

Our view on this week's key events

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✓ US: All eyes on government response

Once again, the major releases, such as durable goods orders will be ignored given they pre-date the coronavirus related macro and market dislocations. Instead, it will be small regional surveys and numbers published by individual states, such as we saw with the spike in Ohio jobless claims last week, which give us the most timely indications of what is happening.

The focus though will be on the progress of the US fiscal stimulus plan and any new announcements on support for workers and businesses that can help to mitigate some of the effects of the Covid-19 containment measures currently being enacted.

✓ UK PMIs to give earlier taster of economic hit

The flash UK PMIs, which are likely to have captured responses up until around 19th or 20th March, will give a first indication of the impact on businesses. It goes without saying that a large drop is likely, although remember as with any PMI, it is a diffusion index, which simply means a fall tells us that more firms are seeing weaker activity, but not necessarily by how much.

That's why we've often said, for example after the UK election, that PMIs aren't always the best

indicator of growth levels at turning points. Often that means PMIs can overstate the scale of a deterioration, although in this case there's little doubt the risk is the other way around, that the actual deterioration in growth could be much worse.

Remember too that a key component of the PMIs are supplier delivery times. In normal times an increase might signal that firms are flooded with orders – a good economic sign. Now though, a rise in delivery times is not a good thing, but mechanically it may see the scale of the fall in the PMIs capped, as we saw in the February numbers.

We aren't expecting much new from the Bank of England meeting on Thursday, given that policymakers have already essentially gone all-in. However we wouldn't rule out further QE further down the line, although the timing is more uncertain. Also keep an eye out for further signs that the UK will apply for an extension to the post-Brexit transition period. The Article 50 process allowed for a further two-year delay, as long as it is activated by the end of June.

Eurozone: Some early signs of impact

This week will bring the first March confidence data for the eurozone as a whole and the IFO has already given a bleak taster of what that will look like.

German business confidence plummeted, indicating that confidence has obviously been impacted by Covid-19. February confidence data had still been surprisingly strong, but those mainly reflected the Chinese lockdown measures and supply chain issues. March PMI and consumer confidence data includes the rapid spreading across the Eurozone itself, providing the first clue about what impact for March activity can be expected.

Developed Market Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 23 March				
Eurozone	1500 Mar A Consumer Confidence	-13	-	-6.6
Tuesday 24 March				
US	1345 Fed's Bullard Speaks at Bank of France Event in Paris			
Japan	0500 Jan F Leading economic index	-	-	90.3
	2350 BOJ Minutes of January Meeting			
Eurozone	0900 Mar P Markit Manufacturing PMI	39.0	-	49.2
	0900 Mar P Markit Services PMI	48.0	-	52.6
	0900 Mar P Markit Composite PMI	45.0	-	51.6
	0820 ECB's Lagarde Speaks at ECB and Its Watchers Conference			
UK	0930 Mar P Markit/CIPS Manufacturing PMI	43.0	-	51.7
	0930 Mar P Markit/CIPS Services PMI	47.0	-	53.2
	0930 Mar P Markit/CIPS Composite PMI	46.5	-	53.0
Wednesday 25 March				
US	1230 Feb P Durable Goods Orders (MoM%)	-1.1	-	-0.2
	1230 Feb P Durable Goods Orders (ex. Transport, MoM%)	-0.5	-	0.8
UK	0930 Feb CPI (MoM/YoY%)	0.6/1.7	-/-	-0.3/1.8
	0930 Feb Core CPI (YoY%)	1.6	-	1.6
Norway	0700 Jan Unemployment Rate AKU	-	-	3.9
Netherlands	0530 4Q F GDP (QoQ%)	0.4	-	0.4
Thursday 26 March				
US	1230 4Q T GDP (QoQ Annualised %)	2.1	-	2.1
	1330 Fed's Bullard Speaks at Monetary Policy Forum at the ECB			
Eurozone	0900 Feb M3 Money Supply (YoY%)	5.1	-	5.2
	0900 ECB Publishes Economic Bulletin			
UK	0930 Feb Retail Sales ex Auto Fuel (MoM/YoY%)	-0.2/1.1	-/-	1.6/1.2
	0930 Feb Retail Sales (MoM/YoY%)	-0.2/0.4	-/-	0.9/0.8
	1200 BoE Policy Rate	0.10	0.10	0.10
Sweden	0800 Mar Economic Tendency Indicator	-	-	99.1
	0830 Feb Household Lending (YoY%)	-	-	5.1
Friday 27 March				
Norway	0700 Feb Retail Sales (Ex. Motor Vehicles, SA, MoM%)	-	-	0.5
Sweden	0830 Feb Retail sales (Ex. Fuel, MoM/YoY%)	-/-	-/-	0.9/2.7

Source: ING, Bloomberg

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Source: Shutterstock

✓ Czech: More, more and more

The Czech National Bank delivered a 50bp emergency rate on Monday and is very likely to continue lowering borrowing costs to mitigate the coronavirus shock, though it will be more of a signaling measure. This means that the main 2-week repo rate is likely to fall further in the coming months with the central bank delivering another 50bp rate cuts on Thursday. In case CZK heads above the 28 EUR/CZK level, the CNB will likely step into the market and support the koruna so as not to see adverse effects from shock depreciation.

✓ Hungary: The beginning of a painful streak of data

As Covid-19 reached Hungary in early-March, we expect the sentiment indices for this month to reflect the impact. Both household and business confidence might drop to multi-year low levels, and this will be just the beginning of a rush of bad data. In such an extreme environment, the National Bank of Hungary rate setting meeting could have been interesting, but the central bank has already announced a lot of measures and made suggestions on how to give breathing room to businesses, households and the banking sector. From liquidity enhancing measures to restructuring the collateral rules, loan payment moratoriums and a possible restart of mortgage bond buying, we've already seen almost everything. There is not much left for the meeting. So we

see the rates remaining unchanged and NBH will explain the necessity of all the announced measures. As one concrete step, we expect to see the NBH increasing the targeted average level of crowded out liquidity. Besides this, the new staff forecast will be interesting, but due to the cut-off date, we might need to check the alternative scenarios rather than the base case.

Poland: Markets likely to look the other way

Releases this week from Poland should have limited market relevance. The budget performance after February is likely to be still decent as activity surprised on the upside. The decisions of economic lockdown were made in March, therefore economic consequences will be seen from next month's releases onwards.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Thursday 19 March					
Serbia	-	Jan C/A (€mn)	-	-	-530
Sunday 22 March					
Hungary	2300	Mar Economic Sentiment	-13.4	-	-2.6
	2300	Mar Business Confidence	-10.0	-	0.7
	2300	Mar Consumer Confidence	-23.0	-	-12.1
Israel	1100	Jan Industrial Production (SA, MoM%)	-	-	0.1
Monday 23 March					
Turkey	0800	Feb Foreign Tourist Arrivals (YoY%)	-	-	16.1
Poland	1300	Feb M3 Money Supply (YoY%)	9.1	9.0	9.3
Hungary	0730	4Q C/A (€mn)	-300	-	-230.1
Ukraine	-	National Bank of Ukraine Publishes Minutes of Rate Meeting			
Israel	1100	Feb Monthly Unemployment Rate (%)	-	-	3.6
		Feb Leading 'S' Indicator (MoM%)	-	-	0.25
Tuesday 24 March					
Poland	0900	Feb Unemployment Rate (%)	5.5	5.5	5.5
		Feb Budget Level (YTD)	-	-	3426.7
Hungary	1300	Policy Rate (%)	0.90	-	0.90
	1300	Overnight Deposit Rate (%)	-0.05	-	-0.05
South Africa	0700	Jan Leading Indicator	-	-	104.4
Brazil	1200	Jan Retail Sales (YoY%)	3.4	-	2.6
	1100	Central Bank Meeting Minutes			
Wednesday 25 March					
Turkey	0700	Mar Real Sector Confidence Index SA	-	-	106.7
	0700	Mar Capacity Utilization (%)	-	-	76
Serbia	1100	Jan Real Wages (YoY%)	-	-	11.9
Brazil	1230	Feb C/A Balance (\$mn)	-4500	-	-11879.2
Mexico	1200	Jan Retail Sales (YoY%)	2.8	-	3.2
Thursday 26 March					
Czech Rep	1200	Repo Rate	1.25	-	2.25
South Africa	1030	Feb PPI (MoM/YoY%)	-/-	-/-	0.3/4.6
Brazil	1100	Central Bank Quarterly Inflation Report			
Mexico	1200	Feb Unemployment Rate SA (%)	3.7	-	3.66
	1900	Overnight Rate	6.5	-	7.0
Friday 27 March					
Kazakhstan	-	Feb M3 Money Supply (MoM%)	-	-	4.1

Source: ING, Bloomberg

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Asia week ahead: Still a long road ahead

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Asia Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Saturday 21 March				
Taiwan	- Feb Money supply (M2) (YoY%)	-	-	4.6
Monday 23 March				
Singapore	0500 Feb CPI (YoY%)	0.3	-	0.8
	0500 Feb CPI core (YoY%)	0.3	-	0.3
Hong Kong	0800 Feb CPI (YoY%)	0.5	-	1.4
Taiwan	0800 Feb Industrial production (YoY%)	-5.9	-	-1.51
	- Feb Money supply (M2) (%YoY)	3.72	-	4.6
Thailand	0330 Feb Exports (Cust est, YoY%)	-13.5	-	3.35
	0330 Feb Imports (Cust est, YoY%)	-11.4	-	-7.9
	0330 Feb Trade balance (US\$bn)	3.2	-	-1.6
Wednesday 25 March				
Malaysia	0400 Feb CPI (YoY%)	1.0	-	1.6
Thailand	0705 Benchmark Interest Rate	0.50	-	1.00
	- Feb Manufacturing index (YoY%)	-9.0	-	-4.6
Thursday 26 March				
Hong Kong	0830 Feb Exports (YoY%)	-39.0	-	-22.7
	0830 Feb Imports (YoY%)	-35.1	-	-16.4
	0830 Feb Trade balance (HK\$ bn)	-40.6	-	-30.6
Singapore	0500 Feb Industrial production (MoM/YoY%)	-/-6.7	-/-	18.2/3.4
South Korea	2100 Mar BOK Consumer Sentiment Index	-	-	96.9
Friday 27 March				
China	- Feb Industrial profits (YoY%)	-80.0	-	-14.0
Philippines	- Feb Fiscal balance (PHP bn)	-43.7	-	23.0

Source: ING, Bloomberg, *GMT

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