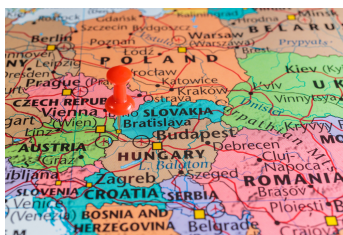


Our view on next week's key events

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

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By Peter Virovacz



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By James Knightley, Bert Colijn and Carsten Brzeski

Article | 25 January 2019

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Source: Shutterstock

✓ National Bank of Hungary: All eyes on core inflation

Speculation about Hungary's next move on interest rates has increased in the wake of comments by central bank Vice Governor Marton Nagy in Vienna, who said the bank could start to tighten policy if core inflation reached or exceeded 3%.

We still expect the National Bank of Hungary to sit on its hands but think the press release could cite Nagy's concern over the risks to core inflation ex-tax and its possible implications. However, the NBH might want to wait for at least a couple of months to gather proof of core CPI ex-tax moving above 3% and announce an upcoming adjustment in monetary policy via FX swaps in March, along with an updated inflation forecast.

✓ Czech National Bank: PMI should reinforce our "on hold" base case

Given a further slight decline in January, industrial confidence and preliminary manufacturing PMI in Germany, we believe that the Czech PMI will stay slightly below the key 50-point level this month. This might be another argument for the Czech National Bank (CNB) to apply a more

prudent wait-and-see approach and remain on hold during its meeting on 7 February.

This was suggested by new board member and former CNB Chief Economist Tomas Holub in his interview on 23 January, changing market expectations about the upcoming CNB rate decision in February to “on hold”. This is now our baseline scenario, though some board members will very likely vote for a hike due to solid domestic demand, including Vojtech Benda and Ales Michl.

Poland: 2018 GDP to confirm mild fourth quarter deceleration

We expect 2018 GDP growth at 5.1% YoY, confirming only a modest deceleration in the fourth quarter. Last year's growth structure relied on robust private consumption and strong investment.

The PMI manufacturing index should be stable in January given weaker confidence in the eurozone economies, especially Germany. We expect a soft 47.5 reading.

EMEA and Latam Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|-----------------------------|------|---|----------|--------|-----------|
| Sunday 27 January | | | | | |
| Israel | - | Dec Leading 'S' Indicator (MoM%) | - | - | 0.3 |
| Monday 28 January | | | | | |
| Brazil | 1230 | Dec C/A Balance (\$mn) | -1400.0 | - | -795.3 |
| Tuesday 29 January | | | | | |
| Hungary | 1300 | Policy Rate (%) | 0.9 | - | 0.9 |
| | 1300 | Overnight Deposit Rate (%) | -0.15 | - | -0.15 |
| Croatia | 1000 | Dec Industrial Production (SA, YoY%) | - | - | -0.8 |
| Wednesday 30 January | | | | | |
| Turkey | 0730 | Central Bank Inflation Report | | | |
| Poland | - | 2018 Annual GDP (YoY%) | 5.1 | - | 4.8 |
| Hungary | - | Hungary's Finance Minister Varga Speaks at Conference | | | |
| South Africa | 0600 | Dec M3 Money Supply (YoY%) | - | - | 5.7 |
| | 0600 | Dec Private Sector Credit (YoY%) | - | - | 5.6 |
| | 1200 | Dec National Budget Balance (ZARbn) | | | -16.9 |
| Mexico | 1400 | 4Q P GDP (YoY%) | 2.0 | - | 2.5 |
| Thursday 31 January | | | | | |
| Turkey | 0700 | Dec Trade Balance (US\$m) | -3.6 | - | -0.7 |
| Poland | 1300 | National Bank of Poland Publishes Minutes of Rate Meeting | | | |
| Hungary | 0800 | Dec PPI (MoM/YoY%) | -0.8/4.3 | -/- | -0.2/5.1 |
| Ukraine | 1200 | Key Rate (%) | - | - | 18.0 |
| Romania | 0700 | Dec Unemployment Rate, 15 - 74 Yrs Old, SA | - | - | 3.9 |
| Serbia | 1100 | Dec Industrial Production (YoY%) | - | - | -1.0 |
| | 1100 | 4Q P GDP (YoY%) | - | - | 3.8 |
| | 1100 | Dec Retail Sales (YoY%) | - | - | 6.1 |
| | 1100 | Dec Trade Balance (€m) | - | - | -504.3 |
| Croatia | - | Dec M1 Money Supply (HRKmn) | - | - | 115936.0 |
| South Africa | 0930 | Dec PPI (MoM/YoY%) | -/- | -/- | 0.4/6.8 |
| | 1200 | Dec Trade Balance (ZARbn) | - | - | 3.5 |
| Israel | 1100 | Dec Monthly Unemployment Rate (%) | - | - | 4.1 |
| Brazil | 1100 | Dec Unemployment Rate (%) | 11.4 | - | 11.6 |
| Friday 1 February | | | | | |
| Russia | 0600 | Jan Markit Manufacturing PMI | - | - | 51.7 |
| Turkey | 0700 | Jan Markit/ISO Manufacturing PMI | - | - | 44.2 |
| Poland | 0800 | Jan Markit Manufacturing PMI | 47.5 | - | 47.6 |
| Czech Rep | 0830 | Jan Markit Manufacturing PMI | 49.4 | - | 49.7 |
| | 1300 | Jan Budget Balance (CZKbn) | - | - | 2.9 |
| Hungary | 0800 | Jan Manufacturing PMI | 55.0 | - | 54.2 |
| | 0800 | Nov F Trade Balance (€mn) | 496.0 | - | 496.0 |
| Romania | - | Jan FX Reserves (€bn, Net) | - | - | 36800.2 |
| Kazakhstan | - | Jan CPI (MoM/YoY%) | -/- | -/- | 0.7/6.0 |
| | - | Jan PPI (MoM/YoY%) | -/- | -/- | -6.2/12.4 |
| South Africa | 0900 | Jan Kagiso PMI | - | - | 50.7 |
| Brazil | 1100 | Dec Industrial Production (YoY%) | -1.5 | - | -0.9 |

Source: ING, Bloomberg

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Article | 24 January 2019

Asia week ahead: Indian budget steals focus

The trade and purchasing manager indexes (PMIs) from across Asia may reveal that 2019 isn't off to a good start for regional economies, arguing for...



Source: Shutterstock

➔ Indian government unveils an election budget

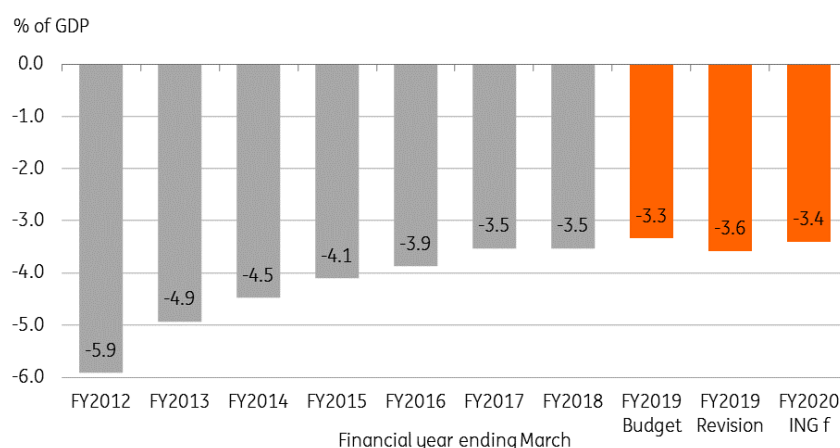
India's interim finance minister Piyush Goyal presents the FY2019-20 budget to the parliament on Friday, 1 February (Arun Jaitley is reportedly on medical leave). Growth will outweigh fiscal discipline as the Modi administration pushes its way for a second term in the general election scheduled for May this year.

As such, after an overshoot of the deficit in the last financial year and more likely again in the current year, hopes of any fiscal consolidation taking place in the next financial year are largely

misplaced. We see the revised budget for current FY2018-19 producing a deficit equivalent to 3.6% of GDP, well above the government's initial projection of 3.3% (consensus 3.5%). Our deficit forecast for the next financial year is 3.4%.

Persistently weak public finances will keep local government bonds and the Indian rupee under weakening pressure.

India: Fiscal deficit - derailed consolidation



Source: CEIC, ING

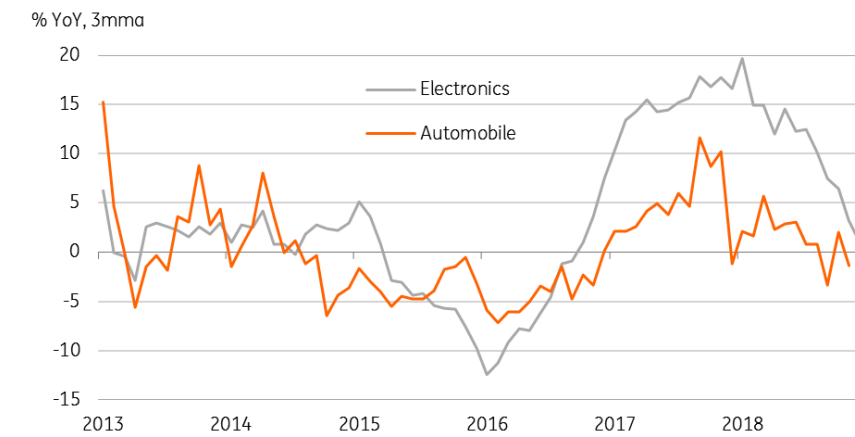
➔ Export weakness weighs on manufacturing

The trade and PMI releases from the rest of the region will likely reinforce the export-led slowdown in manufacturing coming into 2019 – not a good start to the year.

China's PMI will be closely watched. The manufacturing index fell below 50 in December for the first time since mid-2016, indicating contraction in activity, while services continued to grow. We aren't anticipating any bounce in activity in January, though the front-loading for the Lunar New Year holiday, which falls in the first week February, leaves scope for an upside surprise. Moreover, China's industrial profits data paints a clearer picture. Profits ended 2018 with negative growth and 2019 has seen a weak start as well.

Korea's trade for January, the first trade data from the region and probably from the world, is expected to show the deepening of export weakness as the downturn in global electronics and the automobile sector and a slowdown in China dampened export demand.

Asia: Electronics and autom



Source: Bloomberg, CEIC, ING

Asia Economic Calendar

| Country | Time* | Data/event | ING | Survey | Prev. |
|-----------------------------|-------|--|---------|--------|----------|
| Monday 28 January | | | | | |
| China | 0130 | Dec Industrial Profits (YTD, YoY%) | -3.0 | - | -1.8 |
| Hong Kong | 0815 | Dec Exports (YoY%) | -1.8 | | -0.8 |
| | | Dec Imports (YoY%) | -5.0 | | 0.5 |
| | | Dec Trade Balance (HK\$ bn) | -45.0 | | -45.0 |
| Tuesday 29 January | | | | | |
| South Korea | 2100 | Feb BoK Business Survey Index, mfg | 69.5 | - | 71.0 |
| | 2100 | Feb BoK Business Survey Index, non-mfg | 71.0 | - | 72.0 |
| Wednesday 30 January | | | | | |
| Hong Kong | 0830 | Dec Retail Sales Value (YoY%) | 3.4 | | 1.4 |
| | | Dec Retail Sales Volume (YoY%) | 3.2 | | 1.2 |
| Malaysia | 0900 | Dec Trade Balance (RM bn) | 5.7 | - | 7.6 |
| | 0900 | Dec Exports (YoY%) | 5.8 | - | 1.6 |
| | 0900 | Dec Imports (YoY%) | 8.7 | - | 5.0 |
| Thailand | - | Dec Manufacturing Index (YoY%) | -1.0 | - | 1.0 |
| South Korea | 2300 | Dec Industrial Production (MoM/YoY%) | -2/-1.5 | -/- | -1.7/0.1 |
| Thursday 31 January | | | | | |
| China | 0100 | Jan Non-manufacturing PMI | 53.0 | - | 53.8 |
| | 0100 | Jan Manufacturing PMI | 49.0 | - | 49.4 |
| India | 1100 | Dec Fiscal Deficit (INR crore) | - | - | 68042.0 |
| | 1200 | 2018 GDP Annual (YoY%) | - | - | 7.2 |
| Singapore | 0230 | 4Q Jobless Rate (Q) (% , SA) | 2.2 | - | 2.1 |
| Taiwan | 0800 | 4Q P GDP (YoY%) | 1.6 | - | 2.3 |
| | | Central Bank December Minutes | | | |
| South Korea | 2300 | Jan CPI (MoM/YoY%) | 0.4/1.3 | -/- | -0.3/1.3 |
| Friday 1 February | | | | | |
| China | 0145 | Jan Caixin Manufacturing PMI | - | - | 49.7 |
| India | 0500 | Jan Nikkei Manufacturing PMI | 52.5 | - | 53.2 |
| | | FY 2019-20 Budget (Deficit, % of GDP) | -3.4 | - | -3.6 |
| Indonesia | - | Jan CPI Core (YoY%) | - | - | 3.1 |
| | | Jan CPI (YoY%) | 3.0 | - | 3.1 |
| Taiwan | 0030 | Jan Nikkei Manufacturing PMI | - | - | 47.7 |
| Thailand | 0030 | Jan Nikkei Manufacturing PMI | 49.5 | - | 50.3 |
| | 0400 | Jan CPI (YoY%) | 0.3 | - | 0.4 |
| | 0400 | Jan CPI Core (YoY%) | 0.7 | - | 0.7 |
| South Korea | 0000 | Jan Imports (YoY%) | -8.0 | - | 0.9 |
| | 0000 | Jan Trade Balance (US\$mn) | 4683.0 | - | 4342.0 |
| | 0000 | Jan Exports (YoY%) | -5.0 | - | -1.2 |
| | 0030 | Jan Nikkei Manufacturing PMI | 48.8 | - | 49.8 |

Source: ING, Bloomberg, *GMT

Article | 25 January 2019

Key events in developed markets next week

Jam-packed week ahead for developed markets, but with no end in sight for the US government shutdown and a Federal Reserve likely to hit the brakes, our...



Source: Shutterstock

US: Taking its time

The US government shutdown continues, and unfortunately, there is no end in sight. For the 800,000 workers not receiving their paycheck, the pain is obvious, but we are now seeing broader implications with private sector enterprise increasingly feeling the strain. Government contractors are not getting paid and will not be compensated, while new business permits and travel visas are not being approved and airport security lines continue to grow in length. This in itself is not enough to significantly hurt the US economy, but when combined with other headwinds such as the lagged effects of higher interest rates, the stronger dollar, and ongoing trade worries, it certainly adds to the economic uncertainty.

In this environment, the Federal Reserve is widely expected to sit on its hands with a no policy change announcement on 30 January. The fact that the government shutdown has limited the data flow also argues for a pause, until there is more clarity. Indeed, 4Q GDP data, scheduled for Wednesday, won't be released unless the government reopens imminently.

The Federal Reserve only raised rates last month, we continue to expect just two rate rises in 2019 versus the four we saw in 2018. Financial markets are pricing the risk of rate cuts, but we think the strength of the jobs market makes this unlikely. This week's payrolls report won't be anywhere

near as strong as the December report, but the key themes of companies struggling to fill vacancies with wages being bid higher still holds – note the Bureau for Labour Statistics is fully funded until 30 September so will be publishing economic data. Moreover, if the US-China trade tensions start to soften, this will boost the case of a rate hike in June.

✔ Eurozone: A lot for the ECB to mull over

An important week for the Eurozone as a lot of eagerly awaited data will be coming out. Data on the Eurozone economy in the fourth quarter has been dismal, and next week the final report card will be presented as we obtain the flash estimate for GDP.

Inflation is another key figure that has been moving south recently as petrol prices have come down significantly. Inflation is now moving away from the target as uncertainty about economic growth mounts. Coming week's data will, therefore, be a lot for the ECB to chew on.

✔ German labour market watched closely for slowdown signs

On the back of lower oil prices, headline inflation should come in lower once again. As regards the labour market, it will be interesting to watch whether the recent economic slowdown has started to leave some marks already, or whether the strong labour market remains an important growth driver for the entire economy.

✔ Scandi PMI's in focus

In another fairly quiet week, the key figures in the Nordic countries will be the January manufacturing PMI surveys, as well as the National Institute of Economic Research (NIER) economic sentiment survey in Sweden.

We expect a continuation of the recent weakening trend that has been evident globally over recent months. Sweden is likely to see a PMI print close to - but still above - the 50 level that marks the difference between expansion and contraction. The NIER survey is also likely to indicate further weakening ahead. In Norway, the domestic economy has held up better, and while we expect a fall in the PMI figures in January, they will remain at healthier levels (around 54).

✔ Canada: November GDP, upside surprise unlikely

After a few months' of weariness in Canadian growth, a much-needed boost arrived in October (0.3% MoM). That said, we aren't expecting much of an upside surprise in November. Canada's energy-sector is suffering from transportation constraints and inventory build-ups, which is suppressing oil extraction and exports. Trade data in November confirms this as the deficit widened further, and yet again was largely fuelled by another decline in exports (-2.9% MoM).

Coupling this with significant November declines in wholesale and manufacturing sales, we forecast growth to be muted at 0.0% MoM, bringing the annual figure to 1.8%. In our view, this below par performance of the energy sector is expected to persist into 2019 – on the back of this, we revised down our growth expectations this year from 2.1% to 1.8%.

Developed Markets Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|-----------------------------|------|--|----------|--------|----------|
| Monday 28 January | | | | | |
| Eurozone | 0900 | Dec M3 Money Supply (YoY%) | 3.7 | - | 3.7 |
| | 1400 | ECB's Draghi Speaks at European Parliament Hearing in Brussels | | | |
| UK | 1430 | BoE's Carney, Broadbent, Ramsden, Place and Woods Speak | | | |
| Sweden | 0830 | Dec Household Lending (YoY%) | - | - | 5.7 |
| Tuesday 29 January | | | | | |
| US | 1500 | Jan Consumer Confidence | 124.0 | 126.0 | 128.1 |
| Japan | 2350 | Dec Retail Trade (MoM, SA/YoY%) | -/- | -/- | -1.1/1.4 |
| Sweden | 0830 | Riksbank's Skingsley Speaks | | | |
| | - | Riksbank's Ingves Participates in Panel Debate in Paris | | | |
| Wednesday 30 January | | | | | |
| US | 1315 | Jan ADP Employment Change ('000's) | 150.0 | 170.0 | 271.3 |
| | 1330 | 4Q A GDP (QoQ Annualised %) | 2.6 | 2.7 | 3.4 |
| | 1900 | FOMC Rate Decision (Upper Bound) | 2.5 | 2.5 | 2.5 |
| Japan | 0500 | Jan Consumer Confidence Index | - | - | 42.7 |
| | 2350 | Dec P Industrial Production, Prel (MoM/YoY%) | -/- | -/- | -1.0/1.5 |
| | 2350 | BoJ Summary of Opinions | | | |
| Eurozone | 1000 | Jan Economic Confidence | - | - | 107.3 |
| Germany | 1300 | Jan P CPI (MoM/YoY%) | -1.0/1.6 | -/- | 0.1/1.7 |
| Australia | 0030 | 4Q CPI (QoQ/YoY%) | -/- | -/- | 0.4/1.9 |
| Norway | 0700 | Dec Retail Sales Ex. Motor Vehicles (MoM%, SA) | - | - | 0.9 |
| Sweden | 0800 | Jan Economic Tendency Indicator | 105.0 | - | 106.3 |
| Thursday 31 January | | | | | |
| Japan | 0130 | BoJ Deputy Governor Amamiya Speaks | | | |
| | 0405 | PM Abe and Ex. BoJ Deputy Governor Nakaso Speak at Daiwa's Conf. | | | |
| Eurozone | 1000 | Dec Unemployment Rate (%) | 7.9 | - | 7.9 |
| | 1000 | 4Q A GDP (QoQ/YoY%) | 0.2/1.2 | -/- | 0.2/1.6 |
| | 0800 | ECB's Coeure Speaks in Cape Town | | | |
| | 1015 | ECB's Mersch Speaks in Luxembourg | | | |
| Germany | 0855 | Jan Unemployment Change ('000's) | - | - | -14.0 |
| | 0855 | Jan Unemployment Rate (%) | 5.0 | - | 5.0 |
| Italy | 1000 | 4Q P GDP (QoQ/YoY%) | -/- | -/- | -0.1/0.7 |
| Spain | 0800 | Jan P HICP (MoM/YoY%) | -/- | -/- | -0.5/1.2 |
| Canada | 1330 | Nov GDP (MoM/YoY%) | 0.0/1.8 | -/- | 0.3/2.2 |
| | 1745 | Speech by Wilkins, Bank of Canada Senior Deputy Governor | | | |
| Norway | 0700 | Dec Credit Indicator (YoY%) | - | - | 5.5 |
| Friday 1 February | | | | | |
| US | 1330 | Jan Change in Nonfarm Payrolls ('000s) | 140.0 | 165.0 | 312.0 |
| | 1330 | Jan Unemployment Rate (%) | 3.8 | 3.8 | 3.9 |
| | 1330 | Jan Average Hourly Earnings (MoM/YoY%) | 0.3/3.2 | 0.3/- | 0.4/3.2 |
| | 1330 | Jan Participation Rate | 63.1 | - | 63.1 |
| | 1500 | Jan ISM Manufacturing | 54.5 | 53.9 | 54.1 |
| | 1500 | Jan F U. of Mich. Sentiment Index | 91.0 | - | 90.7 |
| Eurozone | 1000 | Jan A Core CPI (YoY%) | 1.0 | - | 1.0 |
| | 1000 | Jan Flash CPI (YoY%) | 1.2 | - | 1.6 |
| UK | 0930 | Jan Markit/CIPS Manufacturing PMI | - | - | 54.2 |
| Australia | 0030 | 4Q PPI (Q) (QoQ/YoY%) | -/- | -/- | 0.8/2.1 |
| Norway | 0800 | Jan DNB/NIMA Manufacturing PMI | 54.5 | - | 55.9 |
| | 0900 | Jan Unemployment Rate | - | - | 2.3 |
| Sweden | 0730 | Jan Swedbank/Silf Manufacturing PMI | 51.0 | - | 52.0 |

Source: ING, Bloomberg

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