

Our view on next week's key events

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US: Jobs report and PMI releases, and watch for any changes in Fed sentiment regarding higher yields

There has been little sign of anxiety from Fed officials following the recent sell-off in Treasuries so we will be looking to see if there is a change of tune after the weekend. Several officials are slated, including Federal Reserve Chairman Jerome Powell who so far has not signalled any intention of standing in the way of higher yields. The data flow includes the February jobs report, which should be lifted by the ending of California's stay-at-home order in late January. With thousands of businesses allowed to reopen or operate at a higher capacity in the US's most populous state, this should translate into some decent job creation although it may be more reflected in the March report given the data collection cut-off point was the week of 12 February. Nonetheless, with retail sales and industrial production having soared in January, this may have supported corporate sentiment and prompted some job gains elsewhere in the US. We will be able to firm up our forecast through the week after seeing the ISM employment numbers and the ADP payrolls figure, but at this stage we think a 200k+ figure is possible. Despite this, the unemployment rate may rise. It is calculated from a different survey and there is scope for a partial replacement after a surprisingly large 0.4ppt drop to 6.3% in January when the economy created just 49k jobs. Other things to look out for include developments surrounding President Biden's \$1.9tn stimulus plan.

UK budget to extend support as cracks form in hardest-hit sectors

It's no understatement to say that next week's UK budget is going to be one of the largest factors determining the pace of the economic recovery. While the majority of sectors have managed to get back on their feet since the initial phase of the pandemic, recent ONS survey data shows reducing cash reserves and low confidence on survival among hospitality and other hard-hit consumer service firms. Reports suggest an extension of the furlough scheme to early-summer, as well as other cashflow-supportive measures (eg deferring VAT payments), will be included.

With the bulk of the economy set to be reopened by mid-May, the hope is that this should go some way to shielding firms as they rebuild finances. But we suspect the ambition to essentially end social-distancing in June could prove optimistic, and that means some firms may end up facing a degree of restriction for longer. That may require some support measures to be continued for longer, or kept more generous, for specific hard-hit sectors.

Separately, there is some focus on stabilising the public finances after an expensive year, although the pressure to do so is relatively low given the low level of borrowing costs - even after the recent spike in yields. While we expect tax rises over coming years, this is likely to largely be a story for 2022 onwards.

Eurozone: Inflation, PMI, retail sales and unemployment data to show how the economy is coping

This week will show information about the eurozone economy, handily in time for the European Central Bank to take on board ahead of their March meeting. The inflation rate will be closely watched, although the elevated rate will be mainly caused by temporary factors. The unemployment rate is also very important for the expected recovery. If it remains low well into the second wave, then that raises expectations of how quickly consumption can rebound after lockdowns end. Retail sales for January will provide the first hard data for 1Q and give good insight into how hard the hit to countries with non-essential retail closures has been.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Saturday 27 February					
Eurozone	1000	Feb Business Climate	-		-0.27
Monday 1 March					
US	1445	Feb Markit Manufacturing PMI Final	-		58.5
	1500	Feb ISM Manufacturing PMI	58.1	58.6	58.7
Japan	0030	Feb Jibun Bank Manufacturing PMI	-		50.6
	2330	Jan Unemployment Rate	2.8		2.9
	2350	Feb Monetary Base (JPY bn)	617.0		616.5
Germany	0855	Feb Markit/BME Manufacturing PMI	61.0		60.6
	1300	Feb CPI Prelim (MoM/YoY%)	5.0/1.3		0.8/1.0
France	0850	Feb Markit Manufacturing PMI	-		55.0
UK	0930	Feb Markit/CIPS Manufacturing PMI Final	54.9		54.9
Italy	0845	Feb Markit/IHS Manufacturing PMI	-		55.1
	1000	Feb CPI (EU Norm) Prelim (MoM/YoY%)	-		-0.9/0.7
Spain	0815	Feb Manufacturing PMI	-		49.3
Canada	1330	Q4 Current Account C\$	-		-7.5
	1430	Feb Markit Manufacturing PMI SA	-		54.4
Netherlands	0800	Feb PMI - Manufacturing	57.0		58.8
Eurozone	0900	Feb Markit Manufacturing Final PMI	57.7		57.7
Tuesday 2 March					
Germany	0700	Jan Retail Sales (MoM/YoY%)	-/-		-9.6/1.5
	0855	Feb Unemployment Rate SA	6.1		6.0
Eurozone		Inflation (%)	1.1		0.9
		Core inflation (%)	1.3		1.4
Canada	1330	Q4 GDP (YoY%)	-4.5		-5.16
Australia	0030	Q4 Current Account Balance SA	-		10.0
	0330	Mar RBA Cash Rate	0.1		0.1
Wednesday 3 March					
US	1315	Feb ADP National Employment	220.0	183.0	174.0
	1445	Feb Markit Composite Final PMI	-		58.8
	1445	Feb Markit Services PMI Final	-		58.9
	1500	Feb ISM Non-Manufacturing PMI	58.0	58.7	58.7
Germany	0855	Feb Markit Services PMI	46.0		45.9
	0855	Feb Markit Composite Final PMI	51.0		51.3
France	0850	Feb Markit Services PMI	-		43.6
	0850	Feb Markit Composite PMI	-		45.2
UK	0930	Feb Markit/CIPS Services PMI Final	49.7		49.7
	0930	Feb Composite PMI Final	49.8		49.8
		- UK Chancellor unveils March budget			
Italy	0845	Feb Markit/IHS Services PMI	-		44.7
	0845	Feb Composite PMI	-		47.2
	0900	Q4 GDP Final (QoQ/YoY%)	-/-		-2.0/-6.6
Spain	0815	Feb Services PMI	-		41.7
Australia	0030	Q4 Real GDP (QoQ/YoY%)	2.3/0.1		3.3/-3.8
Eurozone	0900	Feb Markit Services Final PMI	44.7		44.7
	0900	Feb Markit Composite Final PMI	48.1		48.1
Thursday 4 March					
US	1500	Jan Factory Orders (MoM%)	2.8	1.0	1.1
Australia	0030	Jan Retail Sales (MoM%)	0.6		0.6
	0030	Jan Trade Balance (A\$bn)	6.9		6785
Japan	0600	Feb Consumer confidence index	28.8		29.6
Eurozone	1000	Jan Retail Sales (MoM/YoY%)	0.5/0.0		2.0/0.6
	1000	Jan Unemployment Rate	8.3		8.3
Friday 5 March					
US	1330	Feb Non-Farm Payrolls	230.0	145.0	49.0
	1330	Feb Private Payrolls	220.0	100.0	6.0
	1330	Feb Unemployment Rate	6.4	6.4	6.3
	1330	Jan International Trade \$	-66	-65.8	-66.6
	2000	Jan Consumer Credit	25.00	13.50	9.73
Germany	0700	Jan Industrial Orders (MoM%)	0.4		-1.9
France	0745	Feb Reserve Assets Total	-		189807
	0745	Jan Trade Balance	-		-3.4
	0745	Jan Imports	-		42.7
	0745	Jan Exports	-		39.3
Canada	1330	Jan Trade Balance C\$	-		-1.7
New Zealand	0200	Feb Reserve Assets Total	-		18715

Source: ING, Refinitiv

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Key events in EMEA next week

A few key releases to watch out for next week from Turkey, Hungary, Russia and the Czech Republic while Poland's MPC will likely keep rates on hold



Source: Shutterstock

✓ Turkey: 4Q GDP and CPI data to push higher

Industrial production and other frequent data point to another strong GDP growth figure in 4Q. Our 6.5% expectation will likely pull the annual growth rate for 2020 up to more than 2.0%. January manufacturing and sectoral PMIs suggest this performance continued into 1Q of this year, and thus it is too early to conclude there has been a rapid momentum loss in early 2021, despite financial tightening and credit deceleration. February inflation, on the other hand, will likely push the annual figure up to 15.2% (with a 0.5% month-on-month change) from 15.0% a month ago, driven mainly by the recent uptrend in commodity prices.

✓ Hungary: Retail sales will mildly rebound, and industrial production to fall

We are about to receive the first set of hard data for Hungary in 2021. Retail sales will show only a moderate rebound due to a worsening labour market in January, which includes employment and wages. Industrial production via car manufacturing was hit by supply chain issues regarding computer chips and semiconductors during January, so we see another drop on a monthly basis, while fewer working days amplifies the year-on-year decline. In all, we are not expecting a strong

start. Other than that, the Statistical Office is going to release the details behind the surprisingly strong 4Q GDP growth figure, just to have a reason to talk about the past again.

✓ **Russia: FX purchases and higher CPI incoming**

The Russian Finance Ministry is likely to announce on 3 March an increase in monthly FX purchases from US\$0.6bn in February to US\$1.9-2.0 bn, reflecting a material increase in the oil price. The recent \$9/bbl upgrade in ING's 2021 oil price upgrade means a narrowing of the expected budget deficit from 2.0% to 1.2% GDP and strengthening in the expected annual current account surplus from US\$45 bn to \$70 bn for this year. We do not expect the ruble to materially benefit from the better oil price environment, as the extra current account will be sterilised by FX purchases, which we see increasing to US\$25 bn this year, and additional private capital outflows coming from low local confidence and persistent foreign policy risks.

Russian CPI is to continue accelerating from 5.2% YoY in January to 5.5% YoY or higher in February, feeding into the Central Bank of Russia's near-term inflationary concerns. Meanwhile, unless economic activity shows signs of strong recovery (which is not our base case so far), higher CPI is unlikely to trigger key rate hikes in the near term.

✓ **Czech Republic: PMI and unemployment to remain steady**

The manufacturing PMI might remain solid, partially due to a recovery in industry, but also due to supply chains disruptions and delays in supply deliveries, which push the headline PMI figure higher. The 4Q20 GDP structure will very likely reveal that net exports were behind the better than expected reading, and the February share of unemployed people is likely to stagnate at 4.3%, according to the preliminary data published by the Ministry of Labour.

✓ **Poland: NBP to keep rates on hold**

We expect the MPC meeting to be a market non-event. Investors eye a relatively aggressive rate hike path, but mostly in the two- to five-year time horizon. Hence current data / central bankers' comments should play a lesser role compared to global trends. The Council should reiterate its dovish bias, possibly noting poor investment and credit, in line with our call of flat rates at least till the end of 2022. The MPC should also reiterate its concern that a rapid appreciation of the zloty may affect the post-pandemic recovery.

EMEA Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 1 March				
Russia	0600	Feb Markit Manufacturing PMI	-	50.9
Turkey	0700	Q4 GDP (YoY%)	6.5	6.7
	0700	Feb Manufacturing PMI	-	54.4
	1100	Jan Bank NPL Ratio	-	4.1
Poland	0800	Feb Markit Manufacturing PMI	52.1	51.9
Czech Rep	0830	Feb Markit PMI	58	57.0
Hungary	0800	Feb Manufacturing PMI	53.1	54.9
Brazil	1300	Feb Markit Manufacturing PMI	-	56.5
Mexico	1530	Feb Markit Manufacturing PMI	-	43.0
Tuesday 2 March				
Czech Rep	0800	Q4 Final GDP (QoQ/YoY%)	0.3/-5.0	0.3/-5.0
Hungary	0800	Q4 GDP Final (QoQ/YoY%)	1.1/-3.7	1.1/-3.7
Brazil	0800	Feb IPC-Fipe Inflation Idx	-	0.86
Wednesday 3 March				
Russia	0600	Feb Markit Services PMI	-	52.7
Turkey	0700	Feb CPI (MoM/YoY%)	0.5/15.2	1.68/14.97
Poland	-	Mar NBP Base Rate	0.1	0.1
Brazil	1200	Q4 GDP (QoQ/YoY%)	-/-	7.7/-3.9
	1300	Feb Markit Services PMI	-	47.0
	1300	Feb Markit Composite PMI	-	48.9
Thursday 4 March				
Hungary	0800	Jan Retail Sales (YoY%)	-3.5	-4.0
	0800	Dec Trade Balance Final	310	310
Ukraine	1200	Central bank interest rate	-	6.0
Friday 5 March				
Russia	1600	Feb CPI (MoM/YoY%)	0.7/5.5	0.7/5.2
Czech Rep	0800	Feb Unemployment Rate	4.3	4.3
Hungary	0800	Jan Industrial Output (MoM/YoY%)	-1.0/-7.0	-2.4/5.8
Brazil	1200	Jan Industrial Output (MoM/YoY%)	-/-	0.9/8.2

Source: ING, Refinitiv

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Asia week ahead: China's annual rite of spring

China returns to the limelight as its top legislative body sets out economic targets and policies for the year. Elsewhere in the region, monetary...



Source: Shutterstock

➔ China Two Sessions

Top government officials from all over China will gather in Beijing for the annual rite of spring - the Chinese People's Political Consultative Conference and the National People's Congress sessions to be held on 4th and 5th March respectively.

The typical focus in these meetings is Premier Li Keqiang's work report due on 5th March, as well as speeches by the heads of the central bank and other regulatory bodies, which set out economic targets for the year - GDP growth, inflation, money supply, bank lending, etc. - and also policy

changes required to achieve these targets.

[Here](#) is what our greater China Economist Iris Pang expects from Two Sessions this year, which marks the first year of China's 14th five year plan. Iris expects them to omit the GDP growth target once again this year.

[China: What to expect from the 'Two Sessions'](#)

➔ Monetary policies

Australia and Malaysia's central banks are scheduled to hold their policy meetings.

Having eased via expanded quantitative easing in early February, we don't think the Reserve Bank of Australia will have another policy move in the pipeline just yet. Australia's 4Q20 GDP report due a day after the central bank meeting would be rather interesting. We are looking for a moderate year-on-year GDP contraction in the last quarter, by -2.0% than -3.8% in 3Q.

Malaysia's central bank has been defying the easing pressure even as tighter Covid-19 movement restrictions are poised to hit the economy hard in the current quarter. It should have more reasons to do so following the release of January CPI data showing a significant improvement in inflation, to -0.2% YoY from -1.4% in December. We have dropped our call of a 25bp rate cut in March and shifted to a stable policy view for the rest of the year.

Lots of February inflation figures from Korea, Indonesia, the Philippines and Thailand should help to condition expectations of monetary policies by the respective central banks. We are watching if the Korean data attests to the latest upward revision by the Bank of Korea to its 2021 inflation view to 1.3% from 1.0%.

[Read](#) our Asia Chief Economist Rob Carnell's thinking on the BoK policy. Indonesia has been experiencing the lowest inflation in more than two decades while the Philippines' inflation numbers have surged past the central bank's 2-4% policy target in January, the trends likely persisted in February.

The latest notes by our [Indonesia](#) and the [Philippines](#) watcher Nicholas Mapa shed light on the monetary policy path in these countries.

[Indonesian central bank cuts policy rates as growth momentum fades](#)

[Philippines inflation breaches target in January but BSP not likely to react next week](#)

➔ Activity releases

Markets will also be busy watching the usual start-of-the-month activity releases on trade and manufacturing for guidance on the path of post-Covid-19 economic recovery this year. Indeed, the electronics-led exports upturn is leading the way out of the record slump of last year but we'll find out if the momentum is sustained from Korea's exports figures for February, the first of the month from the region. It probably did, given our house forecast of a 17% YoY export growth.

Also widely watched around this time of the month are the purchasing managers indices (PMIs), both for manufacturing and non-manufacturing sectors.

China's official PMIs to be released over this weekend will set the tone here.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 28 February					
China	0100	Feb Official manufacturing PMI	45.0		51.3
	0100	Feb Official non-manufacturing PMI	52.5		52.4
Monday 1 March					
China	0145	Feb Caixin Manufacturing PMI Final	45.0		51.5
India	0500	Feb IHS Markit Manufacturing PMI	-	57.5	57.7
		- Feb Trade Deficit Govt -USD Prelim	-		14.54
		- Feb Imports - USD Prelim	-		27.45
		- Feb Exports - USD Prelim	-		27.45
Malaysia	0030	Feb IHS Markit Manufacturing PMI	-		48.9
Indonesia	0030	Feb IHS Markit PMI	-		52.2
		- Feb Inflation (MoM/YoY%)	-		0.26/1.55
		- Feb Core Inflation (YoY%)	-		1.56
Philippines	0030	Feb Manufacturing PMI SA	-		52.5
Thailand	0030	Feb Manufacturing PMI SA	-		49.0
South Korea	0000	Feb Export Growth Prelim	17.3		11.4
	0000	Feb Import Growth Prelim	24.4		3.6
	0000	Feb Trade Balance Prelim	2000		3.76
	2300	Jan Industrial Output (YoY%)	-		3.4
	2300	Jan Service Sector Output Growth	-		-1.1
	2300	Jan Industrial Output Growth	-		3.7
Tuesday 2 March					
Singapore	1300	Feb Manufacturing PMI	-		50.7
Taiwan	0030	Feb IHS Markit Manufacturing PMI	49.0		60.2
South Korea	0030	Feb IHS Markit Manufacturing PMI	53.4		53.2
Wednesday 3 March					
China	0145	Feb Caixin Services PMI	-		52
India	0500	Feb IHS Markit Services PMI	-	53.2	52.8
Hong Kong	0030	Feb IHS Markit PMI	-		47.8
	0830	Jan Retail Sales (YoY%)	-11.4		-13.2
South Korea	2300	Feb CPI inflation (YoY%)	0.9		0.6
	2300	Feb CPI inflation - core (YoY%)	0.5		0.9
	2300	Q4 GDP Growth (QoQ/YoY%) Revised	1.1/-1.4		1.1/-1.4
Thursday 4 March					
China	-	Annual CPPCC session	-		52
Malaysia	0700	BNM O/N Policy Rate (%)	1.75		1.75
Indonesia	-	Feb Consumer Confidence Index	-		84.9
Thailand	0300	Feb Consumer Confidence Index	-		47.8
Friday 5 March					
China	-	Annual NPC session starts	-		52
Indonesia	-	Jan Retail Sales Index (YoY%)	-		-19.2
Philippines	0100	Feb CPI (MoM/YoY%)	-		1.3/4.2
	0100	Feb Core CPI (YoY%)	-		3.4
	-	Feb Forex Reserves USD	-		108.8
Singapore	0500	Jan Retail Sales (MoM/YoY%)	-2.3/-4.4		-0.9/-3.6
Taiwan	0820	Feb Foreign Exchange Reserve	544		541.481
Thailand	-	Feb CPI Headline Inflation (YoY%)	-0.2		-0.34
	-	Feb CPI Core Inflation (YoY%)	0.2		0.21

Source: ING, Refinitiv, *GMT

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