

Our view on next week's key events

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By Peter Virovacz

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✓ US: No change from the Fed but GDP figures to reflect vaccine optimism

It is a jam-packed calendar with the Federal Reserve monetary policy decision and the 1Q GDP report the highlights.

The Fed is set to leave monetary policy unchanged – rates remaining in the 0-0.25% range and QE monthly asset purchases at \$120bn – with policymakers set to re-affirm there will be no shift in stance until “substantial further progress” on the recovery. Recent comments suggest that officials continue to think this is some way off, with the March forecast update suggesting that most members still think 2024 will be the start-point for lift-off in interest rates.

However, the 1Q GDP report is likely to show another fantastic growth figure, led by stimulus fueled consumer spending.

We are expecting annualised growth of 7.4%, and with the vaccination program meaning more than 135 million Americans have had at least one dose and the economy opening up more and more each day, we expect to see more than a million jobs created in April with GDP growth likely to

be in double figures for the second quarter. With inflation likely to hit close to 4% and prove to be somewhat stickier than the Fed is publicly acknowledging – largely due to house price developments and ongoing supply capacity issues – we continue to think that the Fed could start tapering asset purchases before the end of the year.

We look for the first-rate hike to come in 1H 2023, but the odds are increasingly moving in the direction of a possible December 2022 rate hike.

Eurozone: A technical recession alongside energy price fuelled inflation

The eurozone is set for another technical recession, with numbers on Q1 coming out on Friday that will likely show another decline.

Extended lockdowns have pushed the economy in the red, even though underlying activity in sectors less hindered by restrictions seem to be performing well at the moment. Also interesting will be Friday's inflation data set to soar further on the back of increasing energy prices. But we're not concerned, as all factors seem to be temporary, confirming the ECB's view laid out yesterday.

Also important is how unemployment performs; further falls will indicate a quick rebound on reopening.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 26 April					
US	1330	Mar Durable Goods	3.0	1.8	-1.2
Japan	0600	Feb Leading Indicator Revised	-		1.2
Germany	0900	Apr Ifo Business Climate New	98.0		96.6
	0900	Apr Ifo Curr Conditions New	94.0		93.0
	0900	Apr Ifo Expectations New	102.0		100.4
Tuesday 27 April					
US	1400	Feb CaseShiller 20 (MoM/YoY%)	-/-		1.2/11.1
	1500	Apr Consumer Confidence	113.0	112.3	109.7
Japan	-	BOJ Rate Decision	-0.1		-0.1
	0050	Mar Retail Sales (YoY%)	0.8		-1.5
Italy	0900	Apr Consumer Confidence	-		100.9
Sweden	0830	Riksbank Rate	0.00		0.00
	0830	Mar Unemployment Rate	-		9.7
Eurozone	1000	Apr Business Climate	-		0.3
Wednesday 28 April					
US	1900	Fed Funds Target Rate	0.125		0.125
	1900	Fed Interest On Excess Reserves	0.1		0.1
Germany	0700	May GfK Consumer Sentiment	-5.4		-6.2
France	0745	Apr Consumer Confidence	-		94.0
Canada	1330	Feb Retail Sales (MoM%)	-		-1.1
Australia	0230	Q1 CPI (QoQ/YoY%)	0.7/1.0		0.9/0.9
New Zealand	2245	Mar Imports	-		4.29
	2245	Mar Trade Balance	-		181.0
	2245	Mar Exports	-		4.47
Sweden	0830	Mar Retail Sales (MoM/YoY%)	-/-		0.7/4.6
Thursday 29 April					
US	0830	Q1 GDP (QoQ%)	7.4	6.1	4.3
Japan	0030	Apr CPI, Overall Tokyo	-		-0.2
	0030	Mar Unemployment Rate	2.9		2.9
	0050	Mar Industrial O/P Prelim (YoY%)	-1.2		-2
Germany	0855	Apr Unemployment Rate SA	6.0		6.0
	1300	Apr CPI Prelim (MoM/YoY%)	3.0/1.9		0.5/1.7
Spain	0800	Apr CPI (MoM/YoY%) Flash NSA	-		1.0/1.3
	0800	Q1 Unemployment Rate	-		16.13
Sweden	0830	Q1 GDP (QoQ/YoY%)	-/-		-0.2/-2.2
Eurozone	1000	Apr Economic Sentiment	103		101
	1000	Apr Consumer Confidence Final	-10		
Friday 30 April					
US	1330	Mar Personal Income (MoM%)	-	20.0	-7.1
	1330	Mar Personal Consump Real (MoM%)	-		-1.2
	1330	Mar Consumption, Adjusted (MoM%)	-	3.8	-1.0
	1330	Mar Core PCE Price Index (MoM%)	-	0.3	0.1
	1445	Apr Chicago PMI	-	63.0	66.3
	1500	Apr U Mich Sentiment Final	-	86.5	86.5
Japan	0130	Apr Jibun Bank Manufacturing PMI	-		
	-	Mar Housing Starts (YoY%)	-		-3.7
Germany	0700	Q1 GDP Flash (QoQ/YoY%, SA)	-0.9/-2.7		0.3/-2.7
France	0630	Q1 GDP Preliminary (QoQ/YoY%)	-/-		-1.4/-4.9
	0745	Mar Consumer Spending (MoM/YoY%)	-/-		0/1.4
	0745	Apr CPI (EU Norm) Prelim (MoM%)	-		0.7
Italy	0800	Mar Unemployment Rate	-		10.2
	0900	Q1 GDP Prelim (QoQ/YoY%)	-/-		-1.9/-6.6
	1000	Apr CPI (EU Norm) Prelim (MoM/YoY%)	-		1.8/0.6
Spain	0800	Mar Retail Sales (YoY%)	-		-5.9
Canada	1330	Feb GDP (MoM%)	-		0.7
Australia	0230	Q1 PPI (QoQ/YoY%)	0.9/0.6		0.5/-0.1
Portugal	0930	Apr CPI Flash (MoM/YoY%)	-/-		1.4/0.5
Eurozone	1000	Q1 GDP Flash Prelim (QoQ/YoY%)	-0.7/-1.9		0.7/-4.9
	1000	Mar Unemployment Rate	8.2		8.3
	1000	Inflation HICP	1.7		
	1000	Core inflation HICP	1.2		

Source: ING, Refinitiv

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Asia week ahead: Where is growth headed in the second quarter?

Asian economies continue to build on their export strength as Taiwan and Korea's 1Q21 GDP reports should reveal next week. However, forward-looking...



Source: Shutterstock

Export-led recovery is strengthening

Korea and Taiwan are the next Asian countries to release GDP numbers for 1Q21, and we expect both countries to have built on their export strength in the last quarter.

Taiwan was a notable exception to an unprecedented economic slump during the Covid-19 crisis as year-on-year GDP growth remained positive throughout 2020. While this had the island economy off to a strong start in 2021, disproportionate benefits of global semiconductor shortages kept exports and GDP growth accelerating. Our house forecast for Taiwan's 1Q GDP growth is 5.5%

year-on-year, up from 5.1% in 4Q20.

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Korea is the next Asian economy to have snapped the negative year-on-year GDP growth trend in the first quarter. We're looking for 1% YoY GDP growth after the contraction in the preceding three quarters (-1.2% YoY in 4Q20). Strong exports buoyed manufacturing, while multiple Covid-19 waves continued to hold back the recovery of services output. But even then, we think our growth forecast is at risk of more upside than downside surprise.

Our Korean growth forecast is at risk of more upside than downside surprise

Elsewhere in Asia, lots of industrial production numbers for March will help us fine-tune 1Q GDP estimates of the countries reporting next week -- Japan, Singapore, and Thailand. Released earlier this month, an advance estimate of Singapore's 1Q GDP eked out a 0.2% YoY growth. So, March industrial production data will signal the direction of revision to the initial estimate, which will most likely be upward given the persistent strong non-oil domestic exports in March.

We don't think manufacturing in Japan or Thailand was strong enough to pull GDP growths up into positive territory in 1Q. Moreover, the prospects of this happening in the current quarter are diminishing, too, with the fourth wave of the pandemic.

But prospects continue to be uncertain

GDP releases may well be carrying some market impact, though that's not going to change the fact that 1Q21 is pretty much a thing of the past. So, markets will be more interested in ascertaining the direction of GDP growth in the second quarter, or even beyond, while multiple waves of the pandemic continue to dampen the outlook.

The forward-looking consumer and business sentiment indicators come in handy for this purpose, so do purchasing manager indices (PMIs) or even corporate profits for what they say about future investments - and there are plenty of those on the calendar next week.

The key standouts are China's industrial profits data for March as well as the manufacturing and non-manufacturing PMIs for April -- all likely reflecting the steady advance of Asia's biggest economy. And in Korea, consumer and business confidence indicators may show further improvements over their March readings, paving the way for even more growth this quarter despite the increasing number of Covid-19 cases yet again.

The Bank of Japan policymakers meet on Tuesday (27 April). Having tweaked the policy at the March meeting for a broader trading range for benchmark bond yields and scrapping the target for ETF purchases, there is little likelihood of the central bank tempering it again in just over a month.

In Australia, inflation remains far behind the reserve Bank of Australia's 2-3% policy target as we get 1Q CPI data next week (ING forecast 1.0% YoY). It should hit the target in the current quarter, though that's due in part to the low base effects rather than underlying demand recovery.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 26 April					
Singapore	0600	Mar Manufacturing Output (MoM/YoY%)	9.8/14.0		1.6/16.4
South Korea	0000	Q1 GDP Growth (QoQ/YoY%)	0.8/1.0		1.2/-1.2
Tuesday 27 April					
China	0230	Mar Industrial Profit (YoY% YTD)	215.0		179.0
Hong Kong	1000	Mar Exports (YoY%)	20.8		17.6
	1000	Mar Imports (YoY%)	13.0		30.4
	1000	Mar Trade balance (HK\$bn)	-15.5		-14.7
Philippines	-	Mar Budget Balance	-22.4		-116.0
South Korea	2200	Apr BoK Consumer Sentiment Index	100.7		100.5
Wednesday 28 April					
Malaysia	0500	Mar Trade Balance	18.4		17.9
	0500	Mar Exports	22.7		17.6
	0500	Mar Imports	17.9		12.7
Singapore	-	1Q Unemployment rate (SA%)	3.1		3.3
Thailand	-	Mar Manufacturing Prod (YoY%)	-1.7		-1.1
South Korea	2200	May BOK Manufacturing BSI	92.1		91.0
	2200	May BOK Non-manufacturing BSI	78.2		78.0
Thursday 29 April					
South Korea	0000	Mar Industrial Output (MoM/YoY%)	-1.1/4.1		4.3/0.9
Friday 30 April					
China	0200	Apr NBS Non-Mfg PMI	56.0		56.3
	0200	Apr NBS Manufacturing PMI	51.2		51.9
	0200	Apr Composite PMI	-		55.3
Hong Kong	0930	Mar Money Supply M3	-		10.3
Malaysia	0800	Mar Money Supply (YoY%)	-		5.1
Indonesia	0500	Mar M2 Money Supply (YoY%)	-		11.3
Taiwan	0900	Q1 GDP (YoY%) Prelim	5.5		5.1
Thailand	0830	Mar Current Account (US\$bn)	-1.0		-1.1

Source: ING, Refinitiv, *GMT

Key events in EMEA next week

A central bank decision from Hungary and GDP figures from the Czech Republic will be key to watch as the pandemic continues to take its toll



Source: Shutterstock

✓ Hungary: Rates to stay on hold

We see the National Bank of Hungary maintaining its hawkish commitment, while keeping rates unchanged. Incoming data still does not show any positive impact from reopening, which will be crucial to watch in the coming months. The central bank will do its due diligence, conducting a technical review of the QE programme, as the Bank holds close to HUF 2tn in assets. We expect the QE programme to continue as is, with the next technical review happening at HUF 3tn. Other than that, incoming labour market data will show some weakening in wage growth and a more-or-less stable unemployment rate. Producer price growth is expected to escalate further.

✓ Czech Republic: Economy to decline again with pandemic lingering

Given the unfavourable pandemic situation in 1Q21, the Czech economy is likely to decline again quarter-on-quarter (-0.8%), driven both by a decline in household consumption and investment. But the flash GDP figure will provide only limited detail next week. As 1Q20 was already impacted by the Covid crisis, the annual fall will slow (from -4.8% to around -2.6% according to our estimates) amid a lower base.

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 26 April					
Poland	0900	Mar Unemployment Rate	6.4		6.5
Kazakhstan	1000	Apr Base Interest Rate	-		9.0
Brazil	1330	Mar Current Account	-		-2.3
	1330	Mar Foreign Direct Investm't	-		9.0
Mexico	1300	Feb IGAE Econ Activity (YoY%)	-		-5.4
Tuesday 27 April					
Hungary	1300	Apr Hungary Base Rate	0.60		0.60
	1300	Apr O/N Deposit Rate	-0.05		-0.05
Brazil	1300	Apr IPCA-15 Mid-Month CPI (YoY%)	-		5.52
Mexico	1300	Mar Trade Balance SA	-		2.16
Wednesday 28 April					
Hungary	0800	Mar Unemployment Rate 3M	4.7		4.5
Thursday 29 April					
Turkey	0900	Inflation report 2021 - II			
Hungary	0800	Feb Trade Balance Final	856		856.0
	0800	Feb Average Gross Wages (YoY%)	9.2		9.5
Brazil	1200	Apr IGP-M Inflation Index	-		2.94
	1300	Mar Central Govt Balance	-		-21.2
Friday 30 April					
Turkey	0800	Mar Trade Balance	-2.8		-3.3
	1200	Mar Bank NPL Ratio	-		4.02
Czech Rep	0800	Q1 Preliminary GDP (QoQ/YoY%)	-0.8/-2.6		0.6/-4.8
Hungary	0800	Mar PPI (MoM/YoY%)	1.0/8.6		1.2/8.1

Source: ING, Refinitiv

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