

## Our view on next week's key events

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#### Key Events

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Inflation to decline in Australia while Japan's recovery continues

By Robert Carnell and Min Joo Kang

# Key events in developed markets and EMEA next week

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## ✓ US: The Fed likely to hike 25bp in July

Hawkish messaging from the Fed continued last week, and we'll likely see more of the same over the coming week with several officials scheduled to speak. The no-change interest rate decision has been characterised as a slowdown in the policy tightening path rather than a "pause" and as such, we would likely need to see weakness in job creation and a sub 0.2% month-on-month increase in inflation to deter the Fed from hiking rates by 25bp in July.

The data calendar includes durable goods orders and housing numbers, which are likely to remain relatively firm. The highlight, however, will be the Fed's favoured measure of inflation, the core personal consumer expenditure deflator. Unfortunately, we don't expect to see any real slowdown and the pricing for a July hike is likely to build.

## ✓ Canada: Bank of Canada restarted rate hikes this month

In Canada, we will see inflation and GDP numbers. The Bank of Canada restarted its rate hikes this month having paused since January. We remain hopeful that inflation will moderate to some extent, with core CPI potentially dropping below 4%. However, as with the Fed, this probably won't be enough to prevent a final 25bp hike in July

## ✓ Poland: CPI (June flash): 11.7% YoY

Our initial estimate – which may be slightly fine-tuned in the coming days – points to a decline in CPI inflation to 11.7% year-on-year in June from 13.0% YoY in May. We expect the annual growth of food prices will be similar to that observed in May, with core inflation close to the May reading of 11.5% YoY. A further sharp decline was observed in gasoline prices in year-on-year terms, and energy for housing also posted lower annual growth this month.

We are still on track for single-digit CPI inflation in September, which the National Bank of Poland signals as a precondition for a potential rate cut this year. At the end of 2023, we see consumer inflation slightly above 8% YoY. In August, headline inflation may fall below core inflation, which in our view will be moderating visibly slower than the headline rate.

## Key evens in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 26 June</b>					
Germany	0900	Jun Ifo Business Climate	92		91.7
	0900	Jun Ifo Current Conditions	93.5		94.8
	0900	Jun Ifo Expectations	89.9		88.6
<b>Tuesday 27 June</b>					
US	1330	May Durable Goods	1.0	-1.2	1.1
	1400	Apr CaseShiller 20 (MoM%/YoY%)	-/-	/	0.5/-1.1
	1500	Jun Consumer Confidence	105.5	104	102.3
	1500	May New Home Sales-Units ('0000)	0.68	0.66	0.68
Italy	0900	Jun Consumer Confidence	-105.6		105.1
Canada	1330	May CPI Inflation (MoM%/YoY%)	0.3/3.3	0.5/3.4	0.7/4.4
	1330	May CPI BoC Core (YoY%)	4.0	4.0	4.2
<b>Wednesday 28 June</b>					
Germany	0700	Jul GfK Consumer Sentiment	-22		-24.2
Italy	1000	Jun CPI Prelim (MoM%/YoY%)	-/-	/	0.3/8
Spain	0800	May Retail Sales (YoY%)	-		5.5
Eurozone	0900	May Money-M3 Annual Growth	1.5		1.9
<b>Thursday 29 June</b>					
US	1330	Initial Jobless Claims	270		264
	1330	Continuing Jobless Claims	1780		1759
	1330	Q1 GDP Final (USD bn)	1.5	1.5	1.3
Germany	1300	Jun CPI Prelim (MoM%/YoY%)	0.4/6.7	/	-0.1/6.1
Sweden	0830	Riksbank Rate	3.75		3.50
Eurozone	1000	Jun Business Climate	-		0.19
	1000	Jun Economic Sentiment	94.5		96.5
	1000	Jun Consumer Confidence Final	-		
<b>Friday 30 June</b>					
US	1330	May Personal Income (MoM%)	0.4	0.4	0.4
	1330	May Personal Consumption Real (MoM%)	0	0	0.5
	1330	May Consumption, Adjusted (MoM%)	0.2	0.2	0.8
	1330	May Core PCE Price Index (MoM%/YoY%)	0.4/4.7	0.3/4.7	0.4/4.7
	1445	Jun Chicago PMI	45	44.4	40.4
	1500	Jun U Mich Sentiment Final	63.9	63.9	63.9
Germany	0700	May Retail Sales (MoM%/YoY%)	0.05	/	0.8/-4.3
	0855	Jun Unemployment Rate SA	5.6		5.6
France	0745	Jun CPI Prelim (YoY%)	-		6
UK	0700	Q1 GDP (QoQ%/YoY%)	0.1/0.2	/	0.1/0.2
Italy	0900	May Unemployment Rate	7.9		7.8
Canada	1330	Apr GDP (MoM%)	0.2		0
Eurozone	1000	Jun CPI Flash (YoY%)	5.7		6.1
	1000	Jun Core CPI Flash (YoY%)	5.3		5.3
	1000	May Unemployment Rate	6.5		6.5

Source: Refinitiv, ING

## Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 26 June</b>					
Poland	0900	May Unemployment Rate	5.1	5.1	5.2
<b>Tuesday 27 June</b>					
Hungary	0730	Q1 C/A Balance QQ	-0.5	-0.5	-4.34
<b>Wednesday 28 June</b>					
Russia	1700	May Industrial Output	5.6	5.8	5.2
	1700	May Retail Sales (YoY%)	7.5	7.8	7.4
	1700	May Unemployment Rate	3.3	3.5	3.3
		- May GDP (YoY%) Monthly	-		3.3
<b>Thursday 29 June</b>					
South Africa	1030	May PPI (MoM%/YoY%)	-/-	/	0/8.6
Turkey	1230	Gross FX Reserves	-		57.79
<b>Friday 30 June</b>					
Poland	0900	June flash CPI (YoY%)	11.7		13
Czech Rep	0800	Q1 Revised GDP (QoQ%/YoY%)	0/-0.4		0/-0.4
South Africa	0700	May M3 Money Supply (YoY%)	-		10.14
	0700	May Private Sector Credit Ext.	-		7.07
	1300	May Trade Balance (Incl. Region)	-		3.54

Source: Refinitiv, ING

### Authors

#### James Knightley

Chief International Economist, US

[james.knightley@ing.com](mailto:james.knightley@ing.com)

#### Adam Antoniak

Senior Economist, Poland

[adam.antoniak@ing.pl](mailto:adam.antoniak@ing.pl)

# Asia week ahead: Australia's inflation plus regional industrial output

Inflation to decline in Australia while Japan's recovery continues



## Inflation in Australia to dip further

May inflation should show a further decline after it jumped in April. We estimate the CPI index rose 0.2% month-on-month, which will result in a fall in annual inflation from 6.8% to 6.3%. Following the guidance from the Reserve Bank of Australia's (RBA) minutes from June, where the decision to hike was a very finely balanced one, this improvement in inflation suggests that July could well provide the bank with a chance to pause.

## Korean output likely to slip but sentiment to rebound

Industrial production is likely to fall in May mainly due to a reduction in semiconductor production. Two major chipmakers announced plans to cut production in early 2023, a process which generally takes about six months to hit target levels. Thus, weak chip manufacturing activity is expected to have led to a decline in overall IP in May.

Meanwhile, survey results will likely show that consumer and business sentiment has improved. Equity markets rebounded on the back of the AI hype, and interest rates did not change much as

the BoK paused for two meetings.

## Japan's manufacturing activity and labour market upbeat while inflation likely to heat up

Based on the recent strong PMI readings, we believe that Japan has continued its gradual recovery. Industrial production should show another monthly gain on the back of solid domestic demand and car production. The golden week holiday in May should probably boost service job hiring, and thus labour market conditions are expected to remain healthy.

On the inflation front, Tokyo consumer prices are the key input to the Bank of Japan's policy decision. We think July Tokyo consumer inflation should reaccelerate with both commodity and services prices rising.

## China's industrial profits to remain in the red

May industrial profits are likely to remain very negative. Following a year-to-date year-on-year decline of 18.2% in April, we look for a 21% decline in May.

## Singapore's industrial production to track soft NODX

Industrial production will likely remain in contraction, mirroring weakness reported in the recent non-oil domestic exports figures. While we could see output increase on a monthly basis (1.7%), the overall YoY reading should stay negative (-3.9% YoY). We expect industrial production to struggle in the near term, given our outlook for NODX.

## Asia Economic Calendar

Country	Time (GMT+8)	Data/event	ING Survey	Prev.
<b>Monday 26 June</b>				
Japan	0600	Apr Leading Indicator Revised	-	0.7
Indonesia	0500	May M2 Money Supply (YoY%)	-	5.5
Singapore	0600	May Manufacturing Output (MoM%/YoY%)	1.7/-3.9	-1.9/-6.9
Taiwan	0900	May Industrial Output (YoY%)	-	-22.86
	0920	May Money Supply - M2 (YoY%)	-	6.7
<b>Tuesday 27 June</b>				
Philippines	-	May Budget Balance (PHP bn)	-	66.8
Taiwan	0900	May Unemployment rate (%)	-	3.56
South Korea	2200	Jun BoK Consumer Sentiment Index	100	98
<b>Wednesday 28 June</b>				
Japan	0050	May Retail Sales (YoY%)	-	5
Australia	930	Inflation (MoM%/YoY%)	0.2/6.3	-/6.8
China	930	Industrial profits (YoY%)	-21	-18.2
South Korea	2200	Jul BOK Manufacturing BSI	72	70
<b>Friday 30 June</b>				
Japan	0030	May Unemployment Rate	2.6	2.6
	0030	June Tokyo CPI (YoY%)	3.4	3.2
	0050	May Industrial O/P Prelim (MoM%) SA	0.6	0.7
	0600	May Housing Starts (YoY%)	-	-11.9
China	0230	Jun NBS Manufacturing PMI	-	48.8
	0230	Jun NBS Non-Mfg PMI	-	54.5
South Korea	0000	May Industrial Output (YoY%)	-11.0	-8.9
	0000	May Industrial Output Growth	-1.0	-1.2

Source: Refinitiv, ING

## Authors

### Robert Carnell

Regional Head of Research, Asia-Pacific

[robert.carnell@asia.ing.com](mailto:robert.carnell@asia.ing.com)

### Min Joo Kang

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

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