

## Our view on next week's key events

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# Key events in developed markets next week

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## ✓ US: Strength in activity data likely caused by favourable seasonal adjustments

January US activity data was, in general, very strong with the economy adding half a million jobs, retail sales jumping 3% month-on-month, and the ISM services new orders sub-component surging 15 points to its strongest level for five months. We cautioned that the stark contrast in weather between December's wintry, cold conditions that caused travel chaos and January's almost spring-like temperatures played a big part in the strength of data, while favourable-looking seasonal adjustments appear to have given an additional boost.

This week we will get a first test of that hypothesis with the ISM manufacturing and service sector reports for February. February hasn't been especially cold, but it has been closer to the seasonal norms so we expect to see a partial correction in the ISM services indices. The manufacturing index should move higher though, aided by the China re-opening story, while the more positive European energy backdrop could also be supportive. Meanwhile, durable goods orders should fall quite a lot, but this is entirely due to volatility in Boeing aircraft orders – the company received 55 orders for aircraft in January, down from 250 in December. Outside of transportation, orders are likely to be flat.

There will also be plenty of housing data to take a look at. New home sales may get a bit of a lift due to the pleasant weather conditions in January, but the fact that mortgage applications for home purchases have halved since their peak is a huge structural headwind to overcome. Moreover, prices will remain under downward pressure given that demand has fallen so substantially, but the lack of supply means a collapse in pricing looks unlikely at this stage. There are lots of Fed speakers scheduled, but the message will remain that ongoing interest rate hikes should be expected until there is more confidence that inflation is under control.

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

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 27 February</b>					
US	1330	Jan Durable Goods	-4	-3.8	5.6
Italy	0900	Feb Consumer Confidence	100.5		100.9
Eurozone	0900	Jan Money-M3 Annual Grwth	-		4.1
	1000	Feb Business Climate	-		0.69
	1000	Feb Economic Sentiment	-		99.9
	1000	Feb Consumer Confidence Final	-		-19
<b>Tuesday 28 February</b>					
US	1400	Dec CaseShiller 20 (MoM%/YoY%)	-0.8/4.3		-0.5/6.8
	1445	Feb Chicago PMI	47		44.3
	1500	Feb Consumer Confidence	108	108.5	107.1
France	0745	Q4 GDP (QoQ%/YoY%)	-/-		0.1/0.5
	0745	Feb CPI Prelim (YoY%)	-		7
Canada	1330	Dec GDP (MoM%)	-		0.1
Switzerland	0800	Q4 GDP (QoQ%/YoY%)	-/-		0.2/0.5
Portugal	1100	Q4 GDP (QoQ%/YoY%)	-/-		0.2/3.1
<b>Wednesday 1 March</b>					
US	1500	Feb ISM Manufacturing PMI	49	47.9	47.4
	1500	Feb ISM Mfg Prices Paid	44		44.5
		Feb vehicle sales (mn)	15.2	15.0	15.74
Germany	0855	Feb S&P Global/BME Manufacturing PMI	46.5		46.5
	1200	Feb HICP Prelim (MoM%/YoY%)	0.6/9.0		/
	0800	Jan Industrial Orders (MoM%)	-		3.2
Italy	0845	Feb S&P Global/IHS Manufacturing PMI	50.2		50.4
Eurozone	0900	Feb S&P Global Manufacturing Final PMI	-		48.5
<b>Thursday 2 March</b>					
US	1330	Initial Jobless Claims 000s	200		192
	1330	Continue Jobless Claims 000s	1695		1654
Italy	0900	Jan Unemployment Rate	7.9		7.8
	1000	Feb CPI Prelim (MoM%/YoY%)	-/-		-
	1000	Jan Unemployment Rate	-		6.6
Eurozone	0900	Headline CPI (MoM%/YoY%)	8.0		8.6
	0900	Core CPI (YoY%)	5.3		5.3
<b>Friday 3 March</b>					
US	1445	Feb S&P Global Composite Final PMI	-		-
	1445	Feb S&P Global Services PMI Final	-		-
	1500	Feb ISM Services PMI	53.5	54.5	55.2
Germany	0700	Jan Imports/Exports	2.0/1.0		-6.1/-6.3
	0700	Jan Trade Balance	14		10
	0855	Feb S&P Global Services PMI	51.3		51.3
	0855	Feb S&P Global Comp Final PMI	51.3		51.1
France	0745	Jan Industrial Output (MoM%)	-		1.1
	0850	Feb S&P Global Comp PMI	-		51.6
UK	0930	Feb Composite PMI Final	-		53
Italy	0800	Q4 GDP Final (QoQ%/YoY%)	-/-		-0.1/1.7
	0845	Feb Composite PMI	-		51.2
Spain	0815	Feb Services PMI	-		52.7
Eurozone	0900	Feb S&P Global Service Final PMI	-		53
	0900	Feb S&P Global Composite Final PMI	-		52.3

Source: Refinitiv, ING

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# Asia week ahead: growth and inflation reports from major economies

Next week's Asia calendar features GDP data from India and Australia, inflation from Australia, Japan and Indonesia, Singapore's retail sales...



Source: Shutterstock

## India's economy not slowing anytime soon

High-frequency activity indicators for the fourth quarter showed little sign of slowing in India, and as a result, we are looking for the year-on-year growth rate to come in at 4.0% or even higher. Substantial base effects make the interpretation of a single quarter's data virtually impossible. But a figure of 4.0% in the fourth quarter will deliver a growth rate of 6.7% for India for the calendar year of 2022 and put it on course to achieve around 6.3% for the fiscal year that ends in March 2023.

We anticipate another year of growth in the region of 6% in 2023 following a supportive budget which contains a big increase in capital investment in infrastructure.

## Inflation to remain resilient in Australia

The end of 2022 was characterised by extensive flooding in some parts of Australia, and we would

not be surprised to see this have some impact on the 4Q22 GDP numbers that are due on 1 March. Tighter monetary policy will likely exert a slight drag on the economy, especially from the more interest-sensitive parts of the economy, such as housing. We anticipate GDP growth of 0.5% quarter-on-quarter (2.5% year-on-year), which will still deliver a respectable 3.6% growth rate for the full year 2022.

Australia also releases January CPI inflation data. The December figures provided a rude shock to those who thought that inflation had peaked, with the unprecedented 27% month-on-month increase in holiday prices the culmination of the economic re-opening colliding with seasonal holidays. We do anticipate some unwinding of that result, though there is likely to be plenty of residual strength in other parts of the CPI result to limit the decline in the inflation rate from 8.4% to 8.2%YoY (0.3%MoM).

## Trade, PMI, and industrial production data from Korea

In Korea, we expect exports to deepen their contraction further in February mainly due to the sharp decline in semiconductor exports. Meanwhile, manufacturing PMI is expected to rise marginally on the back of the optimism surrounding China's reopening, but remain below 50. Given sluggish exports in January, we expect January's industrial production to decline but retail sales could rebound as severe weather may have boosted weather-related consumption. So, a weak start to the quarter will likely weigh on first quarter GDP, which could translate into a contraction.

## PMI, jobless rate and Tokyo CPI from Japan

With a relatively late reopening of the economy, Japan should continue to recover on the back of the government support programme. Thus, we believe that service PMI and hiring are expected to improve. However, January's cold wave probably had a negative impact on manufacturing activity and consumption, thus we foresee a decline in the January industrial production numbers. Meanwhile, Tokyo CPI inflation is expected to come down quite sharply to a 3% level from the recent peak of 4.4% due to the government energy subsidy programme and base effects.

## China PMI data to be released next week

In China, we expect manufacturing activity to pick up in February as factories resumed work after the long holiday. Services PMI however could dip to just above 50 after the spike in spending related to the holiday which was likely offset by an increase in financial and real estate services.

## Upcoming Taiwan manufacturing PMI

In the coming week, Taiwan is set to release manufacturing PMI. We expect the numbers to move higher from 44.3 to 47.0 in February after the Chinese New Year. Export orders for semiconductors, however, were still in contraction, which is not a good sign for the prospects of manufacturing activity.

## Indonesia's core inflation to stay flat in February

Headline inflation in Indonesia could tick higher to 5.4%YoY but the core inflation reading is expected to remain flat in February. Bank Indonesia (BI) cited slowing inflation as one of the main reasons for pausing at its most recent policy meeting. Price pressures have eased somewhat but BI might refrain from cutting policy rates until we see a more pronounced slide in core inflation.

## Singapore retail sales to slip in January?

Retail sales in Singapore are expected to post a modest contraction in January after a surprise gain in December 2022. The implementation of the latest round of goods and services tax may have had a negative impact, although solid department store sales may have provided a boost to overall retail sales.

## Key events in Asia next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 27 February</b>					
Japan	2350	Jan Industrial O/P Prelim (MoM%/YoY%)			0.3/3.8
<b>Tuesday 28 February</b>					
Japan	0500	Jan Housing Starts (YoY%)	-		-1.7
Australia	0030	Q4 Current Account Balance SA	-		-2.3
India	1200	Q3 GDP Quarterly (YoY%)	-		6.3
Philippines	-	Dec Budget Balance	-		-123.9
<b>Wednesday 1 March</b>					
Japan	0030	Feb Jibun Bank Manufacturing PMI	47.4		47.4
	2350	Feb Monetary Base (YoY%)	-		-3.77
Australia	0030	Q4 Real GDP (QoQ%/YoY%)	-/-		0.6/5.9
China	0130	Feb NBS Manufacturing PMI	50.5		50.1
	0130	Feb NBS Non-Manufacturing PMI	51.0		54.4
	0145	Feb Caixin Manufacturing PMI Final	51.0		49.2
India	0500	Feb IHS S&P Global Manufacturing PMI	-		55.4
Indonesia	0030	Feb IHS S&P Global PMI	-		51.3
	0400	Feb Core Inflation (YoY%)	3.30		3.27
	0400	Feb Inflation (MoM%/YoY%)	0.1/5.4		0.34/5.28
Philippines	0030	Feb Manufacturing PMI SA	-		53.5
Taiwan	0030	Feb IHS S&P Global Manufacturing PMI	47.0		44.3
South Korea	0000	Feb Import/Export Growth Prelim	-		-2.8/-16.6
	2300	Jan Industrial Output (YoY%)	-		-7.3
	2300	Jan Industrial Output Growth	-		-2.9
<b>Thursday 2 March</b>					
Japan	2330	Jan Unemployment Rate	2.4		2.5
Singapore	1300	Feb Manufacturing PMI	-		49.8
South Korea	0030	Feb IHS S&P Global Manufacturing PMI	48.3		48.5
<b>Friday 3 March</b>					
Japan	0030	Feb Services PMI	53.6		53.6
China	0145	Feb Caixin Services PMI	50.5		52.9
India	0500	Feb IHS S&P Global Services PMI	-		57.2
Singapore	0500	Jan Retail Sales (MoM%/YoY%)	-10.0/-0.5		1.3/7.4
Taiwan	0820	Feb Foreign Exchange Reserve	487		557.143

Source: Refinitiv, ING



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# Key events in EMEA next week

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Source: Shutterstock

## ✓ Turkey: Risks to outlook are on the upside

We expect February inflation to be 1.7% month-on-month, leading to a further decline in the annual figure down to 53% from 57.7% a month ago due to a supportive base and stability in the currency. However, given deeply negative real interest rates, further disinflation would be quite challenging, while risks to the outlook this year are on the upside with a potential policy mix of larger fiscal stimulus and looser monetary policy following the devastating earthquakes.

Regarding GDP growth, we expect further moderation to 3% for the final quarter of 2022, mainly due to weakness in the external demand, with growth for the full year 2022 will be around 5.3% due to a strong performance in the first half.

## ✓ Czech Republic: two quarters of continuous decline in GDP

The Czech GDP report will likely confirm the previously-published flash estimate that the economy declined in the fourth quarter of last year, making it two consecutive quarters of decline, entering the Czech economy into a mild recession. The recession has mainly been driven by a continuous strong decline in consumer spending as households are facing the burden of high energy prices on their purchasing power.

Nevertheless, investment and exports likely recovered, despite lingering restrictive monetary policy in terms of high interest rates and strong currency. This seems to be a promising sign that the recession will be shallow, without a significant impact on the labour market, and the economy should return to soft growth in the second half of the year, driven by a gradual improvement in external demand.

## Hungary: No changes from the policymakers yet

The main event in Hungary is the February rate-setting meeting. We have seen glimmers of hope that the economic picture in Hungary is about to improve. However, it is early days and therefore we expect the central bank to remain patient and [see no change from the policymakers](#) yet. While we are still waiting for January activity data, we are going to see another manufacturing PMI where we expect the reading to suggest optimism based on the still high level of orders. After that, we will look back again to try and understand the factors behind the late-2022 technical recession. As the Statistical Office reminded us in its press release after the flash GDP estimate, data quality has worsened so we might see some non-negligible revisions in the GDP data.

## Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 27 February					
Turkey	0700	Jan Trade Balance	-13.9		-9.7
Brazil	1200	Feb IGP-M Inflation Index	-		0.21
	1730	Jan Central Government Balance	-		4.427
Mexico	1200	Jan Trade Balance SA	-		-1.828
Tuesday 28 February					
Turkey	0700	Q4 GDP Quarterly (YoY%)	3.0		3.9
Poland	0900	Q4 GDP (QoQ%/YoY%)	-/-		-2.4/2
Hungary	1300	Feb Hungary Base Rate	13.00		13.00
South Africa	0600	Jan M3 Money Supply (YoY%)	-		8.66
	0600	Jan Private Sector Credit Ext.	-		7.73
	1200	Jan Trade Balance (Incl. Region)	-		5.43
Wednesday 1 March					
Russia	0600	Feb S&P Global Manufacturing PMI	-		52.6
	1600	Jan Retail Sales (YoY%)	-11.4	-8.6	-10.5
	1600	Jan Unemployment Rate	3.8	4.0	3.7
Turkey	0700	Feb Manufacturing PMI	-		50.1
	1100	Jan Bank NPL Ratio	-		2.1
Poland	0800	Feb S&P Global Manufacturing PMI	-		47.5
Czech Rep	0830	Feb S&P Global PMI	-		44.6
Hungary	0800	Feb Manufacturing PMI	53.5		55
Brazil	1300	Feb S&P Global Manufacturing PMI	-		47.5
Mexico	1530	Feb S&P Global Manufacturing PMI	-		48.9
Thursday 2 March					
Hungary	0730	Q4 GDP Final (YoY%)	0.4		0.4
Brazil	0800	Feb IPC-Fipe Inflation Idx	-		0.63
	1200	Q4 GDP (QoQ%/YoY%)	-/-		0.4/3.6
Mexico	1200	Jan Jobless Rate	-		2.8
Friday 3 March					
Russia	0600	Feb S&P Global Services PMI	-		48.7
Turkey	0700	Feb CPI (MoM%/YoY%)	1.7/53.0		6.65/57.68
Czech Rep	0800	Q4 Final GDP (QoQ%/YoY%)	-0.3/0.4		-0.3/0.4
Hungary	0730	Dec Trade Balance Final	-154		-154
South Africa	0715	Feb Std Bank Whole Econ PMI	-		48.7
Brazil	1300	Feb S&P Global Services PMI	-		50.7
	1300	Feb S&P Global Composite PMI	-		49.9

Source: Refinitiv, ING

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