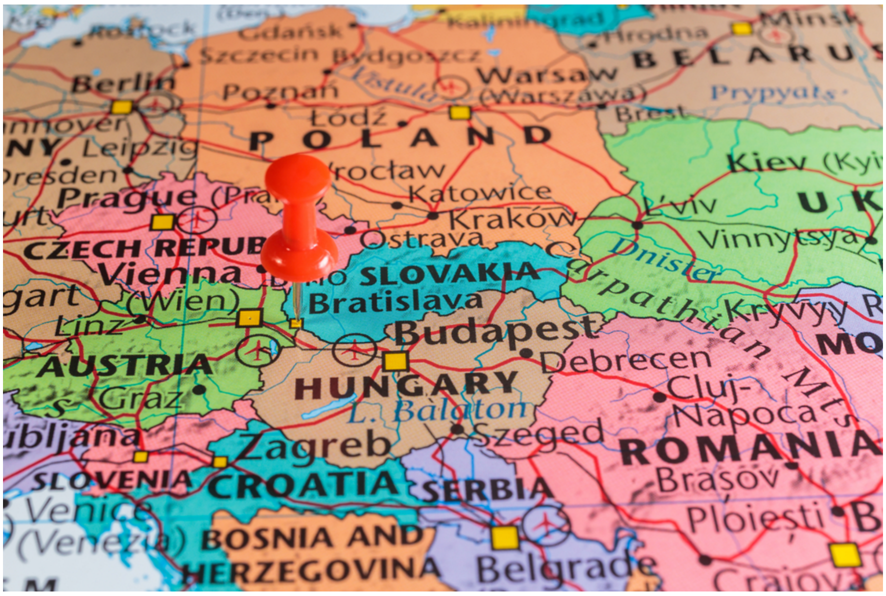
Min Joo Kang
Senior Economist, South Korea and Japan
min.joo.kang@asia.ing.com

Lynn Song
Chief Economist, Greater China
lynn.song@asia.ing.com

Nicholas Mapa
Senior Economist, Philippines
nicholas.antonio.mapa@asia.ing.com

Key events in EMEA next week

The focus of next week will be Poland's fourth quarter GDP flash estimate for 2023, which we expect to come in at 1.0% YoY. Also in focus will be the National Bank of Hungary's February meeting, where we're expecting to see a 100bp cut. In Turkey, we see full-year GDP growth for 2023 coming in at 4.5% YoY



Source: Shutterstock

Poland: Flash estimate of fourth quarter GDP growth to be 1.0% YoY

GDP (4Q23): 1.0% YoY

We expect the flash estimate of 2023 fourth quarter GDP growth of 1.0% year-on-year to be confirmed in Poland next week. The StatOffice will also unveil the composition of economic growth in the final quarter. We estimate that households consumption stalled in the fourth quarter after rising by 0.8% YoY in the third quarter. At the same time, fixed investment likely continued rising at a solid pace (7-8% YoY). We estimate that foreign trade contributed positively to fourth quarter GDP growth last year, while change in inventories was still a serious drag on growth. We still remain positive on the 2024 outlook and we forecast consumption-led growth of 3%.

Hungary: We expect the NBH to deliver a 100bp cut

The main event next week in Hungary is the February rate-setting meeting. Favourable domestic developments (e.g., continued strong disinflation) strengthen the case for a larger rate cut, while FX stability and external risks justify a more cautious approach by the National Bank of Hungary. If market stability prevails, we expect the central bank to embrace the present and deliver a 100bp cut, temporarily accelerating the pace of monetary easing.

Elsewhere on the calendar, we will see the details behind the surprisingly ugly December trade balance data, which may give us a clue as to its nature (a temporary hiccup or the start of a bad trend). Last but not least, the manufacturing PMI will reflect the ongoing weakness of the Hungarian industry, which is affected by limited domestic and foreign demand, in our view.

Turkey: Full year GDP growth expected to be 4.5% tYoY

Despite the earthquakes in February, Turkish GDP recorded a strong 4.7% YoY in the first three quarters, mainly driven by domestic demand. However, there were signs of a slowdown in the growth trend in the last quarter. Accordingly, we expect it to come in at 4.1% YoY, with full year growth in 2023 at 4.5% YoY. There are signs of a boost to growth in the first quarter of this year with the rise in minimum wages and acceleration in budgetary spending.

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
		Monday 26 February			
Russia	1600	Jan Industrial Output	3.4		2.7
		Tuesday 27 February			
Hungary	1300	Feb Hungary Base Rate	9.00		10.00
Croatia	1000	Q4 GDP (YoY%)	3.2		2.8
		Wednesday 28 February			
Russia	1600	Jan Retail Sales (YoY%)	7.7		10.2
	1600	Jan Unemployment Rate	3.0		3
Turkey	0700	Jan Trade Balance	-	-6.2	-6.04
Poland	0900	Q1 GDP (QoQ%/YoY%) Flash	-		
		Thursday 29 February			
Turkey	0700	Q4 GDP Quarterly (YoY%)	4.1		5.9
	1100	Jan Bank NPL Ratio	-		1.6
Poland	0900	Q4 GDP (YoY%)	1.0	/	1.0
South Africa	0600	Jan M3 Money Supply (YoY%)	-		7.63
	0600	Jan Private Sector Credit Ext.	-		4.94
	0930	Jan PPI (MoM%/YoY%)	-/-	/	-0.6/4
	1200	Jan Trade Balance (Incl. Region)	-		14.06
		Friday 1 March			
Russia	0600	Feb S&P Global Manufacturing PMI	-		52.4
Poland	0800	Feb S&P Global Manufacturing PMI	45.3		47.1
Czech Rep	0800	Q4 Final GDP (QoQ%/YoY%)	-		0.2/-0.2
	0830	Feb S&P Global PMI	-		43
	1300	Feb Budget Balance	-		-26
Hungary	0730	Dec Trade Balance Final	-188		-188
	0800	Feb Manufacturing PMI	47.7		49.9

Source: Refinitiv, ING

Author

Adam Antoniak
Senior Economist, Poland
adam.antoniak@ing.pl

Peter Virovacz
Senior Economist, Hungary
peter.virovacz@ing.com

Muhammet Mercan
Chief Economist, Turkey
muhammet.mercan@ingbank.com.tr