

Our view on next week's key events

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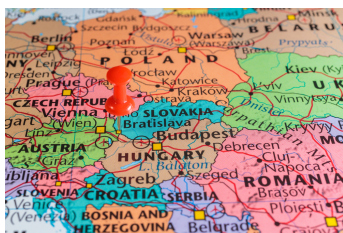
By James Smith and Carsten Brzeski



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Source: Shutterstock

✓ Don't expect any fresh hints from Powell at Jackson Hole

Markets will be closely scrutinising Fed Chair Jerome Powell's comments at the annual get-together of central bankers at Jackson Hole this weekend, although we doubt there will be much new on offer. History tells us that the speeches tend to quite "high level" and academic, and generally offer few firm hints on the policy outlook.

So we doubt investors will glean much more on Powell's view of the recent escalation in trade tensions, the difficulties unfolding in emerging markets, or indeed his thoughts on President Trump's recent comments about higher rates.

In any case, we still suspect the majority view of policymakers is that the current US economic momentum will continue to outweigh trade uncertainties – at least for now. We expect further rate hikes in September and December.

✓ German data to create a base ahead of the ECB's September meeting

Germany will help set the scene this week for the ECB's September meeting. The Ifo index should show whether German corporates took comfort from the visit by Jean-Claude Juncker to the US

and a period of calm on the US-EU trade tension front, or whether the more general fear of a trade war still prevails. At the same time, German headline inflation is likely to hover around 2%, strengthening the ECB's case for a dovish tapering.

Developed Markets Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|----------------------------|------|---|-----------|---------|-----------|
| Monday 27 August | | | | | |
| Germany | 0900 | Aug IFO Business Climate | 102.1 | - | 101.7 |
| | 0900 | Aug IFO Expectations | 98.9 | - | 98.2 |
| | 0900 | Aug IFO Current Assessment | 105.4 | - | 105.3 |
| Portugal | - | Portugal Releases Year-to-Date Budget Report | | | |
| Tuesday 28 August | | | | | |
| US | 1500 | Aug Consumer Confidence | 126.5 | 126.5 | 127.4 |
| Eurozone | 0900 | Jul M3 Money Supply (YoY%) | - | - | 4.4 |
| | 1200 | ECB Board Member Peter Praet Speaks in Cologne, Germany | | | |
| Sweden | - | SEB Economists Release New Forecasts | | | |
| | 0830 | Jul Retail Sales (MoM/YoY%) | - | - | -9 |
| Wednesday 29 August | | | | | |
| US | 1330 | 2Q S GDP (QoQ Annualised %) | 4.1 | 4 | 4.1 |
| Japan | 0600 | Aug Consumer Confidence Index | 43.4 | - | 43.5 |
| | 0230 | BOJ Suzuki speaks in Naha | | | |
| Thursday 30 August | | | | | |
| US | 1330 | US Jul Core PCE Inflation (MoM/YoY%) | 0.2/2.0 | 0.2/2.0 | 0.1/1.9 |
| Japan | 0050 | Jul Retail Trade (MoM/YoY%) | 0.3/1.8 | -/- | 1.5/1.7 |
| Germany | 0855 | Aug Unemployment Change (000's) | - | - | -6 |
| | 0855 | Aug Unemployment Rate (%) | 5.2 | - | 5.2 |
| | 1300 | Aug P CPI (MoM/YoY%) | 0/1.9 | -/- | 0.3/2 |
| Spain | 0800 | Aug P HICP (MoM/YoY%) | -/- | -/- | -1.2/2.3 |
| Canada | 1330 | 2Q GDP (Annualised, QoQ%) | 3.0 | - | 1.3 |
| | 1330 | Jun GDP (MoM/YoY%) | -/- | -/- | 0.5/2.6 |
| Sweden | 0800 | Aug Economic Tendency Survey | 109 | -/- | 109.6 |
| Norway | 0700 | Jul Retail Sales (MoM%) | - | - | -2.9 |
| Friday 31 August | | | | | |
| US | 1500 | Aug F U. of Mich. Sentiment Index | 95.3 | 96 | 95.3 |
| Japan | 0050 | Jul P Industrial Production - Prel (MoM/YoY%) | -0.1/-1.9 | -/- | -1.8/-0.9 |
| | 0030 | Tokyo Aug CPI | | | |
| Eurozone | 1000 | Jul Unemployment Rate (%) | - | - | 8.3 |
| | 1000 | Aug A Core CPI (YoY%) | - | - | 1.1 |
| | 1000 | Aug Flash CPI (YoY%) | - | - | 2.1 |
| | 1800 | ECB Board Member Luis Guindos Speaks in Asturias, Spain | | | |
| Italy | 1000 | Aug P HICP (YoY%) | 1.7 | - | 1.9 |
| | 1100 | 2Q F GDP (QoQ/YoY%) | 0.2/1.1 | -/- | 0.2/1.1 |
| | - | Italy Sovereign Debt to be Rated by Fitch | | | |
| Sweden | - | Sweden Sovereign Debt to be Rated by S&P | | | |
| Norway | 0900 | Unemployment Rate | - | - | 2.5 |

Source: ING, Bloomberg

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Authors

James Smith

Developed Markets Economist

james.smith@ing.com

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Asia week ahead: Bank of Korea policy standoff

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Source: Shutterstock

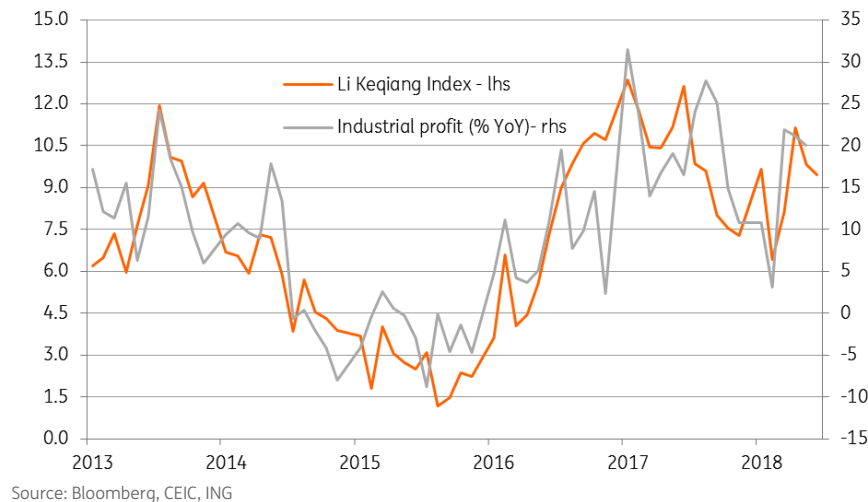
➔ China: PMI to reflect full-month of trade war impact

The ongoing trade war with the US has put China's high-frequency activity data under an intense spotlight. Next week's data includes industrial profits for July and the manufacturing and non-manufacturing Purchasing Managers Indexes (PMIs) for August.

The manufacturing PMI for August will reflect the first full month of the US-China trade war impact. The consensus is centred on our 51.2 forecast, unchanged from July, but the risk is tilted on the downside rather than upside.

Consistent with the Chinese stock market sell-off underway since the start of the year, industrial profit growth has slowed to 17.2% year-on-year in the first half of the year from 22% a year ago. This closely tracks the Li Keqiang index (the composite index of year-on-year activity growth, including growth in outstanding bank lending- Premier Li's preferred gauge of the economy) which shows the slowdown continued in July (see figure).

Li Keqiang Index points to slower profits growth

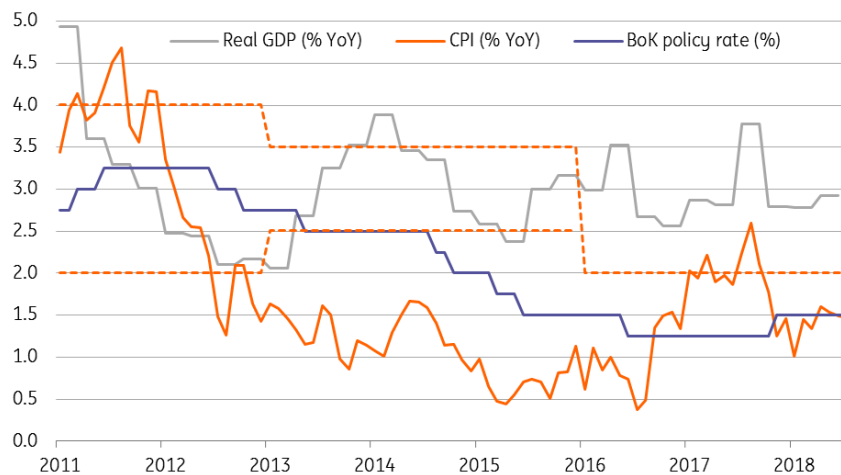


➔ Korea: A big week ahead, though nothing exciting

After the usual end-of-month Korean activity data, the central bank (Bank of Korea) will hold its monetary policy meeting on Friday, 31 August. We aren't forecasting the BoK to change policy next week. Korea's GDP growth has been stuck under 3% for the last three quarters, and new job creation dipped to an eight-year low in July. A further escalation of the US-China trade tension also reduces the potential for any export-led growth recovery in the period ahead. We expect these risks to manifest in the activity data in coming months. With below-target inflation right now, the argument for the BoK to maintain its accommodative policy stance for the rest of the year remains strong (see figure).

Among the slew of activity releases next week, the forward-looking BoK Consumer and Business confidence indexes and July industrial production data for July will be under scrutiny for clues about the economy's performance in the current quarter.

No pressure on BoK to change policy



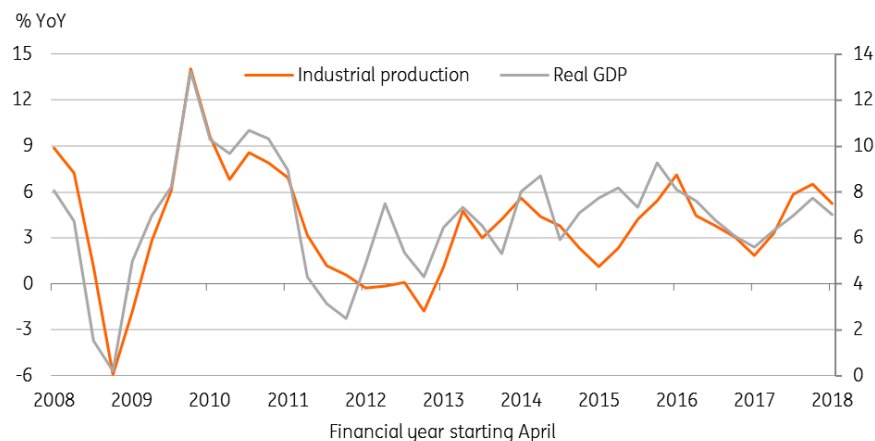
Dotted lines are BoK's inflation target, shifted from a range to point target in 2016.

Source: Bloomberg, CEIC, ING

➔ India: A slowdown in GDP growth

India's GDP data for 1Q FY2018-19 (April-Jun quarter of 2018) is due. Underlying our projected slowdown in GDP growth is a slowdown in manufacturing (see figure). Export growth accelerated in the last quarter, though exports account for a small share of GDP (average 13% in the last five years). With an oil-led surge in imports and widening trade deficit, net exports have acted as a drag on GDP growth. We forecast a GDP slowdown to 7% YoY in 1Q from 7.7% in the previous quarter, not a good start to the year, the rest of which will remain exposed to greater global economic uncertainty and rising domestic political risk.

Manufacturing leads GDP slowdown



Source: Bloomberg, CEIC, ING

Asia Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|----------------------------|------|--|---------|--------|-----------|
| Monday 27 August | | | | | |
| China | 0230 | Jul Industrial profits (YTD, YoY%) | 17 | - | 20 |
| Hong Kong | 0930 | Jul Exports (YoY%) | 6 | - | 3.3 |
| | 0930 | Jul Imports (YoY%) | 9 | - | 4.4 |
| | 0930 | Jul Trade balance (HK\$ bn) | -42.1 | - | -54.137 |
| South Korea | 2200 | Aug BOK Consumer Sentiment Index | 100.3 | - | 101 |
| Tuesday 28 August | | | | | |
| Thailand | 0450 | Jul Manufacturing Index (YoY%) | 3.6 | - | 4.7 |
| Wednesday 29 August | | | | | |
| South Korea | 2200 | Sep BOK Business Survey Index, mfg | 75 | - | 73 |
| | 2200 | Sep BOK Business Survey Index, non-mfg | 76 | - | 74 |
| Thursday 30 August | | | | | |
| Hong Kong | 0930 | Jul Retail Sales Value (YoY%) | 11.8 | - | 12 |
| | 0930 | Jul Retail Sales Volume (YoY%) | 9.3 | - | 9.8 |
| Friday 31 August | | | | | |
| China | 0200 | Aug Non-manufacturing PMI | 53.8 | - | 54 |
| | 0200 | Aug Manufacturing PMI | 51.2 | - | 51.2 |
| India | 1200 | Jul Fiscal Deficit (INR crore) | - | - | 83540 |
| | 1300 | 2Q GDP (Q) (YoY%) | 7 | - | 7.7 |
| South Korea | 0000 | Jul Industrial Production (MoM/YoY%) | 1.7/3.1 | -/- | -0.6/-0.4 |
| | - | 7-Day Repo Rate | 1.5 | - | 1.5 |
| Thailand | 0400 | Jul Current account (US\$bn) | 2.6 | | 4.084 |

Source: ING, Bloomberg

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Key events in EMEA and Latam next week

Aside from EMEA and Latam seeing a lot of 2Q GDP results next week, we're looking for Poland's planned 2019 deficit to make its way onto the...



Source: Shutterstock

✓ Polish budget balance should see an unusually strong deficit for this time of year

The budget balance data should provide a strong reduction of the PLN 9.5bn surplus accumulated after June, as indicated by Deputy FinMin Leszek Skiba. A deficit in the central budget is an exception in July – historically there were rather limited changes this month. The most significant thing should be the structure of expenditures; a deficit could be a result of earlier payments of funds that are typically spent in the fourth quarter.

Moreover, the second GDP reading should confirm 5.1%YoY dynamics in 2Q. We expect a moderation of private consumption from 4.8% to 4.5%YoY, solid investment growth (closing in on 10%YoY) and modest net export surplus - approximately 0.1pp.

EMEA and Latam Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|----------------------------|------|--|---------|---------|----------|
| Sunday 26 August | | | | | |
| Hungary | 2300 | Aug Economic Sentiment | - | - | 10.5 |
| | 2300 | Aug Business Confidence | - | - | 17.3 |
| | 2300 | Aug Consumer Confidence | - | - | -9 |
| Monday 27 August | | | | | |
| Turkey | 1230 | Aug Real Sector Confidence Index, SA | - | - | 101.5 |
| | 1230 | Aug Industrial Confidence | - | - | 102.7 |
| | 1230 | Aug Capacity Utilization (%) | - | - | 77.1 |
| Poland | - | Jul Budget Perf. (YTD) | - | - | 42.7 |
| | - | Jul Budget Level (YTD) | - | - | 9535.47 |
| Brazil | 1430 | Jul C/A Balance (\$mn) | -2300 | - | 435.04 |
| Tuesday 28 August | | | | | |
| Mexico | 1400 | Jul Unemployment Rate SA (%) | 3.35 | - | 3.39 |
| Wednesday 29 August | | | | | |
| Turkey | 0800 | Jul Trade Balance (US\$m) | - | - | -5.5 |
| Croatia | 1000 | 2Q P GDP (YoY%) | - | - | 2.49 |
| Mexico | - | Mexican Central Bank Releases Inflation Report | | | |
| Thursday 30 August | | | | | |
| South Africa | 0700 | Jul M3 Money Supply (YoY%) | - | - | 5.77 |
| | 0700 | Jul Private Sector Credit (YoY%) | - | - | 5.68 |
| | 1030 | Jul PPI (MoM/YoY%) | -/- | -/- | 0.9/5.9 |
| | 1300 | Jul National Budget Balance (ZARbn) | - | - | 33.82 |
| Israel | 1100 | Jul Monthly Unemployment Rate (%) | - | - | 3.9 |
| Brazil | 1300 | Jul Unemployment Rate (%) | 12.2 | - | 12.4 |
| Friday 31 August | | | | | |
| Poland | 0900 | Aug P CPI (MoM/YoY%) | -/- | -/2 | -0.2/2 |
| | 0900 | 2Q F GDP (QoQ/YoY%) | 0.9/5.1 | 0.9/5.1 | 0.9/5.1 |
| Czech Rep | 0800 | 2Q P GDP (QoQ/YoY%) | 0.6/2.4 | -/- | 0.5/2.3 |
| Hungary | 0800 | Jun F Trade Balance (€mn) | - | - | 1070 |
| | 0800 | Jul PPI (MoM/YoY%) | -/- | -/- | 1.9/7.5 |
| - | - | Hungary Sovereign Debt to be Rated by Fitch | | | |
| Romania | 0700 | Jul Unemployment Rate Total 15-74 Yrs Old, SA | - | - | 4.5 |
| | - | Romania Sovereign Debt to be Rated by S&P | | | |
| Serbia | 1100 | Jul Industrial Production (YoY%) | - | - | 3.9 |
| | 1100 | 2Q F GDP (YoY%) | - | - | 4.4 |
| | 1100 | Jul Trade Balance (€m) | - | - | -390 |
| | 1100 | Jul Retail Sales (YoY%) | - | - | 1.3 |
| South Africa | 1300 | Jul Trade Balance (ZARbn) | - | - | 12 |
| Brazil | 1300 | 2Q GDP (QoQ/YoY%) | 0/0.9 | -/- | 0.4/1.21 |

Source: ING, Bloomberg

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