

Our view on next week's key events

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

In this bundle

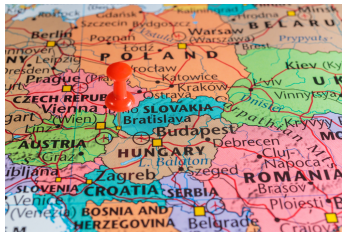


Key Events

Key events in developed markets next week

The risk of a US hard landing is increasing, and while the consumer numbers still look solid, cracks are appearing in the manufacturing sector. Eurozone...

By James Knightley, Bert Colijn and James Smith



Key Events | Hungary

Key events in EMEA next week

In anticipation of the National Bank of Hungary's rate-setting meeting next week, we predict a 50bp raise in the base rate

By Peter Virovacz



Asia week ahead | Australia | India...

Asia week ahead: Japan and Korea data plus regional manufacturing readings

Data from Japan and Korea will be the highlight for next week

By Min Joo Kang and Robert Carnell

Key events in developed markets next week

The risk of a US hard landing is increasing, and while the consumer numbers still look solid, cracks are appearing in the manufacturing sector. Eurozone...



Source: Shutterstock

Increasing risk of a hard landing as Fed is determined to get inflation under control

In the near term, the US activity story is holding up with consumers still willing to use savings accumulated through the pandemic to finance spending on leisure and “experiences”. This means we expect expenditures related to services to outperform spending on goods through the summer. However, with the Federal Reserve raising interest rates more aggressively, moving monetary policy harder and faster into restrictive territory as it tries to get a grip on inflation, there is a growing fear of a US recession later this year and into 2023.

Household finances are being squeezed by inflation while higher mortgage rates are already prompting a deceleration in housing activity and the Capex outlook is deteriorating as corporate managers fret about falling stock market prices and the potential for weaker demand. We expect to see durable goods orders fall, consumer confidence remain weak, and manufacturing surveys to come under more pressure this week, which would add to a sense of impending gloom.



Inflationary pressure persists as consumers get the short end of the straw

The eurozone will focus on inflation figures that come out on Friday. There are no signs that inflationary pressures have abated in the meantime, with energy inflation set to trend higher again on squeezed gas supply and the oil embargo, which have both caused market prices to increase again. Core inflation is set to see another leg up as input price pressures are being priced through to consumers. While there are now more signs emerging that pipeline pressures are peaking, the question is when this will feed through to the end consumer. This can be a volatile process with further increases in energy prices not excluded given the unpredictability of geopolitics.

Riksbank set to join the 50bp club

The Riksbank looks set to join the ever-increasing band of central banks hiking by half-point increments, for two key reasons. Firstly, the Riksbank holds fewer meetings each year than other central banks and it has only two further scheduled opportunities to change policy after next week. Thursday's meeting is an opportunity to get out in front of the ECB, which is poised to hike twice before the Riksbank meets again. Secondly, the Riksbank laid out a few scenarios in April, and core CPI is so far tracking its 'higher inflation' path which policymakers indicated at the time would require an accelerated pace of tightening. Wage pressures are also building ahead of important negotiations later in the year.

A 50bp hike at this meeting, and probably another in September, therefore, look likely. Recent SEK depreciation will be an area of nervousness, though the Riksbank will need to weigh this against early signs of a weakening in the housing market, where a little under half of new loans are on floating rates.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 27 June					
US	1330	May Durable Goods	-0.2	0.1	0.5
Tuesday 28 June					
US	1400	Apr CaseShiller 20 (MoM%/YoY%)	1.8/21.0		2.4/21.2
	1500	Jun Consumer Confidence	101.0	100.0	106.4
Germany	0700	Jul GfK Consumer Sentiment	-26.5		-26.0
Wednesday 29 June					
US	1330	Q1 GDP Final	-1.4	-1.4	-1.5
Spain	0800	Jun CPI (MoM%/YoY%)	-/-		0.8/8.7
Eurozone	0900	May Money-M3 Annual Grwth	6.1		6.0
	0900	May Broad Money	15798000		15716542
	1000	Jun Economic Sentiment	102.3		105.0
	1000	Jun Consumer Confidence Final	-23.6		-
Thursday 30 June					
US	1330	May Personal Income (MoM%)	0.4	0.5	0.4
	1330	May Personal Consumption Real (MoM%)	0.6	0.6	0.7
	1330	May Core PCE Price Index (MoM%/YoY%)	0.5/4.8	0.5/4.8	0.3/4.9
	1330	Initial Jobless Claims 000s	225		229
	1330	Continue Jobless Claims 000s	1325		1315
	1445	Jun Chicago PMI	57.0		60.3
Germany	0700	May Retail Sales (MoM%/YoY%)	2.0/-2.0		-5.4/-0.4
	0855	Jun Unemployment Rate SA	5.1		5.0
	1300	Jun CPI Prelim (MoM%/YoY%)	0.8/8.6		0.9/7.9
France	0745	Jun CPI Prelim (YoY%)	-		5.8
UK	0700	Q1 GDP (QoQ%/YoY%)	0.8/8.7		0.8/8.7
Italy	0900	May Unemployment Rate	-		8.4
Canada	1330	Apr GDP (MoM%)	0.6		0.7
Sweden	0830	Riksbank Rate	0.75		0.25
Eurozone	1000	May Unemployment Rate	6.8		6.8
Friday 1 July					
US	1500	Jun ISM Manufacturing PMI	53.5	55.5	56.1
	1500	Jun ISM Manufacturing Prices Paid	83.0		82.2
Germany	0855	Jun Markit/BME Manufacturing PMI	-		-
UK	0930	Jun Markit/CIPS Manufacturing PMI Final	53.4		53.4
Italy	0845	Jun Markit/IHS Manufacturing PMI	-		51.9
	1000	Jun CPI Prelim (MoM%/YoY%)	-/-		0.9/7.3
Eurozone	0900	Jun Markit Manufacturing Final PMI	52.0		-
	1000	Jun CPI Flash (YoY%)	8.4		8.1
	1000	Jun Core CPI Flash (YoY%)	4.0		3.8

Source: Refinitiv, ING

Authors

James Knightley

Chief International Economist, US

james.knightley@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Key events in EMEA next week

In anticipation of the National Bank of Hungary's rate-setting meeting next week, we predict a 50bp raise in the base rate



Source: Shutterstock

✓ Hungary: unchanged GDP outlook with tightening on the horizon

The main event of the next week in Hungary is the rate setting meeting. The situation remains delicate and though the direction is crystal clear (tightening it is), we are not sure what we can exactly expect from the National Bank of Hungary. Our base case counts with the usual combination of rate hikes: 50bp raise in the base rate followed by a 30bp hike in the 1-week deposit rate on Thursday. However, should the EUR/HUF reach 400 again and stick to this stubbornly as we are approaching the day of the meeting, we would add a higher probability to a more aggressive rate hikes, especially taking into consideration the market pricing regarding the rates in the short run. Alongside with the decision, we will get the latest staff projections as well, where we see an unchanged GDP outlook, but an upwardly revised inflation path both for 2022 and 2023. This should nudge decisionmakers into further commitment of tightening in the second half of the year. We see an above 9% terminal rate in Hungary by the year-end.

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 27 June					
Mexico	1200	May Trade Balance SA	-		-4.3
Tuesday 28 June					
Hungary	1300	Jun Hungary Base Rate	6.4		5.9
Mexico	1200	May Jobless Rate	-		3.0
Wednesday 29 June					
Russia	1700	May Industrial Output	-5.0		-1.6
	1700	May Retail Sales (YoY%)	-15.0	-5.5	-9.7
	1700	May Unemployment Rate	4.3	4.5	4.0
Turkey	1200	May Bank NPL Ratio	-		2.8
Brazil	1300	Jun IGP-M Inflation Index	-		0.5
		- May Central Government Balance	-		28.6
Thursday 30 June					
Turkey	0800	May Trade Balance	-10.7		-6.1
	1230	W 1 Gross FX Reserves	-		60.8
Czech Rep	0800	Q1 Revised GDP (QoQ%/YoY%)	-		0.9/4.8
Hungary	0800	One-Week Deposit Rate	7.55		7.25
South Africa	0700	May M3 Money Supply (YoY%)	-		7.5
	0700	May Private Sector Credit Extension	-		6.0
	1030	May PPI (MoM%/YoY%)	-/-		1.8/13.1
	1300	May Trade Balance (Incl. Region)	-		15.5
Friday 1 July					
Russia	0700	Jun Markit Manufacturing PMI	-		50.8
Turkey	0800	Jun Manufacturing PMI	-		49.2
Poland	0800	Jun Markit Manufacturing PMI	48.2		48.5
	0900	Jun CPI Flash (YoY%)	15.3	15.6	13.9
Czech Rep	0830	Jun Markit PMI	-		52.3
	1300	Jun Budget Balance	-		-189.3
Hungary	0800	Jun Manufacturing PMI	52.4		51.5
	0800	Apr Trade Balance Final	-475.0		-475.0
Brazil	1400	Jun Markit Manufacturing PMI	-		54.2
Mexico	1530	Jun Markit Manufacturing PMI	-		50.6

Source: Refinitiv, ING

Author

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Asia week ahead: Japan and Korea data plus regional manufacturing readings

Data from Japan and Korea will be the highlight for next week



Japan's flurry of data releases

Industrial production in Japan is expected to rebound from the previous month's contraction on the back of better domestic demand, although gains may be capped as global supply chain disruptions are still weighing on overall production activity. Meanwhile, Tokyo CPI inflation should increase after a recent depreciation in the yen combined with higher energy and food price pressures.

Japan's labour market will also be in focus. The unemployment rate should remain unchanged at 2.5%, as service sector hiring is still picking up while there is some slowdown in manufacturing. Lastly, the Tankan surveys will possibly show an optimistic outlook for both manufacturing and services, with large companies seeing slightly stronger gains and small companies still struggling to recover from the pandemic. The Bank of Japan will be paying more attention to inflation if there are any signs of increasing demand pressure while labour market tightening could lead to stronger wage growth.

Korean trade and industrial production data

The reopening of Korea is boosting the domestic economy, especially private services, but the recent sharp drop in the equity market and higher mortgage/lending rates could put some downward pressure on consumer confidence. Meanwhile, business sentiment is expected to recover as domestic and global logistics conditions improve. May's industrial production should rebound but the recovery could be marginal given China's lockdown.

Korea also reports preliminary trade data, with export growth likely moderating in June. Unfavourable calendar day effects could be one reason for the slowdown, but the trucker's union strike has had a slight negative impact on port activity as well. Imports, on the other hand, should grow at a faster pace and the overall trade balance could post a high deficit.

Upcoming data reports will be critical for the Bank of Korea, as the central bank's next moves will possibly be impacted not just by the inflation trajectory but also by the growth outlook.

Manufacturing reports could show sustained impact of China stoppages

Next week also features the release of regional manufacturing indices, with China also reporting its non-manufacturing PMI on 30 June. We could see the protracted impact of work stoppages in China and their effect on the regional value chain.

And the rest...

Meanwhile, India's fiscal deficit figures on 30 June will show whether India is on track to hit its 6.4% fiscal deficit target for the fiscal year 2022/23. The April deficit figures were helpful, coming in lower than in April 2021. This bodes well for a reduction in the deficit as a percentage of nominal GDP, which should be growing strongly, lifted by higher inflation. Cuts in excise duties, higher debt service, and the higher burden of state subsidies could eat into this progress in the coming months, and there is still a long way to go, with the retention of the investment grade credit rating at stake.

In Australia, the retail sales report for May is out on 29 June and will probably moderate from the 0.9% month-on-month pace recorded for April. Though it should still remain decent, rising interest rates and falling consumer sentiment, as well as peaking housing prices, may offset support from strong employment and robust wage growth.

Lastly, Indonesia releases its latest inflation report next week and we could see both headline and core inflation threaten the upper end of the central bank inflation target. Bank Indonesia has held off on hiking policy rates citing still manageable inflation but elevated commodity prices may eventually force domestic inflation past the Bank's comfort zone. Faster inflation by early 3Q could be enough to kickstart the hiking cycle, with a first hike coming as early as the end of July.

Asia Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Friday 24 June				
India	1230 W 1	FX Reserves, USD	593.0	596.5
Monday 27 June				
China	0230	May Industrial Profit (YoY%)	-9.0	-8.6
India	1230	Q1 C/A Balance	-13.4	-23.0
Philippines	-	May Budget Balance	-	4.9
Tuesday 28 June				
Japan	0050	May Retail Sales (YoY%)	3.8	2.9
South Korea	2200	Jun BoK Consumer Sentiment Index	101.0	102.6
Wednesday 29 June				
Japan	0050	May Industrial O/P Prelim (MoM%/YoY%)	0.1/4.1	-1.5/-3.4
South Korea	2200	Jul BOK Manufacturing BSI	87.0	85.0
	0000	May Industrial Output (MoM%/YoY%)	0.5/4.4	-3.3/3.3
Thursday 30 June				
Japan	0030	May Unemployment Rate	2.5	2.5
China	0230	Jun NBS Manufacturing PMI	50.0	49.6
	0230	Jun NBS Non-Manufacturing PMI	49.7	47.8
Indonesia	0500	May M2 Money Supply (YoY%)	-	13.6
Friday 1 July				
Japan	0130	Jun Jibun Bank Manufacturing PMI	52.7	52.7
China	0245	Jun Caixin Manufacturing PMI Final	49.4	48.1
India	0600	Jun IHS Markit Manufacturing PMI	54.2	54.6
		- May Fiscal Deficit - INR Crore	4.5	26.9
		- Jun Imports/Exports - USD Prelim	-	63.2/38.9
Indonesia	0130	Jun IHS Markit PMI	-	50.8
	0500	Jun Inflation (MoM%/YoY%)	-/-	0.4/3.6
Philippines	0130	Jun Manufacturing PMI SA	-	54.1
Taiwan	0130	Jun IHS Markit Manufacturing PMI	51.0	50.0
South Korea	0100	Jun Export/Import Growth Prelim	7.7/23.9	21.3/32.0
	0100	Jun Trade Balance Prelim	-3.5	-1.7
	0130	Jun IHS Markit Manufacturing PMI	52.5	51.8

Source: Refinitiv, ING

Authors

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.