

## Our view on next week's key events

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

### In this bundle



#### Key Events

##### Key events in developed markets next week

The Fed meeting and 2Q GDP release will be the focal points next week. In the Eurozone, expect a sharp rebound in growth as we get GDP, inflation and...

By James Knightley and Bert Colijn



#### Asia week ahead

##### Asia week ahead: GDP data dominates

The Asian economic calendar will be filled with the usual end-of-the-month economic releases next week. Second quarter GDP reports from northeast Asia...

By Robert Carnell



#### Key Events

##### Key events in EMEA next week

Russian retail sales and a possible rate hike in Hungary will be this week's highlights

By Dmitry Dolgin and Peter Virovacz

# Key events in developed markets next week

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## **US: Growing hawkishness among Fed members as key milestones expected in GDP recovery**

After a very quiet week for US macro news we are back with a bang with the release of 2Q GDP and the Federal Reserve's July FOMC policy decision together with several other data points of note.

In terms of the Federal Reserve, Jerome Powell made it clear in his recent testimony to Congress that he continues to believe inflation pressures will be largely transitory and there isn't any pressing need to signal an imminent shift in policy given the fact that employment levels remain 6 million lower than before the pandemic started. Consequently, we are not expecting any change in the Fed funds target rate range of 0-0.25%, nor do we expect the Fed to lower its monthly asset QE asset purchases, which are currently running at \$120bn per month

Nonetheless, there is a growing hawkishness creeping into the viewpoints expressed by other FOMC members and given the strong economy with inflation that is running at more than double its target we continue to believe that the August Jackson Hole Conference will see Fed officials starting to lay the groundwork for a QE taper with this fleshed out in more detail at the September FOMC meeting before being formally announced in December.

We see the risks to this time frame being skewed to a slightly swifter path since we see labour market supply issues being more sustained than the Fed is currently suggesting. There is growing evidence that an acceleration in early retirements are the biggest factor behind weaker labour supply and this is a permanent loss rather than the other factors often highlighted as constraints on worker supply such as extended unemployment benefits, childcare issues and Covid wariness.

2Q GDP is the main data release of note and while expectations have been pared back over recent weeks it is still expected to be strong – we are forecasting growth of around 9.5% annualised. This would mark the return of all the lost output caused by the pandemic and is a key milestone in the recovery process.

The reason for lower expectations is that supply chain bottlenecks and labour market shortages have meant that supply has not been able to keep pace with demand and that means output is lower than it could have been. This also has consequences for inflation with rising corporate pricing power set to mean inflation at high levels is going to be long lasting. This will again be evident in the Fed's favoured measure of inflation – the core personal consumer expenditure deflator.

Other data releases include house prices, which should hit new highs as a lack of properties amidst vibrant demand adds to upside pressures. Elsewhere, Boeing experienced a huge jump in aircraft orders in June – 219 versus 73 in May – and this will lift durable goods orders more broadly while the ex-aircraft numbers will still be good based on the ISM report.

## Eurozone: Rebound in GDP and higher inflation expected as recovery gets underway

With all of continental Europe on vacation, Eurostat staff will be working extra hours this week with inflation, GDP and unemployment released next Friday.

Expect a sharp rebound for eurozone GDP growth in 2Q as the recovery gets underway. The figure may be slightly underwhelming due to supply chain problems hitting manufacturing and closed shops earlier in the quarter. Nevertheless, a big number can be expected as the economy was open for far longer on average than it was in 1Q.

Inflation will also be key with expectations of a higher reading thanks to German VAT effects, higher goods inflation and perhaps some reopening effects in services.

## Developed Markets Economic Calendar

| Country                  | Time     | Data/event                       | ING Survey |        | Prev.     |
|--------------------------|----------|----------------------------------|------------|--------|-----------|
| <b>Monday 26 July</b>    |          |                                  |            |        |           |
| US                       | 1500 Jun | New Home Sales-Units (000s)      | 820.0      | 800.0  | 769.0     |
| Germany                  | 0900 Jul | Ifo Business Climate             | 101.0      |        | 101.8     |
|                          | 0900 Jul | Ifo Current Conditions           | 100.0      |        | 99.6      |
|                          | 0900 Jul | Ifo Expectations                 | 103.0      |        | 104.0     |
| <b>Tuesday 27 July</b>   |          |                                  |            |        |           |
| US                       | 1530 Jun | Durable Goods                    | 3.5        | 1.8    | 2.3       |
|                          | 1400 May | CaseShiller 20 (MoM/YoY%)        | 1.8/16.5   | 1.5/-  | 1.6/14.9  |
|                          | 1500 Jul | Consumer Confidence              | 124.5      | 124    | 127.3     |
| Sweden                   | 0830 Jun | Trade Balance                    | -          |        | 5.1       |
| Euro Zone                | 0900 Jun | Money-M3 Annual Growth           | 8.2        |        | 8.4       |
|                          | 0900 Jun | Broad Money                      | -          |        | 14847000  |
| <b>Wednesday 28 July</b> |          |                                  |            |        |           |
| US                       | 1900 Fed | Funds Target Rate                | 0-0.25     | 0-0.25 | 0-0.25    |
|                          | 1900 Fed | Interest On Excess Reserves      | 0.15       | 0.15   | 0.15      |
| Germany                  | 0700 Aug | GfK Consumer Sentiment           | -0.7       |        | -0.3      |
| France                   | 0745 Jul | Consumer Confidence              | -          |        | 102       |
| Italy                    | 0900 Jul | Consumer Confidence              | 115.5      |        | 115.1     |
| Canada                   | 1330 Jun | CPI (MoM%/YoY%)                  | -/-        |        | 0.5/3.6   |
|                          | 1330 Jun | Core CPI (MoM/YoY%)              | -          |        | 0.4/2.8   |
| Sweden                   | 0830 Jun | Retail Sales (MoM%/YoY%)         | -/-        |        | 2.3/10.3  |
| Austria                  | 0900 Jul | Purchasing Managers Index        | -          |        | 67.0      |
| <b>Thursday 29 July</b>  |          |                                  |            |        |           |
| US                       | 1330     | Initial Jobless Claims           | -          |        | -         |
|                          | 1330     | Cont Jobless Claims              | -          |        | -         |
|                          | 1330 2Q  | GDP (QoQ% annualised)            | 9.5        | 8.0    | 6.4       |
| Germany                  | 0855 Jul | Unemployment Rate SA             | 5.9        |        | 5.9       |
|                          | 1300 Jul | CPI Prelim (MoM/YoY%)            | 0.8/3.0    |        | 0.4/2.3   |
| Spain                    | 0800 Jul | CPI (YoY%) Flash                 | -          |        | 2.7       |
|                          | 0800 Jul | CPI (MoM%) Flash                 | -          |        | 0.5       |
|                          | 0800 Q2  | Unemployment Rate                | -          |        | 16.0      |
| Sweden                   | 0830 Q2  | GDP (QoQ/YoY%)                   | 0.7        |        | 1.1       |
|                          | 0830 Jun | Unemployment Rate                | -          |        | 9.8       |
| Euro Zone                | 1000 Jul | Business Climate                 | -          |        | 1.7       |
|                          | 1000 Jul | Economic Sentiment               | 119.3      |        | 117.9     |
|                          | 1000 Jul | Consumer Confidence Final        | -          |        | -         |
| <b>Friday 30 July</b>    |          |                                  |            |        |           |
| US                       | 1330 Jun | Personal Income (MoM%)           | 0.2        | 0.2    | -2.0      |
|                          | 1330 Jun | Personal Consumption Real (MoM%) | 0.2        |        | -0.4      |
|                          | 1330 Jun | Core PCE Price Index (MoM%)      | 0.7        | 0.7    | 0.5       |
|                          | 1330 2Q  | Employment Cost Index (QoQ%)     | 1          | 0.9    | 0.9       |
|                          | 1445 Jul | Chicago PMI                      | 67         |        | 66.1      |
|                          | 1500 Jul | U Mich Sentiment Final           | 81.5       | 81.3   | 80.8      |
| Germany                  | 0700 Q2  | GDP Flash (QoQ%)                 | 2/9.6      |        | -1.8/-3.4 |
| France                   | 0630 Jun | Consumer Spending (MoM%)         | -          |        | 10.4      |
|                          | 0630 Q2  | GDP Preliminary (QoQ/YoY%)       | -/-        |        | -0.1/1.2  |
|                          | 0745 Jul | CPI Flash (MoM/YoY%)             | -          |        | 0.2/1.9   |
| Italy                    | 0800 Jun | Unemployment Rate                | 10.6       |        | 10.5      |
|                          | 0900 Q2  | GDP Flash (QoQ/YoY%)             | 0.9/15.1   |        | 0.1/-0.8  |
|                          | 1000 Jul | CPI Flash (MoM/YoY%)             | -0.25      |        | 0.2/1.3   |
| Spain                    | 0800 Jun | Retail Sales (YoY%)              | -          |        | 19.6      |
| Canada                   | 1330 May | GDP (MoM%)                       | -          |        | -0.3      |
| Switzerland              | 0800 Jul | KOF Indicator                    | -          |        | 133.4     |
|                          | 0800 Jun | Official Reserves Assets CHF     | -          |        | 966285.42 |
| Portugal                 | 0930 Jul | CPI Flash (MoM/YoY%)             | -/-        |        | 0.2/0.5   |
| Euro Zone                | 1000 Jul | CPI Flash (YoY%)                 | 2.1        |        | 1.9       |
|                          | 1000 Jul | Core CPI Flash (YoY%)            | 1          |        | 0.9       |
|                          | 1000 Q2  | GDP Flash (QoQ/YoY%)             | 1.5/13.2   |        | -0.3/-1.3 |
|                          | 1000 Jun | Unemployment Rate                | 7.9        |        | 7.9       |

Source: Refinitiv, ING, \*GMT

## Authors

### **James Knightley**

Chief International Economist, US

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

### **Bert Colijn**

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

## Asia week ahead: GDP data dominates

The Asian economic calendar will be filled with the usual end-of-the-month economic releases next week. Second quarter GDP reports from northeast Asia...



Source: Shutterstock

### ➔ 2Q GDP and inflation reports

Korea and Taiwan are next in line to unveil their 2Q GDP performance next week. Based on our house forecasts, the quarter-on-quarter growth rates of both economies moderated in the last quarter, though close to 6% YoY growth is still a decent performance considering their ongoing plight with Covid-19.

We expect a slowdown in Korean 2Q GDP growth to 0.6% quarter-on-quarter in 2Q from 1.7% QoQ in 1Q, though the year-on-year growth rate accelerates to 5.8% from 1.9% over the same period. The strong surge in exports (up 7% QoQ and 42% YoY), thanks to the global semiconductor upswing, may have softened the impact of weaker domestic demand due to rising Covid cases and

tighter movement restrictions.

In Taiwan, 2Q GDP growth likely eased to 6.1% YoY in 2Q from 8.9% in the previous period. The main factors at work here, besides Covid-19, are water and electricity shortages in June, which were particularly detrimental to the semiconductor sector. The water shortages may have eased now thanks to recent rainfall, but power cuts remain a drag on production, while the semiconductor industry has also been operating close to full capacity and new orders continue to pile up amid the global chip shortage.

Down under, a spike in Australian 2Q CPI to 3.5% from 1.1% in 1Q will likely be brushed off by the Reserve Bank of Australia as transitory and base-driven. There could be some market response from a surprise on either side, as higher inflation is now being interpreted by markets as a force for slower future growth via tighter monetary policy, causing bond yields to fall and FX to sell-off.

## ➔ Other June activity data

The rest of the calendar is filled with the usual end-of-the-month data releases from around the region. Most of these will be for June, capping the economic picture for 2Q.

Strong export growth augurs well for June's industrial production figures from Japan, Korea and Singapore. However, the already-released 2Q GDP figures make June IP prints from Korea and Singapore almost redundant. Their importance is reduced to what they say about any likely GDP revisions – and are unlikely to be big market movers.

Instead, the forward-looking sentiment indicators will be worth a look. This puts the focus on Korean consumer and business confidence indicators. Likewise, China's industrial profits data will shed light on the prospect of capex spending by companies.

## Asia Economic Calendar

| Country                  | Time | Data/event                            | ING Survey | Prev.     |
|--------------------------|------|---------------------------------------|------------|-----------|
| <b>Monday 26 July</b>    |      |                                       |            |           |
| Singapore                | 0600 | Jun Manufacturing Output (MoM/YoY%)   | -4.7/27.5  | 7.2/30.0  |
| South Korea              | 0000 | Q2 GDP Growth (QoQ/YoY%)              | 0.6/5.8    | 1.7/1.9   |
| <b>Tuesday 27 July</b>   |      |                                       |            |           |
| China                    | 0230 | Jun Industrial Profit (YoY%)          | 33.5       | 36.4      |
| South Korea              | 2200 | Jul BoK Consumer Sentiment Index      | 109.7      | 110.3     |
| <b>Wednesday 28 July</b> |      |                                       |            |           |
| Australia                | 0230 | Q2 CPI (QoQ/YoY%)                     | 0.7/3.5    | 0.6/1.1   |
| Malaysia                 | 0500 | Jun Trade Balance (MYR bn)            | 20.9       | 13.7      |
|                          | 0500 | Jun Exports (YoY%)                    | 15         | 47.3      |
|                          | 0500 | Jun Imports (YoY%)                    | 20         | 50.3      |
| <b>Thursday 29 July</b>  |      |                                       |            |           |
| Japan                    | 0030 | Jun Unemployment Rate                 | 3.1        | 3         |
|                          | 0050 | Jun Industrial O/P Prelim (MoM%/YoY%) | 6.0/11     | -6.5/21.1 |
| Singapore                | 0330 | Q2 Unemployment Rate Prelim SA        | 3.1        | 2.9       |
| South Korea              | 2200 | Aug BOK Manufacturing BSI             | 98         | 101.0     |
|                          | 0000 | Jun Industrial Output (MoM/YoY%)      | 0.7/9.3    | -0.7/15.6 |
| <b>Friday 30 July</b>    |      |                                       |            |           |
| Malaysia                 | 0800 | Jun Money Supply (YoY%)               | -          | 3.8       |
| Thailand                 | 0830 | Jun Industrial Output Growth (YoY%)   | 17         | 25.8      |
| Indonesia                | 0500 | Jun M2 Money Supply (YoY%)            | -          | 8.1       |
| Taiwan                   | 0900 | Q2 GDP (YoY%) Prelim                  | 6.1        | 8.9       |
| Thailand                 | 0830 | Jun Current Account (\$bn)            | -2.3       | -2.6      |

Source: Refinitiv, ING, \*GMT

## Author

**Robert Carnell**

Regional Head of Research, Asia-Pacific

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



## Key events in EMEA next week

Russian retail sales and a possible rate hike in Hungary will be this week's highlights



Source: Shutterstock

### ✓ Russia: Annual growth rates expected to decelerate

Russian activity data for June is likely to show moderation in the annual growth rates, primarily due to the base effect. But growth in retail trade should remain in double-digit territory. For the second half of the year, we are more cautious, as in addition to the statistical effects, consumption should become more constrained by the reopening of mass outward tourism while accelerating inflation will eat into real incomes. Still, the recovery trend could be supported by fiscal policy, if additional non-oil revenues collected from this year's budget are re-distributed in favour of current spending, ahead of September's parliamentary elections.

### ✓ Hungary: Rising inflation will strengthen the hawkish tone

In Hungary, the highlight of the coming week is the July rate setting meeting. After a significant upside surprise in inflation in June, we see the central bank continuing its hiking cycle with a 30bp effective move. This will put both the base rate and the one-week deposit rate at 1.20%. The National Bank of Hungary could also strengthen its hawkish message by moving the whole interest rate corridor upwards. With such a shift, the overnight deposit rate would move back to positive territory for the first time since early 2016. When it comes to the forward guidance, we see no change to the hawkish tone. Later in the week, incoming labour market data will be pro-inflationary, with strong wage growth and a further drop in the unemployment rate (increasing the

labour shortage) in Hungary.

## EMEA Economic Calendar

| Country                  | Time | Data/event                          | ING  | Survey | Prev.     |
|--------------------------|------|-------------------------------------|------|--------|-----------|
| <b>Monday 26 July</b>    |      |                                     |      |        |           |
| Turkey                   | 1230 | Weekly Gross FX Reserves            | -    |        | 62.6      |
| Kazakhstan               | 1000 | Jul Base Interest Rate              | -    |        | 9.0       |
| Mexico                   | 1200 | Jun Jobless Rate                    | -    |        | 4.0       |
| <b>Tuesday 27 July</b>   |      |                                     |      |        |           |
| Hungary                  | 1300 | Jul Hungary Base Rate               | 1.20 |        | 0.9       |
|                          | 1300 | Jul O/N Deposit Rate                | 0.20 |        | -0.05     |
| Brazil                   | 1100 | Jun Current Account                 | -    |        | 3.8       |
|                          | 1100 | Jun Foreign Direct Investment       | -    |        | 1.2       |
| Mexico                   | 1200 | May IGAE Economic Activity (YoY%)   | -    |        | 22.3      |
|                          | 1200 | Jun Trade Balance SA                | -    |        | -0.91     |
| <b>Wednesday 28 July</b> |      |                                     |      |        |           |
| Russia                   | 2000 | Jun Retail Sales (YoY%)             | 12.0 | 12.0   | 27.2      |
|                          | 2000 | Jun Unemployment Rate               | 4.9  | 5.0    | 4.9       |
| Hungary                  | 0800 | Jun Unemployment Rate 3M            | 4.0  |        | 4.1       |
| <b>Thursday 29 July</b>  |      |                                     |      |        |           |
| South Africa             | 0700 | Jun M3 Money Supply (YoY%)          | -    |        | 1.8       |
|                          | 0700 | Jun Private Sector Credit Extension | -    |        | -0.42     |
|                          | 1030 | Jun PPI (MoM/YoY%)                  | -/-  |        | 0.4/7.4   |
| Brazil                   | 1200 | Jul IGP-M Inflation Index           | -    |        | 0.6       |
|                          | 1300 | Jun Central Government Balance      | -    |        | -20.95    |
| <b>Friday 30 July</b>    |      |                                     |      |        |           |
| Turkey                   | 0800 | Jun Trade Balance                   | -    |        | -4.13     |
| Czech Rep                | 0800 | Q2 Flash GDP (QoQ/YoY%)             | -    |        | -0.3/-2.4 |
| Hungary                  | 0800 | May Trade Balance Final             | 97.0 |        | 97.0      |
|                          | 0800 | May Average Gross Wages (YoY%)      | 8.5  |        | 10.3      |
| South Africa             | 1300 | Jun Trade Balance (Incl. Region)    | -    |        | 54.6      |

Source: Refinitiv, ING, \*GMT

## Authors

### Dmitry Dolgin

Chief Economist, CIS

[dmitry.dolgin@ing.de](mailto:dmitry.dolgin@ing.de)

### Peter Virovacz

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)

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