

## Our view on next week's key events

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The BoK's upcoming meeting is in focus next week alongside key releases in China, Japan, India and Australia

By Robert Carnell and Min Joo Kang

# Key events in developed markets and EMEA next week

Next week features inflation figures in the US and the eurozone, alongside details of third quarter GDP data for Hungary and Poland



## **US: Closely following the ISM manufacturing index for any signs of a rebound**

Markets have firmly bought into the view that the Federal Reserve won't hike interest rates any further and that 2024 will see a series of interest rate cuts from the second quarter onwards. Around 90bp of cuts are currently priced, whereas we're forecasting 150bp for next year on the basis that consumer weakness is likely to be a key theme given subdued real household disposable income growth, fewer savings resources, and less borrowing as interest rates continue rising. This should allow inflation to slow more quickly, giving the Federal Reserve greater scope to loosen monetary policy.

Next week's data flow includes the Fed's favoured measure of inflation, which we expect to show a 0.2% month-on-month rate of price increases. This is broadly in line with what the central bank wants to see and, if repeated over time, would bring the annual rate of inflation as measured by the core personal consumer expenditure deflator back to 2%. We also get more housing numbers, which should signal healthy new home sales, but this is due to the lack of availability of existing homes for sale. Prices should continue rising in this environment, but with home builder sentiment having plunged in recent months, cracks are starting to form as the legacy of high borrowing costs bites more and more harshly. We will also be closely following the ISM manufacturing index for any signs of a rebound after having been in contraction territory for the

past 12 months.

## ✔ Eurozone: Core inflation to continue improving to 4%

Next week, we'll see new inflation numbers for the eurozone. Inflation dropped more than expected in September and October, and the question now is whether the low inflation trend will continue. We expect some continued improvement, with core inflation falling to 4% and headline inflation dropping to 2.7%. Still, there are signs of continued inflation pressures that shouldn't be ignored after a few encouraging data releases. The November PMI showed that businesses still see increased input costs, resulting in more survey respondents indicating that selling price inflation ticked up. Thursday will tell us whether inflation has continued its rapid normalisation.

## ✔ Poland: We forecast a further decline in core inflation

### Flash CPI (Nov): 6.7% YoY

Our forecasts suggest that in November, CPI inflation inched up to 6.7% year-on-year from 6.6% YoY in October, marking the first increase since it peaked in February. We expect a further decline in core inflation, but it will be accompanied by less favourable developments in energy prices as gasoline prices bounced back after two months of declines.

### GDP (3Q23): 0.4% YoY

We expect the flash estimate of 0.4% YoY to be confirmed by the final data. We will also learn the composition of third-quarter GDP. According to our forecasts, household consumption declined slightly (-0.2% YoY), while fixed investments continued expanding at a solid rate (7.5% YoY). At the same time, we project a smaller drag from a change in inventories and a lower contribution of net exports than observed in recent months. Monthly data suggests that economic recovery continued at the beginning of the fourth quarter as annual change in industrial output and retail sales turned positive in October.

## ✔ Hungary: November's manufacturing PMI expected to remain in positive territory

The Statistical Office will release the details behind Hungary's strong GDP growth in the third quarter next week. We see positive contributions from industry, construction and agriculture. On the expenditure side, we think net exports were the main driver of the improvement, along with some early positive signs on consumption. November's manufacturing PMI could remain in positive territory, with export capacity still in good shape, reinforcing our view that year-on-year GDP growth could also return to positive territory in the fourth quarter.

## Key events in developed markets next week

Monday 27 November				
US	1500 Oct New Home Sales-Units	0.74	0.725	0.759
Tuesday 28 November				
US	1400 Sep CaseShiller 20 (MoM%/YoY%)	0.5	0.7	1/2.2
	1500 Nov Consumer Confidence	101.5	100.8	102.6
Germany	0700 Dec GfK Consumer Sentiment	-30		-28.1
Eurozone	0900 Oct Money-M3 Annual Grwth	-1.1		-1.2
	0900 Oct Broad Money	-		16017399
Wednesday 29 November				
US	1330 Q3 GDP 2nd Estimate	5	5	4.9
	1330 Q3 GDP Deflator Prelim	3.5	3.5	3.5
	1330 Q3 Core PCE Prices Prelim	2.4	2.4	2.4
Germany	1300 Nov CPI Prelim (MoM%/YoY%)	-0.5/3.2	/	0/3.8
Italy	0900 Nov Consumer Confidence	-		101.6
Spain	0800 Nov CPI (YoY%) Flash NSA	-		3.5
	0800 Nov CPI (MoM%/YoY%)	-/-	/	0.3/6.5
Sweden	0700 Q3 GDP Final (YoY%)	-		-1.2
	0700 Q3 GDP Final (QoQ%)	-		0
Eurozone	1000 Nov Business Climate	-		-0.33
	1000 Nov Economic Sentiment	94.1		93.3
	1000 Nov Consumer Confidence Final	-16.9		
Thursday 30 November				
US	1330 Oct Personal Income (MoM%)	0.2	0.2	0.3
	1330 Oct Personal Consumption Real (MoM%)	0.1	0.1	0.4
	1330 Oct Consumption, Adjusted (MoM%)	0.2	0.2	0.7
	1330 Oct Core PCE Price Index (MoM%/YoY%)	0.2/3.5	0.2/3.5	0.3/3.7
	1445 Nov Chicago PMI	45	46	44
	1330 Initial Jobless Claims	220		209
	1330 Continuing Jobless Claims	1860		1840
Germany	0700 Oct Retail Sales (MoM%/YoY%)	0,5/-3.8	/	-0.8/-4.3
	0855 Nov Unemployment Rate SA	5.8		5.8
France	0745 Q3 GDP (QoQ%/YoY%)	-/-	/	0.1/0.7
	0745 Nov CPI Prelim (YoY%)	-		4.5
	0745 Nov CPI (EU Norm) Prelim (MoM%)	-		0.2
Italy	0900 Oct Unemployment Rate	-		7.4
	1000 Nov CPI Prelim (MoM%/YoY%)	-/-	/	0.1/1.8
Canada	1330 Sep GDP (MoM%)	-0.1	-	0
Portugal	0930 Nov CPI Flash (YoY%)	-		2.1
	1100 Q3 GDP (QoQ%/YoY%)	-/-	/	-0.2/1.9
Austria	0800 Q3 GDP Growth (QoQ%) Final	-		-0.6
Eurozone	1000 Nov CPI Flash (YoY%)	2.7		2.9
	1000 Nov Core CPI Flash (YoY%)	4		4.2
	1000 Oct Unemployment Rate	6.5		6.5
Friday 1 December				
US	1500 Nov ISM manufacturing index	48.5	47.7	46.7
	- Nov vehicle sales (mn)	15.0	15.5	15.5
Canada	1330 Nov net change in employment (000s)	12		17.5

Source: Refinitiv, ING

## Key events in EMEA next week

Country	Time Data/event	ING	Survey	Prev.
<b>Tuesday 28 November</b>				
Croatia	1000 Q3 GDP (YoY%)	3.5		2.7
<b>Wednesday 29 November</b>				
Russia	1600 Oct Industrial Output	6.6	5.1	5.6
	1600 Oct Retail Sales (YoY%)	12.2	11.2	12.2
	1600 Oct Unemployment Rate	3	3	3
	- Oct GDP (YoY%) Monthly	4.5	3.8	5.2
Turkey	0700 Oct Trade Balance	-6.7		-5.01
	1100 Oct Bank NPL Ratio	-		1.53
South Africa	0600 Oct M3 Money Supply (YoY%)	-		7.67
	0600 Oct Pvt Sector Credit Ext.	-		4.6
<b>Thursday 30 November</b>				
Turkey	0700 Q3 GDP Quarterly (YoY%)	-		3.8
Poland	0900 Q3 GDP (QoQ%/YoY%)	-/0.4	/	1.4/0.4
Poland	0900 Nov Flash CPI (YoY%)	6.7		6.6
South Africa	0930 Oct PPI (MoM%/YoY%)	-/	/	1.5/5.1
	1200 Oct Trade Balance (Incl. Region)	-		13.14
<b>Friday 1 December</b>				
Hungary	0730 Q3 GDP Final (QoQ%/YoY%)	0.9/-0.4		0.9/-0.4
	0730 Sep F Trade Balance (m EUR)	1263		1263
	0800 Nov Manufacturing PMI	51.1		50.5

Source: Refinitiv, ING

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# Asia week ahead: A hawkish Bank of Korea pause plus key releases in China and Japan

The BoK's upcoming meeting is in focus next week alongside key releases in China, Japan, India and Australia



## China PMIs to show recovering manufacturing activity

After a surprise decline in manufacturing activity for China last month, we are expecting the official manufacturing PMI to bounce back to the expansion region at 50.1 and the non-manufacturing PMI to accelerate to 51.2. Last month's retail sales growth beat the consensus at 7.8% year-on-year, which might hint that the non-manufacturing sector is doing better than expected.

The weak global economic outlook continues to weigh on China's export orders. This will probably keep the Caixin manufacturing PMI below 50 and indicates contracting manufacturing activities at 49.8. Activity data in the past few months has shown modest progress in China's recovery aside from anything property-related. It's therefore unlikely that the manufacturing PMI will stay in contractionary territory for long.

## **Inflation out from Australia**

Hawkish comments from the Reserve Bank of Australia (RBA) Governor Michele Bullock yesterday stated that inflation is increasingly induced by strong domestic demand, hinting at the possibility of headline inflation remaining above target. The inflation number should be still above the RBA's target, but could edge lower in October to 5.0% YoY.

Meanwhile, we're inclined to believe that retail sales are still going strong – but that they should decline by -1.0% month-on-month due to the end of the holiday season.

## **India GDP could moderate but stay above RBI projections**

India's GDP is likely to moderate to 7.1% YoY, down from 7.8% in the second quarter. Nonetheless, this result should surpass the Reserve Bank of India's projections, as domestic economic activities remain robust and services and capital expenditure continue to drive growth.

## **BoK to carry out another hawkish hold alongside activity and sentiment data**

The Bank of Korea is set to move forward with another hawkish pause, concerned about the recent reacceleration of inflation and faster-than-expected household debt growth. A key area to watch will be evidence of any minority views among board members on rate-cutting possibilities in the near future after data suggested sluggish consumption and investment.

Elsewhere in Korea, we believe consumer sentiment should continue to deteriorate with higher borrowing costs and poor performance in asset markets (property, KOSPI, the KRW). On the other hand, business sentiment is set to improve on the back of a better outlook for IT and chip markets. We believe this upbeat assessment will be confirmed by a recovery of exports, which is expected to rise for a second month mainly due to recovery in chips and autos.

For monthly activity data, October industrial production is expected to rise based on the previous month's strong export results. However, domestic demand-driven retail sales and investment are likely to decline.

## **Upbeat data likely out from Japan**

We expect Japan's production and consumption numbers to improve in October. Despite high inflation, consumption should record a gain for last month, backed by tight labour market conditions.

## Key events in Asia next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 27 November</b>					
Indonesia	0400	Oct M2 Money Supply (YoY%)	-		6
South Korea	2100	Nov BoK Consumer Sentiment Index	97		98.1
China	800	Nov Industrial Profit (YoY%)	10.1		11.9
<b>Tuesday 28 November</b>					
Taiwan	0830	Q3 GDP Final (YoY%)	-		2.32
Australia	0830	Oct Retail Sales (MoM%)	-1		0.9
South Korea	2100	Dec BOK Manufacturing BSI	73		71
<b>Wednesday 29 November</b>					
Japan	2350	Oct Industrial O/P Prelim (MoM%/YoY%)	1.1/0.0	/	0.5/-3.4
	2350	Oct Retail Sales (MoM%/YoY%)	0.7/6.5		0.4/6.3
Australia	0830	Oct CPI (YoY%/MoM%)	5.0/0.0		5.6/0.58
Philippines	-	Oct Budget Balance	-		-250.9
South Korea	2300	Oct Industrial Output (YoY%)	4.5		3
	2300	Oct Industrial Output Growth	1.0		1.8
<b>Thursday 30 November</b>					
Japan	0500	Oct Housing Starts (YoY%)	-		-6.8
	2330	Oct Unemployment Rate	2.6		2.6
China	0130	Nov NBS Manufacturing PMI	-		49.5
	0130	Nov NBS Non-Manufacturing PMI	-		50.6
India	1200	Q2 GDP Quarterly (YoY%)	-		7.8
South Korea	0100	Nov Bank of Korea Base Rate	3.5		3.5
<b>Friday 1 December</b>					
Japan	0030	Manufacturing PMI	49		48.7
India	1200	Nov Manufacturing PMI	54.8		55.5
Taiwan	0830	Nov Manufacturing PMI	48.8		47.6
China	0800	Nov Caixin Manufacturing PMI	49.8		49.5
South Korea	0000	Nov Exports (YoY%)	2.5		5.1
	0000	Nov Imports (YoY%)	-10.8		-9.7
	0000	Nov Trade balance (USD mil)	500		1627
	0030	Manufacturing PMI	50.2		49.8

Source: Refinitiv, ING

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