

Our view on next week's key events

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Key events in developed markets next week

Next week's jobs report and the personal income and spending numbers will be the key data points for markets to look out for in the US when gauging the likelihood of one more rate rise from the Federal Reserve. In the eurozone, all eyes will be on core inflation as a key factor in determining the ECB's next move in September



Source: Shutterstock

✓ US: Upcoming data will indicate the likelihood of one more rate rise

The Federal Reserve's Jackson Hole conference indicated that the September FOMC meeting is likely to see the Fed funds policy rate range held at 5.25-5.5%. We've also seen signalling that the Fed could have to hike again later this year, given that the strength in the economy is leading to doubt that inflation will sustainably return to the 2% target with the stance of monetary policy as it currently is. The upcoming data will be important in gauging the likelihood of one more rate rise, which markets currently peg at a 50-50 call.

The jobs report and the personal income and spending numbers will be the key data points for markets, with the consensus being for a further slowing in the rate of payroll increases but the unemployment rate remaining very low at just 3.5%. Meanwhile, the income and spending numbers are likely to show that spending continues to outstrip income growth, with households continuing to rely on credit and the running down of savings to fund their lifestyle spending habits.

We suspect that this means we could see GDP expand at more than a 3% annualised rate in the third quarter – but with student loan repayments restarting in September and pandemic-era savings being run down quickly, the fourth quarter number is likely to be substantially slower. Core inflation is also looking more favourable. We expect the core personal consumer expenditure deflator to come in at a relatively benign 0.2% month-on-month, and we don't believe that the Fed will carry through with the oft-threatened final rate hike.

Eurozone: Next week will be all about inflation

For the eurozone, next week will be all about inflation. After August last year saw a huge spike in energy prices, we expect base effects to cause a drop. The most important reading to look out for will be core inflation, which remained stubbornly high at 5.5% in July and is currently being pushed higher by the effects of government subsidies. The question now is whether or not we'll begin to see some relief here. We expect the largest deceleration of core inflation to happen later in the year, but the August number will be a key factor in determining the European Central Bank's decision in September.

Key events in developed markets next week

| Country | Time Data/event | ING | Survey | Prev. |
|----------------------------|--------------------------------------------------|----------|---------|-----------|
| Monday 28 August | | | | |
| Eurozone | 0900 Jul Money-M3 Annual Grwth | 0.5 | | 0.6 |
| Tuesday 29 August | | | | |
| US | 1400 Jun CaseShiller 20 (MoM%) | 0.8 | 1.0 | 1.0 |
| | 1500 Aug Conference Board consumer confidence | 116 | 116.6 | 117 |
| Germany | 0700 Sep GfK Consumer Sentiment | -25 | | -24.4 |
| Spain | 0800 Jul Retail Sales (YoY%) | - | | 6.4 |
| Wednesday 30 August | | | | |
| US | 1315 Aug ADP National Employment | 150 | | 324 |
| | 1330 Q2 GDP 2nd Estimate | 2.4 | 2.4 | 2.4 |
| | 1330 Q2 GDP Deflator Prelim | 2.2 | | 2.2 |
| | 1330 Q2 Core PCE Prices Prelim | 3.8 | | 3.8 |
| Germany | 1300 Aug CPI Prelim (MoM%/YoY%) | 0.2/6.0 | / | 0.3/6.2 |
| Italy | 0900 Aug Consumer Confidence | 107.2 | | 106.7 |
| Eurozone | 1000 Aug Business Climate | - | | -0.09 |
| | 1000 Aug Economic Sentiment | 94 | | 94.5 |
| | 1000 Aug Consumer Confidence Final | - | | |
| Thursday 31 August | | | | |
| US | 1330 Jul Personal Income (MoM%) | 0.3 | 0.3 | 0.3 |
| | 1330 Jul Personal Consumption Real (MoM%) | 0.4 | - | 0.4 |
| | 1330 Jul Consumption, Adjusted (MoM%) | 0.7 | 0.7 | 0.5 |
| | 1330 Jul Core PCE Price Index (MoM%/YoY%) | 0.2/4.2 | 0.2/4.2 | 0.2/4.1 |
| | 1445 Aug Chicago PMI | 45 | 44.6 | 42.8 |
| | 1330 Initial Jobless Claims (000) | 745 | - | 730 |
| | 1330 Continuing Jobless Claims (000) | 1.715 | - | 1.702 |
| Germany | 0700 Jul Retail Sales (MoM%/YoY%) | 0.8/-0.8 | / | -0.8/-1.6 |
| | 0855 Aug Unemployment Rate | 5.6 | | 5.6 |
| France | 0745 Q2 GDP (QoQ%/YoY%) | -/- | / | 0.5/ |
| | 0745 Aug CPI Prelim (YoY%) | - | | 5.1 |
| Italy | 0900 Jul Unemployment Rate | 7.4 | | 7.4 |
| Portugal | 1100 Q2 GDP (QoQ%/YoY%) | -/- | / | 0/2.3 |
| Austria | 0800 Q2 GDP Growth (QoQ%) Final | - | | -0.4 |
| Eurozone | 1000 Aug CPI Flash (YoY%) | 4.9 | | 5.3 |
| | 1000 Aug Core CPI Flash (YoY%) | 5.4 | | 5.5 |
| | 1000 Jul Unemployment Rate | 6.4 | | 6.4 |
| Friday 1 September | | | | |
| US | 1330 Aug Non-Farm Payrolls | 175 | 168 | 187 |
| | 1330 Aug Private Payrolls | 150 | 143 | 172 |
| | 1330 Aug Unemployment Rate | 3.5 | 3.5 | 3.5 |
| | 1500 Aug ISM Manufacturing PMI | 47.5 | 46.9 | 46.4 |
| | 1500 Aug ISM Manufacturing Prices Paid | 44 | | 42.6 |
| Germany | 0855 Aug S&P Global/BME Manufacturing PMI | | | |
| UK | 0930 Aug S&P Global/CIPS Manufacturing PMI Final | 42.5 | | 42.5 |
| Italy | 0845 Aug S&P Global/IHS Manufacturing PMI | 45.3 | | 44.5 |
| | 0900 Q2 GDP Final (QoQ%/YoY%) | -/- | / | -0.3/0.6 |
| Canada | 1330 Jun GDP (MoM%) | - | | 0.3 |
| Switzerland | 0730 Aug CPI (MoM%/YoY%) | -/- | / | -0.1/1.6 |
| Eurozone | 0900 Aug S&P Global Manufacturing Final PMI | - | | |

Source: Refinitiv, ING

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Asia week ahead: India's GDP and regional PMI reports

Regional PMI reports will be the highlight next week, while inflation in Australia could be flat



Australia CPI inflation likely steady while retail sales rise

Australia's inflation is likely to stay close to last month's rate of 5.4%, kept elevated by higher electricity tariffs this month and offsetting lower gasoline prices. Surprises to the figure may come from recreation, where holiday prices (hotels etc.) already rose sharply in June and may be due a correction.

July retail sales could rise by about 0.4% month-on-month after the -0.8% decline in June. That would still mean that sales were growing a little more slowly than prices, indicating a real terms decline that would be in keeping with the service sector PMI, which dropped into contraction territory in July and worsened again in August.

Likely disappointing PMI numbers from the region

Major players in the region will be releasing their manufacturing PMI reports. Next week we will see both the official and Caixin manufacturing PMIs released. We expect these figures to show a further

deterioration, as we await more substantial support from the government to boost domestic demand while global demand remains weak.

One positive next week would be that the non-manufacturing PMI may still register a modest expansion even if the index edges lower, as it is still the summer holiday season when many families travel and boost business.

China's economic struggles may also be reflected in figures out from the rest of Asia, especially strategic trade partners like Korea, Japan and Taiwan. With some better news from the important semiconductor sector, PMI for these regions may be slightly higher but remain below the 50 threshold for expansion.

Meanwhile, Korea has slashed its production of vehicles and semiconductors, which could contribute to a sustained decline in industrial production. Korea will continue to see its exports struggle due to weak semiconductor and oil exports.

Japan's production numbers may fare slightly better, possibly posting a slight monthly gain on the back of improved global supply conditions for vehicles.

India second-quarter GDP to grow 7.8%

India's GDP growth in the second quarter should come in at about 7.8%. The main drivers for growth are government investment in infrastructure and a recovery in private investment. However, declining exports and erratic monsoons may weigh on agriculture's contribution to growth.

Inflation in Indonesia to inch up slightly

August inflation in Indonesia will likely inch up to 3.4% year-on-year, up slightly from last month's 3.2%. The slight uptick in inflation could be traced to transport and food costs, but it should be short-lived as high transport inflation is set to moderate by September after the base effect kicks in.

Meanwhile, core inflation should settle at 2.5%YoY, well within the target band of Bank Indonesia (BI). Despite moderating inflation, pressure on the Indonesian rupiah has forced BI to provide support for the currency and not cut policy rates.

Key events in Asia next week

| Country | Time (GMT+8) | Data/event | ING | Survey | Prev. |
|---------------------|--------------|---------------------------------------|----------|--------|-----------|
| Monday 28 August | | | | | |
| Australia | 0930 | Retail Sales (MoM%) | 0.4 | 0.5 | -0.8 |
| Tuesday 29 August | | | | | |
| Japan | 0030 | Jul Unemployment Rate | 2.5 | | 2.5 |
| Wednesday 30 August | | | | | |
| Australia | 0930 | CPI (YoY%) | 5.4 | 5.5 | 5.4 |
| Thursday 31 August | | | | | |
| Japan | 0600 | Jul Housing Starts (YoY%) | - | | -4.8 |
| | 0050 | Jul Industrial O/P Prelim (MoM%/YoY%) | 0.3/-0.3 | / | 2.4/0.0 |
| China | 0230 | Aug NBS Manufacturing PMI | 49.1 | 49 | 49.3 |
| | 0230 | Aug NBS Non-Manufacturing PMI | 51 | 50.9 | 51.5 |
| India | 1300 | Q1 GDP Quarterly (YoY%) | 7.8 | 7.8 | 6.1 |
| South Korea | 0000 | Jul Industrial Output (YoY%) | -6 | | -5.6 |
| | 0000 | Jul Industrial Output Growth | -1 | | -1 |
| Friday 1 September | | | | | |
| Japan | 0130 | Aug Jibun Bank Manufacturing PMI | 49.7 | | 49.6 |
| China | 0245 | Aug Caixin Manufacturing PMI Final | 49.1 | 49.3 | 49.2 |
| India | 0600 | Aug IHS S&P Global Manufacturing PMI | 57.5 | | 57.7 |
| Indonesia | 0130 | Aug IHS S&P Global PMI | - | | 53.3 |
| | 0500 | Aug core Inflation (YoY%) | 2.5 | | 2.43 |
| | 0500 | Aug Inflation (MoM%/YoY%) | 0.0/3.4 | / | 0.21/3.08 |
| Philippines | 0130 | Aug Manufacturing PMI | - | | 51.9 |
| Taiwan | 0130 | Aug IHS S&P Global Manufacturing PMI | 46 | | 44.1 |
| South Korea | 0100 | Aug Export Growth Prelim | -11.7 | | -16.4 |
| | 0100 | Aug Import Growth Prelim | -25 | | -25.4 |
| | 0130 | Aug IHS S&P Global Manufacturing PMI | 49 | | 49.4 |

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Key events in EMEA next week

We expect the National Bank of Hungary to cut the effective rate again next week by 100bp while giving hawkish forward guidance to manage market expectations. All eyes are on Poland as slowing growth in food and energy prices is expected to ease up CPI dynamics in August



Source: Shutterstock

✓ Hungary: Expectation for central bank to cut the effective rate by 100bp

Next week the National Bank of Hungary (NBH) will hold its August meeting, in which we expect it to cut the effective rate by 100bp. But what the central bank changes in its forward guidance will be more interesting than the rate decision itself. We see the NBH using the meeting to manage market expectations for monetary policy in the fourth quarter and we expect a lot of hawkish flavour.

After a few days of rest, events pile up on the last day of the week. We expect the Statistical Office to reveal in its detailed data release that weaker-than-expected second-quarter GDP growth was due to a disappointing performance in services and a weaker positive contribution from agriculture. The August manufacturing PMI will be [in line with the disappointing European figures](#), in our view, suggesting further weakness in industry during the third quarter.

Last but not least, Moody's scheduled sovereign rating review comes on 1 September. As the rating agency skipped the past two occasions to release a review note, we expect one this time in parallel with an outlook downgrade from stable to negative, but affirming the Baa2 grade.

✓ Poland: CPI dynamics expected to slow further in August

We expect the Central Statistics Office to confirm the flash second-quarter GDP print of -0.5% year-on-year, following -0.3% in the first quarter. Data available since the flash reading show that investments likely came even stronger than in the first quarter. Large companies reported robust capital outlays in the second quarter, which is usually a very good proxy for private investment.

At the same time, public investment was likely strong as well, driven by the completion of EU-backed infrastructure projects in the final year of the 'old' EU budget. This in turn suggests that other parts of internal demand became weak, particularly private consumption. A lacklustre global environment (i.e. dismal German industry performance), as well as signs of weakening in the Polish labour market suggest that the GDP recovery will be slow later this year and we will not see a markedly better economic performance before the final quarter of the year.

We expect CPI dynamics to slow further in August, to around 10% YoY from 10.8% a month earlier. This mainly reflects slowing growth in food and energy prices. Even if August inflation remains in double digits, we believe that the Monetary Policy Council will decide to cut rates in September. CPI is set to slow further in the following months, given strong base effects, PPI deflation (driven by lower energy prices and trends in global supply chains), as well as still lacklustre household consumption.

Key events in EMEA next week

| Country | Time Data/event | ING | Survey | Prev. |
|----------------------------|---------------------------------------|-------|--------|-----------|
| Tuesday 29 August | | | | |
| Turkey | 0800 Jul Trade Balance | - | | -5.16 |
| | 1200 Jul Bank NPL Ratio | - | | 1.64 |
| Czech Rep | 0800 Q2 Final GDP (YoY%) | - | | -0.6 |
| | 0800 Q2 Final GDP (QoQ%) | - | | 0.1 |
| Hungary | 1300 Aug Hungary Base Rate | 13.00 | | 13.00 |
| Wednesday 30 August | | | | |
| Russia | 1700 Jul Retail Sales (YoY%) | 9.4 | 9.3 | 10 |
| | 1700 Jul Unemployment Rate | 3.1 | 3.2 | 3.1 |
| South Africa | 0700 Jul M3 Money Supply (YoY%) | - | | 11.15 |
| | 0700 Jul Pvt Sector Credit Ext. | - | | 6.25 |
| Thursday 31 August | | | | |
| Russia | - Jul GDP (YoY%) Monthly | - | 4.5 | 5.3 |
| Turkey | 0800 Q2 GDP Quarterly (YoY%) | - | | 4 |
| Poland | 0900 Q2 GDP (QoQ%/YoY%) | -/- | / | -3.7/-0.5 |
| South Africa | 1030 Jul PPI (MoM%/YoY%) | -/- | / | -0.3/4.8 |
| | 1300 Jul Trade Balance (Incl. Region) | - | | -3.54 |
| Friday 1 September | | | | |
| Russia | 0700 Aug S&P Global Manufacturing PMI | - | | 52.1 |
| Turkey | 0800 Aug Manufacturing PMI | - | | 49.9 |
| Poland | 0800 Aug S&P Global Manufacturing PMI | - | | 43.5 |
| Czech Rep | 0830 Aug S&P Global PMI | - | | 41.4 |
| | 1300 Aug Budget Balance | - | | -214.1 |
| Hungary | 0730 Q2 GDP Final (YoY%) | -2.4 | | -2.4 |
| | 0730 Jun Trade Balance Final | 1500 | | 1500 |
| | 0800 Aug Manufacturing PMI | 44.1 | | 45.7 |

Source: Refinitiv, ING

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