

Our view on next week's key events

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US: Biden's massive infrastructure package will be a tough sell

With the ink on the \$1.9tn fiscal relief plan barely dry, next week sees President Joe Biden push ahead with the \$3tn Build Back Better green energy and infrastructure plan.

On Wednesday, he is heading to Pittsburgh to outline the strategy, which is centered on decarbonising US electricity production by 2050. There would be incentives and legislation surrounding energy-efficient buildings and vehicles with additional rail and road infrastructure investment. The money would also be provided to boost 5G and broadband internet access.

It looks as though these measures will be packaged up with higher taxes for corporates and top earners together with increased property and capital gains tax rates to “reward work, not wealth”.

The difficulty will be getting it passed by Congress, given the need for 60 Senators putting it forward for a vote. The Democrats got around this for the \$1.9tn plan by using budget reconciliation processes, but it will be trickier for this massive infrastructure plan. It may need to be broken up into smaller packages and diluted to some extent should Republicans put up stiff opposition. It is not going to be an easy sell.

We also have a heavy data slate with the ISM index on Thursday, and the jobs report on Friday. Both should be very strong as better weather in March versus February, a strong vaccination

programme rollout, and ongoing reopening steps taken by the individual states lift activity and the need for workers.

Nonetheless, the Fed will continue to make it clear that they won't look to tighten policy until the economy has "all but fully recovered."

Eurozone: Inflation set for further rise

Eurozone inflation is set to continue its rise on Wednesday when March figures are released. Expect food and energy prices to be the main drivers for now, although there is a chance that industrial goods prices will also increase more than expected due to supply chain issues and input shortages. Also important will be the breakdown of consumer confidence figures on Tuesday. Consumers have become more upbeat, but have their spending expectations also risen, with vaccinations likely to provide relief in the coming months?

Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 29 March					
Japan	2330	Feb Unemployment Rate	3		2.9
	2350	Feb Retail Sales (YoY%)	-		-2.4
Eurozone	0900	Mar Business Climate	-		-0.14
Tuesday 30 March					
US	1300	Jan CaseShiller 20 (MoM/YoY%)	2.0/11.8	1.2	1.3/10.1
	1400	Mar Consumer Confidence	95	96	91.3
Japan	2350	Feb Industrial O/P Prelim (MoM/YoY%)	1.5/-5.0		4.2/-5.3
Germany	1300	Mar CPI Prelim (MoM/YoY%)	0.4/1.7		0.7/1.3
France	0645	Mar Consumer Confidence	-		91.0
UK	0830	Feb BOE Consumer Credit	-		-2.392
Spain	0700	Mar CPI (MoM/YoY%) Flash NSA	-		-0.6/0.0
Eurozone	0900	Mar Economic Sentiment	95.1		93.4
	0900	Mar Consumer Confidence Final	-10.8		
Wednesday 31 March					
US	1215	Mar ADP National Employment	650	500	117
	1345	Mar Chicago PMI	-		59.5
Japan	2350	1Q21 Large Manufacturing Tankan	-5.0		-10
		- Feb Housing Starts (YoY%)	-		-3.1
Germany	0755	Mar Unemployment Rate SA	6.0		6.0
France	0645	Feb Consumer Spending (MoM/YoY%)	-/-		-4.6/
UK	0600	Q4 GDP (QoQ/YoY%)	1.0/-7.8		1.0/-7.8
Italy	1000	Mar CPI (EU Norm) Prelim (MoM/YoY%)	-		
Canada	1230	Jan GDP (MoM%)	-		0.1
Australia	0030	Feb Broad Money	-		2460.58
Portugal	0830	Mar CPI Flash (MoM/YoY%)	-/-		-0.5/0.5
Eurozone	0900	Mar HICP YoY	1.2		0.9
	0900	Mar Core HICP YoY	1.2		1.1
Thursday 1 April					
US	1400	Mar ISM Manufacturing PMI	61.5	61	60.8
Japan	2350	Mar Monetary Base (JPY tr)	615		614.7
Germany	0600	Feb Retail Sales (MoM/YoY%)	-/-		-4.5/-8.7
	0755	Mar Markit/BME Mfg PMI	-		
France	0750	Mar Markit Mfg PMI	-		
UK	0830	Mar Markit/CIPS Mfg PMI Final	57.9		
Italy	0745	Mar Markit/IHS Mfg PMI	-		56.9
Spain	0715	Mar Manufacturing PMI	-		52.9
Canada	1330	Mar Markit Mfg PMI SA	-		54.8
Australia	0030	Feb Retail Sales (MoM%)	-		
	0030	Feb Trade Balance (A\$bn)	7.6		10.1
Eurozone	0800	Mar Markit Mfg Final PMI	62.4		
Friday 2 April					
Global	-	Good Friday holiday in many jurisdictions			
US	1330	Mar change in non farm payrolls (000s)	750	600	379
	1330	Mar unemployment rate (%)	5.9	6.0	6.2
	1330	Mar avg hourly earnings (MoM/YoY%)	0.0/4.4	0.2/4.5	0.2/5.3

Source: Refinitiv, ING

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Key events in EMEA next week

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Source: Shutterstock

✓ Hungary: Unemployment to jump and PMIs to fall

In Hungary, the focus will be on the labour market and production. We expect to see the monthly unemployment rate jump to a new peak in February, pushing the three-month average closer to 5%.

When it comes to wages, figures don't cover part-time workers, where we've seen an increase in employment among sectors providing in-person services. Among full-time workers, which are included in wage data, those on lower incomes are more likely to have lost their job during the pandemic. This change in composition has meant that wage growth appears artificially higher. Having said that, the delayed minimum wage increase should reduce wage growth significantly in January.

On the production side, we see producer prices rising further due to base effects and energy prices, while the manufacturing PMI will show a contraction, in our view. This will reflect the impact of the new wave of containment measures (including the closure of kindergartens and schools) on employers.

✓ Czech Republic: Supply chain issues weigh on firms despite better PMIs

Given the improvement in preliminary manufacturing PMIs in Germany and the eurozone in March, the Czech PMI due next week is also likely to increase above February's 56.5 level. Still, we expect more modest growth than in Germany as Czech companies are struggling with disruptions in supply chain deliveries causing production delays, and one Czech Toyota plant announced a two-week shutdown at the end of March due to missing chipsets.

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 29 March					
Turkey	1100	Feb Bank NPL Ratio	-		4.08
Hungary	0800	Jan Trade Balance Final	830		830
Tuesday 30 March					
Hungary	0700	Feb Unemployment Rate 3M	4.9		4.5
Brazil	1000	Feb Central Govt Balance	-		43.2
	1100	Mar IGP-M Inflation Index	-		2.53
Wednesday 31 March					
Turkey	0700	Feb Trade Balance	-3.4		-3.03
Hungary	0800	Feb PPI (MoM/YoY%)	0.7/7.6		0.7/6.6
	0800	Jan Average Gross Wages (YoY%)	7.8		10.6
Thursday 1 April					
Russia	0600	Mar Markit Mfg PMI	-		51.5
		- Q4 GDP (YoY% quarterly revised)	-		
Turkey	0700	Mar Manufacturing PMI	-		51.7
Poland	0700	Mar Markit Mfg PMI	-		53.4
Czech Rep	0700	Q4 Revised GDP (QoQ/YoY%)	0.6/-4.7		0.6/-4.7
	0730	Mar Markit PMI	58.3		56.5
	1200	Mar Budget Balance	-		-86.1
Hungary	0800	Mar Manufacturing PMI	48.5		49.4
Brazil	1100	Feb Industrial Output (MoM/YoY%)	-/-		0.4/2.0
	1300	Mar Markit Mfg PMI	-		58.4

Source: Refinitiv, ING

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Asia week ahead: Look for more evidence of firmer activity

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Source: Shutterstock

➔ Soft data – Purchasing Manager Indices

The typical focus around this time of the month is the manufacturing and service sector PMIs. Released earlier this week, the advance PMIs for March from developed economies (the US, eurozone and Japan) revealed firmer activity in both manufacturing and non-manufacturing areas. We hope to see the same in Asian PMIs next week.

China's PMIs are the usual standouts and are expected to follow their developed market counterparts higher. If you want a sense of how these could go -- industrial profits data for February due over the weekend (27 March) should be a good guide. As for most other February

indicators, the low base effect likely swelled profit growth.

Among other soft indicators coming our way, are Japan's quarterly Tankan Survey for 1Q21 and Korea's Business Survey Indices for April, both expected to show some pick-up over the previous periods.

➔ **Hard data - Exports and manufacturing**

Markets will also be swamped with hard activity releases on trade and manufacturing, which come as guides to the post-Covid recovery.

Korea's exports for March, the first export data for this month from the region, will be an interesting insight into the semiconductor cycle as the global chip shortage continues to make financial headlines. A 14% year-on-year rise in Korean chip exports in the first 20 days of the month was good news that the full-month data should testify to. Meanwhile, Korean industrial production for February is likely to show some retracement of growth, though that's clearly a distortion from the Lunar New Year holiday rather than underlying weakness.

Japan and Thailand are other countries reporting industrial production and Malaysia is going to release its trade data -- all for February, We see nothing particularly exciting in these.

Lastly, Korea and Indonesia's consumer price data may be something worth watching as inflation worries are mounting elsewhere. We don't think a sharp rise in inflation will be a cause for concern at the Bank of Korea just yet, while Bank Indonesia remains relaxed on this front.

Key events in Asia

Country	Time	Data/event	ING	Survey	Prev.
Saturday 27 March					
China	0130	Feb Industrial Profit (YoY% YTD)	175		20.1
Monday 29 March					
Malaysia	0400	Feb Trade Balance (MYR bn)	15.5		16.6
	0400	Feb Exports (YoY%)	7.1		6.6
	0400	Feb Imports (YoY%)	3.9		1.3
Tuesday 30 March					
Hong Kong	0830	Feb Retail Sales (YoY%)	-		-13.6
	0830	Feb Retail Sale Vol (YoY%)	-		-14.5
South Korea	2100	Apr BOK Manufacturing BSI	86		85
	2100	Apr BOK Non-manufacturing BSI	75		73
	2300	Feb Industrial Output (MoM/YoY%)	-2.2/-2.7		-1.6/7.5
Wednesday 31 March					
China	0100	Mar NBS Non-Mfg PMI	51.6		51.4
	0100	Mar NBS Manufacturing PMI	50.8		50.6
	0100	Mar Composite PMI	-		51.6
Hong Kong	0830	Feb Money Supply M3	-		23.2
India	-	4Q20 Current account balance (US\$bn)	-3.1		15.5
Malaysia	0700	Feb Money Supply (YoY%)	-		4.3
Indonesia	0400	Feb M2 Money Supply (YoY%)	-		11.8
Thailand	0330	Feb Manufacturing index (%YoY)	-1.8		-2.8
	0730	Feb Current Account (US\$mn)	-1070		-673
Thursday 1 April					
China	0145	Mar Caixin Mfg PMI Final	51.2		50.9
Malaysia	0030	Mar IHS Markit Mfg PMI	-		47.7
Indonesia	0030	Mar IHS Markit PMI	-		50.9
		- Mar Inflation (YoY%)	1.4		1.38
		- Mar Inflation (MoM%/YoY%)	-/-		0.1/1.53
Taiwan	0030	Mar IHS Markit Mfg PMI	60.6		60.4
Thailand	0030	Mar Manufacturing PMI SA	-		47.2
South Korea	0000	Mar Export Growth Prelim	-		-
	0000	Mar Import Growth Prelim	-		-
	0000	Mar Trade Balance Prelim	-		-
	0030	Mar IHS Markit Mfg PMI	55.5		55.3
	2300	Mar CPI inflation (YoY%)	1.7		1.1
	2300	Mar Core CPI inflation (YoY%)	1.1		0.8

Source: Refinitiv, ING

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