

## Our view on next week's key events

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

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#### Key events in developed markets next week

Next week our focus will be on the US jobs report, Eurozone inflation and UK consumer credit. But what else will have our attention in developed markets?

By James Knightley, Carsten Brzeski and 2 others



#### Key events in EMEA and Latam next week

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#### Asia week ahead: Not much on the way to stem market sell-off

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Article | 24 May 2018

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### US Fed: "Gradually" getting there

High-frequency data suggests that after a respectable 2.3% annualised rate of growth in 1Q18, the US economy is likely to post something around the 3% mark in 2Q18. With inflation picking up – only the core PCE deflator is below the Federal Reserve's 2% target, this should keep the Fed hiking rates "gradually", and we certainly look for another 25bp move on 13 June 2018.

However, the market remains split on whether we will get one or two further hikes in the second half of the year. We currently favour two, citing the strong labour market and rising wages, which should be highlighted in this week's jobs report. Unemployment at 3.9% has only been lower once in the past 48 years, and the lack of available workers is creating bottlenecks in the US economy. This suggests to us that wages will continue to bid higher, translating into rising inflation pressures.

Higher oil prices are also an issue that we will be watching. Gasoline prices are up 50 cents/gallon since the tax cuts equivalent to \$900 per household were announced in December. Based on average annual consumption these price rises will cost drivers an extra \$350 if maintained, so we see little downside risk to consumer confidence on the back of this. Higher mortgage rates are also a factor that may at the margin weaken sentiment. Nonetheless, it is important to remember that higher oil prices are no longer such an unambiguous negative for the US economy given the fact

that the US is now the World's number one producer. Jobs and investment in the sector are booming.

## ✔ Eurozone: Inflation bounce back and preparations for the June ECB meeting

In the Eurozone, eyes will be on the May inflation release. The April numbers were a shocker as core inflation dropped to 0.7%, on which we should see somewhat of a bounce back this month. Unemployment could also edge down next week, which means that some good news could follow this week's disappointing PMI.

Also, next week will see an entire series of ECB officials giving speeches, probably preparing the grounds for the June meeting. A meeting which increasingly looks like another "buying time" meeting.

## ✔ Eyes on UK consumer credit growth as Bank of England mulls next move

Generally, UK consumer borrowing numbers come and go each month without much attention. That was until last month when consumer credit growth unexpectedly plunged to levels not seen since late-2012. Pinning down the exact cause of this is not easy, and it could prove to be a blip (some have pointed to the snow, although it's not immediately clear why that should have made such a noticeable impact).

But according to a recent BoE credit conditions survey, we know that banks have significantly tightened standards (notably for credit card borrowing). If it becomes clear that borrowing has indeed ground to a halt, it would be another blow to battered UK retailers and would likely raise further doubts over a summer rate hike.

We'll also get the manufacturing PMI, which showed some signs of fatigue last month. A further downside miss in May would indicate that weaker Eurozone momentum is starting to bite for UK producers.

## ✔ Surge in oil prices to pick up German inflation

German inflation will be the first inflation data for the ECB for May. With the recent surge in oil prices, headline inflation should pick up. Watch out once again for possible seasonal distortions of German inflation data due to several holidays and long weekends in May.

## Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 25 May</b>					
US	1330	Apr P Durable Goods Orders (MoM%)	-1.8	-1.3	2.6
	1330	Apr P Durable Goods Orders (ex. Trans, MoM%)	0.3	0.5	-0.1
	1500	May F U. of Mich. Sentiment Index	99	98.8	98.8
	1420	Fed's Powell Speaks on Financial Stability and Transparency			
	1645	Fed's Kaplan, Evans and Bostic Speak at Dallas Fed			
Eurozone	0800	ECB's Villeroy Speaks in Paris			
	1415	ECB's Coeure Speaks in Stockholm			
	1730	EU's Barnier Speaks at Debate on Brexit in Lisbon			
Germany	0900	May IFO Business Climate	101.9	102	102.1
	0900	May IFO Expectations	98.9	98.5	98.7
	0900	May IFO Current Assessment	105.3	105.5	105.7
UK	0930	1Q P GDP (QoQ/YoY%)	0.1/1.2	0.1/1.2	0.1/1.2
Sweden	-	Ingves, Carney, Liikanen, Powell at Riksbank Conference			
	-	Riksbank Jubilee Seminar			
Portugal	-	Portugal Releases Year-to-Date Budget Report			
<b>Monday 28 May</b>					
Eurozone	0800	ECB's Villeroy Speaks in Paris			
Sweden	0830	Apr Retail Sales (MoM/YoY%)	-/-	-/-	1.2/2.9
Norway	0700	Norway Oil and Gas Investment Survey released	-	-	-
Japan	0750	Apr PPI Services (YoY%)	0.4	-	0.5
	0730	Apr Unemployment rate (%)	2.5	-	2.5
<b>Tuesday 29 May</b>					
US	1500	May Consumer Confidence	125	128	128.7
Eurozone	0900	Apr M3 Money Supply (YoY%)	3.8	-	3.7
	0930	ECB's Visco Speaks at Bank of Italy Annual Meeting			
	1030	ECB's Mersch Speaks at Frankfurt Finance Summit			
	1630	ECB's Lautenschlaeger Speaks at Colloquium in Frankfurt			
	1700	ECB's Coeure Speaks at Roundtable Discussion in Paris			
N Zealand	2200	RBNZ Publishes Financial Stability Report			
Sweden	0700	Swedish FSA Financial Stability Report			
	0715	Debate on EU Recommendations for Sweden			
	0800	May Economic Tendency Survey	110		110.4
<b>Wednesday 30 May</b>					
US	1315	May ADP Employment Change ('000's)	170	185	204.1
	1330	1Q S GDP (QoQ Annualised %)	2.3	2.3	2.3
	1900	U.S. Federal Reserve Releases Beige Book			
Japan	0050	Apr P Retail trade (MoM/YoY%)	0.4/0.9	-/-	-0.6/1
	0600	May Consumer confidence index	43.8	-	43.6
Germany	0855	May Unemployment Change ('000's)	-	-	-7
	0855	May Unemployment Rate (%)	5.3	-	5.3
	1300	May P CPI (MoM/YoY%)	0.2/1.8	-/-	0/1.6
Spain	0800	May P HICP (MoM/YoY%)	-/-	-/-	0.8/1.1
Canada	1500	Bank of Canada Policy Rate	1.25	1.25	1.25
Sweden	0830	1Q GDP (QoQ/YoY%)	0.4/3.2	-	0.9/3.3
Norway	0700	Apr Retail Sales (MoM%)	-	-	1.1
Switzerland	1545	SNB's Jordan Speaks in Solothurn			
<b>Thursday 31 May</b>					
US	1730	Fed's Bostic Speaks in Moderated Q&A in Orlando			
UK	0930	Net Consumer Credit (GBP billions)	1	-	0.3
Japan	0050	Apr P Industrial production - Prel (MoM/YoY%)	-12.4/2.1	-/-	1.4/2.4
Eurozone	1000	Apr Unemployment Rate (%)	8.4	-	8.5
	1000	May A Core CPI (YoY%)	1	-	0.7
	1000	May Flash CPI (YoY%)	1.6	-	1.2
Italy	1000	May P HICP (YoY%)	-	-	0.6
Canada	1330	1Q GDP (Annualised, QoQ%)	-	-	1.714
	1330	Mar GDP (MoM/YoY%)	-/-	-/-	0.4/3
Switzerland	0800	SNB Vice President Zurbrugg Presents Payment Methods Report			
<b>Friday 1 June</b>					
US	1330	May Change in Nonfarm Payrolls ('000s)	170	183	164
	1330	May Unemployment Rate (%)	3.9	3.9	3.9
	1330	May Average Hourly Earnings (MoM/YoY%)	0.3/2.7	0.3/-	0.1/2.6
	1330	May Participation Rate	62.8	-	62.8
	1500	May ISM Manufacturing	57.5	57.8	57.3
UK	0930	May Markit/CIPS Manufacturing PMI	54.2	-	53.9
Italy	0900	1Q F GDP (QoQ/YoY%)	-/-	-/-	0.3/1.4
Sweden	0730	May Swedbank/Sif Manufacturing PMI	55	-	54.5
Norway	0800	May DNB/NIMA Manufacturing PMI	56.5	-	56.2
	0900	May Unemployment Rate (%)	-	-	2.4

Source: ING, Bloomberg

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## Key events in EMEA and Latam next week

Next week looks set to be data heavy in EMEA and Latam alongside a few central bank minutes



Source: Shutterstock

### ✓ Czech GDP to confirm strong consumption and accelerating investment

Given the latest decline in the flash manufacturing PMIs in Eurozone and Germany and the somewhat weaker confidence in the Czech industry in May, Czech PMI will most likely finish below the 57 mark.

The second GDP estimate might bring a slightly higher print compared to the flash estimate of 4.5%, as was the case in previous quarters. Most importantly it should confirm strong household consumption and accelerating investments.

## EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 25 May</b>					
Turkey	1230	May Real Sector Confidence Index	-	-	106.8
	1230	May Industrial Confidence	-	-	111.2
	1230	May Capacity Utilization (%)	-	-	77.3
Poland	0900	Apr Unemployment Rate (%)	6.4	6.3	6.6
Kazakhstan	-	Apr M3 Money Supply (MoM%)	-	-	-0.3
Croatia	1000	Apr Unemployment Rate (%)	-	-	11.5
	1000	Mar Real Wages (YoY%)	-	-	3.5
South Africa	-	South Africa Sovereign Debt to be rated by S&P			
<b>Monday 28 May</b>					
Mexico	1400	Apr Unemployment Rate SA (%)	-	-	3.24
<b>Tuesday 29 May</b>					
Croatia	1000	Apr Industrial Production (SA, YoY%)	-	-	-1.7
Brazil	1300	Apr Unemployment Rate (%)	-	-	13.1
<b>Wednesday 30 May</b>					
Poland	0900	May P CPI (MoM/YoY%)	-/-	-/-	0.5/1.6
	0900	1Q F GDP (QoQ/YoY%)	-/-	-/-	1.6/5.1
Croatia	1000	1Q P GDP (YoY%)	-	-	2.03
Brazil	1300	1Q GDP (QoQ/YoY%)	-/-	-/-	0.1/2.12
Mexico	-	Mexican Central Bank Releases Inflation Report			
<b>Thursday 31 May</b>					
Turkey	0800	Apr Trade Balance (US\$m)	-6.7	-	-5.86
	0900	Apr Foreign Tourist Arrivals (YoY%)	-	-	34.8
Hungary	0800	Apr PPI (MoM/YoY%)	-3.7	-/-	0/3.5
	0800	Hungary's Matolcsy Speaks at Conference on Growth			
Romania	0700	Apr Unemployment Rate SA	-	-	4.5
Serbia	1100	Apr Industrial Production (YoY%)	-	-	4.1
	1100	1Q F GDP (YoY%)	-	-	4.5
Mexico	1500	Central Bank Monetary Policy Minutes			
<b>Friday 1 June</b>					
Russia	0700	May Markit Manufacturing PMI	-	-	51.3
Turkey	0800	May Markit/ISO Manufacturing PMI	-	-	48.9
Poland	0800	May Markit Manufacturing PMI	-	-	53.9
	1300	National Bank of Poland Publishes Minutes of Rate Meeting			
Czech Rep	0800	1Q P GDP (QoQ/YoY%)	0.6/4.6	-/-	0.5/4.5
	0830	May Markit Manufacturing PMI	56.4	-	57.2
	1300	May Budget Balance (CZKbn)	-	-	0.77
Hungary	0800	Mar F Trade Balance (€mn)	558	-	558
	0800	May Manufacturing PMI	53	-	53.3
	-	Hungary Sovereign Debt to Be Rated by Moody's			
Kazakhstan	-	May CPI (MoM/YoY%)	-/-	-/-	0.4/6.5
Bulgaria	-	Bulgaria Sovereign Debt to be rated by S&P and Fitch			

Source: ING, Bloomberg

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## Asia week ahead: Not much on the way to stem market sell-off

An intensified emerging markets sell-off will keep Asian financial assets under pressure and there is little the region's central banks can do about it



### ➔ India: FY18 probably ended on a weak note

India's GDP data for the final quarter of FY18 (ended in March 2018) is due on 31 May. The main positive for GDP growth in that quarter was the low base, while monthly indicators point no significant leap from the 7.2% year on year pace recorded in the previous quarter. Slower exports and wider trade deficit will drag GDP growth, while inflation accelerated above 5% to weigh down consumer spending.

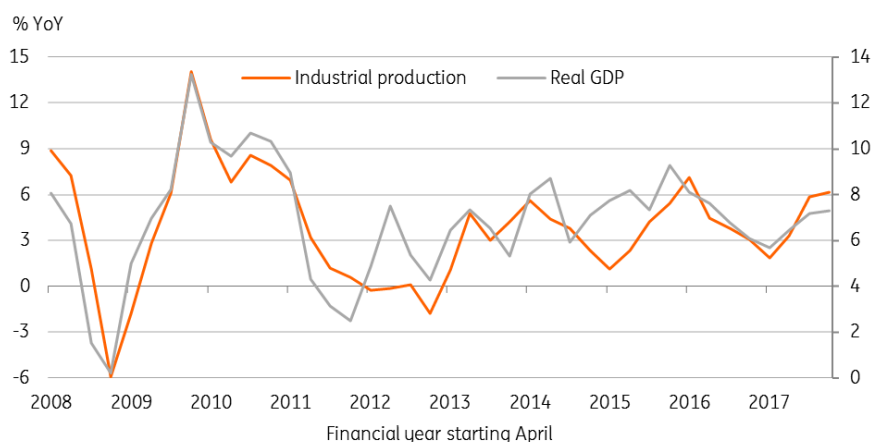
However, slightly better industrial production growth informs the same about GDP growth, still supporting the consensus of a 7.3% GDP growth in the last quarter, though not enough to resuscitate investor confidence in the Indian rupee (INR).

The 5% year-to-date INR depreciation against the USD is the most among Asian currencies this year. Unlike its Turkish counterpart, the Indian central bank has no history of thrashing policy



measures, as markets set their eyes on the Reserve bank of India (RBI) policy meeting in early June. The recent market rout makes the next RBI decision as good as a coin toss.

## A close correlation in India's GDP and IP growths



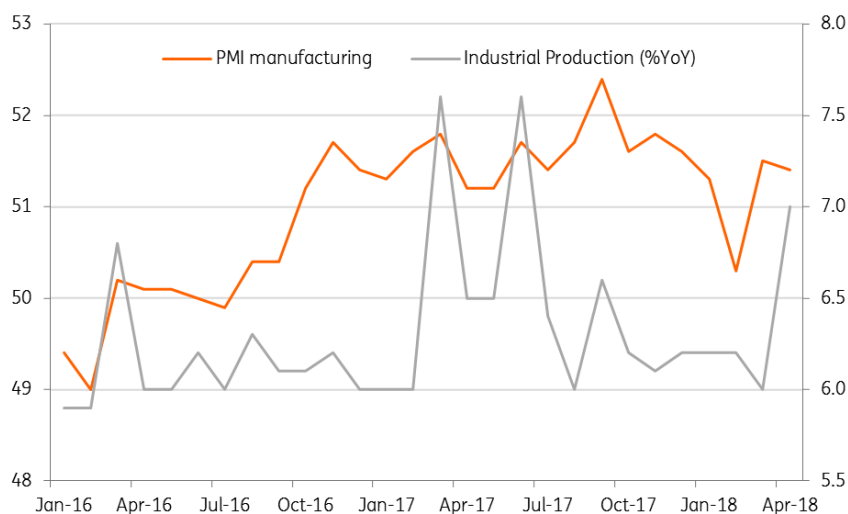
Source: CEIC, ING

## ➔ China: Was April manufacturing bounce a blip

China's manufacturing PMI and profits data will indicate if the acceleration of industrial production growth in the last month sustained in May. The manufacturing PMI has been bouncing around 51 over the previous two years, and so is the industrial production growth of 6% YoY. There was nothing to shock these from their long-held levels.

Advance manufacturing PMI for May from the US, Eurozone, and Japan tips the balance of risk for China's data on a weaker side. As such, we think April acceleration of China's IP growth to 7% could just be a blip that's likely to be corrected in May. Industrial profits growth slowed coming into 2018, which bodes ill for manufacturing performance in the period ahead.

## Short-lived spikes in China's manufacturing activity



Source: Bloomberg, ING

## ➔ Korea: How far will exports support the economy?

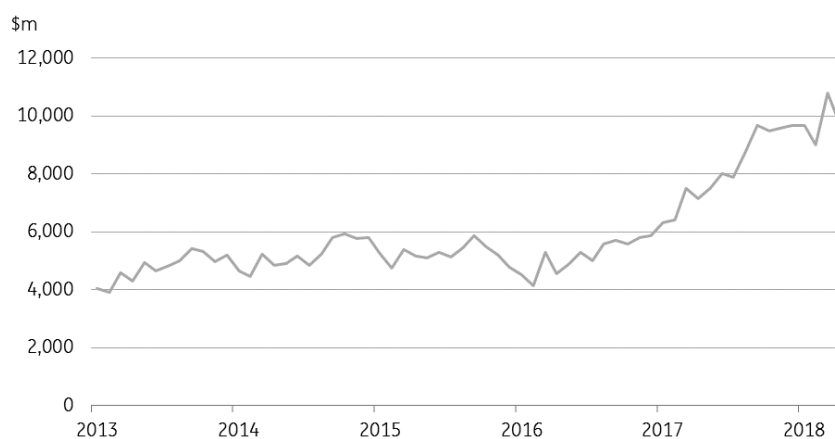
A data-packed week in Korea may show economic activity reinforcing recent dovish rhetoric by policymakers.

Of more significance, however, is export data, the key driver of the economy led by electronics exports. After staging an impressive surge in the last two years, semiconductor exports appears to have plateaued around \$10bn/month this year, which if sustained will mean a sharp swing to year-on-year contraction by the second half of the year from 44% growth year-to-date. And non-electronics exports have contracted year-on-year basis in the last three months. Absent continued export strength Korea's GDP growth will remain under pressure as what the policymakers worry.

Among other Korean releases are business and consumer confidence, consumer price inflation and industrial production. According to our chief economist, Asia-Pacific [Rob Carnell](#), the sub-target inflation, softening consumer spending, and anaemic industrial output added to the sense that Bank of Korea's policy is unlikely to change imminently.

Rob has also [pushed his](#) forecast timing of the next BoK rate hike from the third to the fourth quarter of the year.

### Korea's semiconductor exports appear to be plateaued



Source: Bloomberg, ING

## Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 25 May</b>					
Singapore	0600	Apr Industrial production (MoM/YoY% SA)	2.5/10.0	1.2/7.8	0.3/5.9
Taiwan	0900	1Q F GDP (YoY%)	3	3	3.04
<b>Sunday 27 May</b>					
China	0230	Apr Industrial profits (YTD, YoY%)	10.6	-	3.1
<b>Monday 28 May</b>					
Hong Kong	0930	Apr Exports (YoY%)	15.5	-	8
	0930	Apr Imports (YoY%)	15.2	-	10.7
	0930	Apr Trade balance (HK\$ bn)	-38.5	-	-55.5
South Korea	2200	May BOK Consumer Sentiment Index	106.7	-	107.1
<b>Wednesday 30 May</b>					
China	0700	IMF Press Conference on End of China Article IV Consultation			
Thailand	-	Apr Manufacturing index (YoY%)	4.1	-	2.6
South Korea	2200	Jun BOK Business Survey Index, mfg	78.9	-	81
	2200	Jun BOK Business Survey Index, non-mfg	80.6	-	81
<b>Thursday 31 May</b>					
China	0200	May Non-manufacturing PMI	55	-	54.8
	0200	May Manufacturing PMI	51.5	-	51.4
India	1200	Mar Fiscal deficit (INR crore)	-	-	39140
	1300	2018 GDP annual (YoY%)	6.6	-	6.6
	1300	1Q GDP (Q) (YoY%)	7.3	-	7.2
Hong Kong	0930	Apr Retail sales value (YoY%)	15	-	11.4
	0930	Apr Retail sales volume (YoY%)	12.5	-	10
South Korea	0000	Apr Industrial production (MoM/YoY%)	1.1/-1.4	-/-	-2.5/-4.3
	2300	May CPI core (YoY%)	1.2	-	1.4
<b>Friday 1 June</b>					
China	0245	May Caixin Manufacturing PMI	51.3	-	51.1
India	0600	May Nikkei Manufacturing PMI	51.3	-	51.6
Taiwan	0130	May Nikkei Manufacturing PMI	53.5	-	54.8
Thailand	0400	May CPI (YoY%)	1	-	1.07
	0400	May Core-CPI (YoY%)	0.6	-	0.64
South Korea	0000	1Q F GDP (QoQ/YoY%)	1.1/2.8	-/-	1.1/2.8
	0000	May CPI (MoM/YoY%)	-1.8	-/-	0.1/1.6
	0100	May Exports (YoY%)	9.2	-	-1.5
	0100	May Imports (YoY%)	13.9	-	14.5
	0100	May Trade balance (US\$mn)	4345	-	6609
	0130	May Nikkei Manufacturing PMI	48.3	-	48.4

Source: ING, Bloomberg

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