

Our view on next week's key events

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By Peter Virovacz and Muhammet Mercan

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Source: Shutterstock

US: Think BIG

It will be a huge week for markets with key central bank meetings and the all-important US jobs report. 2019 started off weak as protectionism fears, a global slowdown, an inverted yield curve and concerns about the implications of a prolonged government shutdown all weighed on sentiment, but the mood is turning brighter. Corporate earnings season is going well and macro data has picked up too, so we would expect the Federal Reserve to sound a little more optimistic on the economic situation. Nonetheless, there is no prospect of them changing tack and they will continue to state that they will be patient with regards to monetary policy. Markets continue to price a 50:50 chance of a rate cut this year, but we think economic growth will prove to be resilient - a likely US-China trade deal is set to lift some of the uncertainty that has been hanging over the economy and markets.

Datawise, we look for consumer confidence to be boosted by equity market gains and the ongoing strength in the jobs market. This will be underlined by another decent rise in payrolls and a renewed uptick in wage growth after last month's surprise dip. Indeed, the jobs market remains tight; the Federal Reserve's Beige Book and other labour surveys continuing to highlight the struggle of finding suitably qualified labour. With the ISM indices set to hold at firm levels, we

continue to look for the US to grow 2.4% this year – this is not a scenario that is consistent with a Fed rate cut.

✔ Eurozone: Think BIG (again)

Next week is a big week for Eurozone data, as both GDP for the first quarter and inflation are due. Expectations for a rebound in GDP growth, after lacklustre growth at the end of 2018, have faded as business surveys have been worryingly weak in the first few months of the year. Inflation will again be dominated by the Easter effect, boosting the number for April after a weak March. Mind the underlying trend though, which remains modest (at best) and not getting much closer to the ECB's target of 2% as yet.

✔ Bank of England set to keep tightening bias, although 2019 hike now unlikely

With the Bank of England set to keep rates on hold on Thursday, all the action will be in its statement and we think there are three things to watch.

First, wage growth. Skill shortages in certain parts of the economy have seen pay rise at the fastest rates since the crisis. While some momentum has dissipated in the most recent figures, we don't expect the Bank to significantly change its view that wage growth will keep performing strongly. This means the Bank will likely keep the door ajar to further rate hikes, so the second thing to watch will be the vote count – some headlines have hinted that one or two policymakers may be prepared to vote for an immediate hike at this meeting.

But for the committee as a whole, the Brexit delay is likely to reaffirm the concerns expressed in the substantial growth forecast downgrade policymakers made back in February. Investment looks set to stay under pressure, and we suspect this will stop the Bank from hiking rates in 2019.

✔ Germany: The 'Easter effect' should bring good news for the labour market

Both the labour market and inflation data should be affected by the timing of Easter and the weather. This affect comes as a fall in unemployment and an increase in inflation.

✔ Canada: A positive sign of things to come

GDP growth in January came as an upside surprise (+0.3% MoM) and we suspect growth in February will be in the same direction – albeit slightly milder. We forecast an uptick of 0.1% on the month.

Motor vehicles appear to be a common theme running throughout February. Manufacturing sales fell 0.2%, with one of the main reasons being that fewer motor vehicles were sold. Nonetheless, we aren't taking this as a sign that Canadian's are refraining from spending on big-ticket items (just yet); retail and wholesale trade both increased in February, and the sales of parts to motor vehicles contributed positively in each case.

A sign of things to come? Quite possibly. The current robustness of the labour market, coupled with little signs that the US economy has begun its (anticipated) slowdown, bode well for good levels of both domestic and foreign demand in the near-term.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 29 April					
US	1330	BEA Releases March Income/Spending (inc. Feb outlays)			
Eurozone	0900	Mar M3 Money Supply (YoY%)	-	-	4.3
	1000	Apr Economic Confidence	-	-	105.5
UK	0910	Bank of England Governor Carney Speaks in London			
New Zealand	2300	N.Z. Government 9-Month Financial Statements			
Sweden	0830	Mar Household Lending (YoY%)	-	-	5.3
Portugal	0930	Portugal Releases Consumer & Business Confidence Report			
	1100	Portugal Releases Monthly Employment & Unemployment Estimates			
Tuesday 30 April					
US	1500	Apr Consumer Confidence	128.0	127.1	124.1
Eurozone	1000	Mar Unemployment Rate (%)	7.8	-	7.8
	1000	1Q A GDP (QoQ/YoY%)	0.2/1.0	-/-	0.2/1.2
Germany	0855	Apr Unemployment Change (000's)	-	-	-7.0
	0855	Apr Unemployment Rate (%)	4.8	-	4.9
	1300	Apr P CPI (MoM/YoY%)	0.4/1.5	-/-	0.4/1.3
UK	0840	BOE Deputy Governor Ramsden Speaks in London			
Italy	1000	Apr P HICP (YoY%)	-	-	1.1
	1100	1Q P GDP (QoQ/YoY%)	-/-	-/-	-0.1/0.0
Spain	0800	Apr P HICP (MoM/YoY%)	-/-	-/-	1.4/1.3
Canada	1330	Feb GDP (MoM/YoY%)	0.1/1.5	-/-	0.3/1.6
Norway	0700	Mar Retail Sales Ex. Motor Vehicles (MoM%, SA)	-	-	-1.3
	0700	Feb Unemployment Rate AKU	-	-	3.9
Wednesday 1 May					
US	1315	Apr ADP Employment Change (000's)	195.0	180.0	128.6
	1500	Apr ISM Manufacturing	54.8	55.0	55.3
	1900	FOMC Rate Decision (Upper bound)	2.5	2.5	2.5
	1930	Fed Chair Powell Holds Press Conference			
Eurozone	0930	ECB Vice President Guindos Speaks in London			
UK	0930	Apr Markit/CIPS Manufacturing PMI	53.0	-	55.1
Thursday 2 May					
Eurozone	0900	Apr F Markit Manufacturing PMI	47.8	-	47.8
UK	1200	BoE Policy Rate	0.75	-	0.75
	0600	U.K. Local Elections			
	1200	Bank of England Inflation Report			
	1230	BOE's Carney speaks at press conference in London			
Norway	0800	Apr DNB/NIMA Manufacturing PMI	57.5	-	56.8
	-	Norway Central Bank Deputy Governor Nicolaisen Speaks in Oslo			
Sweden	0730	Apr Swedbank/Silf Manufacturing PMI	53.0	-	52.8
	0900	Riksbank Board in Parliament Hearing			
Friday 3 May					
US	1330	Apr Change in Nonfarm Payrolls ('000s)	175.0	185.0	196.0
	1330	Apr Unemployment Rate (%)	3.8	3.8	3.8
	1330	Apr Average Hourly Earnings (MoM/YoY%)	0.4/3.4	0.3/3.3	0.1/3.2
	1330	Apr Participation Rate	62.9	-	63.0
	1500	Apr ISM Non-manufacturing	57.5	57.3	56.1
	1515	Fed's Evans Speaks at NABE International Forum in Stockholm			
	-	Fed's Clarida (1630) & Williams (1845) Speak at Hoover Institute			
Eurozone	1000	Apr A Core CPI (YoY%)	1.1	-	0.8
	1000	Apr Flash CPI (YoY%)	1.6	-	1.4
UK	0930	Apr Markit/CIPS Services PMI	50.5	-	48.9
	0930	Apr Markit/CIPS Composite PMI	50.6	-	50.0
Norway	0700	Mar Credit Indicator (YoY%)	-	-	5.7
	0900	Apr Unemployment Rate	-	-	2.4

Source: ING, Bloomberg

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Asia week ahead: Is a technical recession lurking?

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Source: Shutterstock

➔ Is a 'technical recession' lurking?

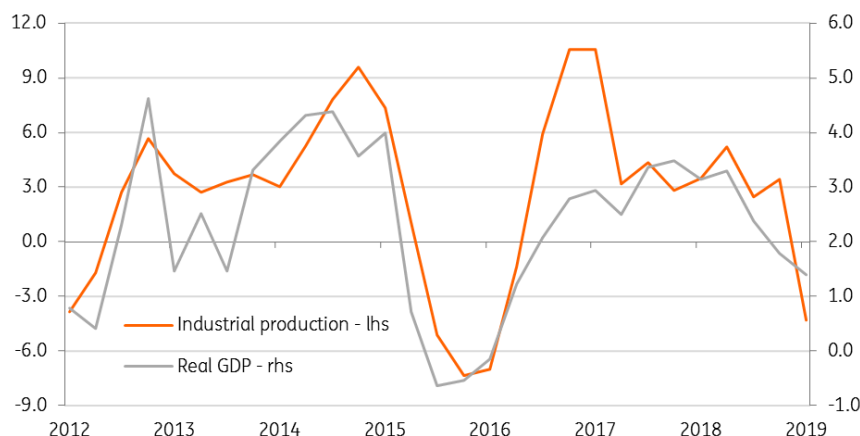
1Q19 GDP reporting season is catching up with more Asian countries reporting data next week.

Aside from China, the slowdown in Asian economies gained traction in the first quarter of the year. China's GDP growth was steady, thanks to the fiscal stimulus, but Korea and Singapore posted sharp growth slowdowns in 1Q19, and the countries reporting next week – Hong Kong and Taiwan – are likely to join this camp too.

The critical question is whether a recession is around the corner. Korea was the first in Asia to report quarterly GDP contraction in 1Q19. Taiwan could follow suit, judging by a steep fall in its manufacturing in the last quarter. As things stand now, we can't rule out another quarter of GDP contraction in 2Q, and after today's GDP numbers from Korea, we think a 'technical recession' is quite plausible.

[Read why the biggest quarterly contraction in Korea GDP is bad news](#)

Taiwan's manufacturing is dragging GDP lower (% YoY)



Source: Bloomberg, ING

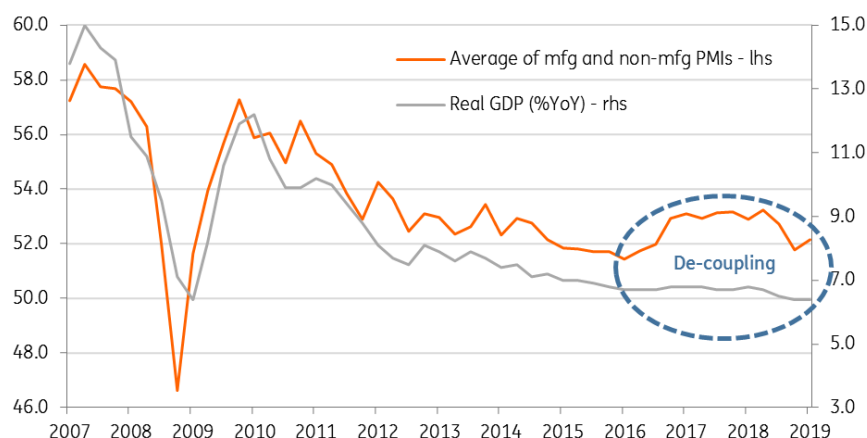
➔ April data should give a glimpse of 2Q growth

April trade data and purchasing managers' index should provide a glimpse of where GDP growth is headed in 2Q. Preliminary manufacturing PMIs from developed countries bode well for those due from Asia next week. The export order components of PMI will be judged for the trade story, which doesn't seem to be getting any better though.

Chinese data will be under scrutiny to see if the economy's better-than-expected performance in the first quarter was a blip and if the slowdown has been delayed. This may be hard to judge from soft data like PMIs, given its de-coupling from real GDP growth in recent years. But it's still a key sentiment driver for markets. A slight improvement as implied by consensus forecasts for both manufacturing and non-manufacturing PMI will be good enough to put a positive spin on China's growth story.

Korea is the first economy in the region, and probably the world, to release trade figures for April, and should prove to be a good guide to trade from the rest of the region. We see no respite from the falling trend in Korean exports which have been reeling under the global tech slump.

China: De-coupling of PMI and GDP growth



Source: Bloomberg, ING

➔ Low inflation allows for more policy support

Korea also reports consumer price data for April along with Indonesia and Thailand.

Aside from the upward pressure on global oil prices, there is nothing to worry about inflation in Asia. And an oil-driven rise in inflation isn't something we expect to see in an environment of slowing growth. But the current low level of inflation across the region does give central banks the scope if needed to ease policies to support growth.

Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
Saturday 27 April					
China	0230	Mar Industrial Profits (YoY%, YTD)	-	-	-1.9
Monday 29 April					
Hong Kong	0930	Mar Exports (YoY%)	-2.6	-	-6.9
	0930	Mar Imports (YoY%)	-1.4	-	-3.8
	0930	Mar Trade Balance (HK\$ bn)	-58.5	-	-48.8
Thailand	-	Mar Manufacturing Index (YoY%)	-3.5	-	-1.6
South Korea	2200	May BOK Business Survey Index, mfg	74.0	-	76.0
	2200	May BOK Business Survey Index, non-mfg	75.0	-	76.0
Tuesday 30 April					
China	0200	Apr Non-manufacturing PMI	55.0	55	54.8
	0200	Apr Manufacturing PMI	50.5	50.8	50.5
Taiwan	0900	1Q P GDP (YoY%)	1.4	-	1.8
Thailand	0730	Mar Current Account Balance (US\$bn)	4.4	-	6.5
South Korea	0000	Mar Industrial production (MoM, SA/YoY%)	-1.7/2.5	-/-0.6	-2.6/-2.7
Wednesday 1 May					
Thailand	0500	Apr CPI (YoY%)	1.2	-	1.2
	0500	Apr Core CPI (YoY%)	0.6	-	0.6
South Korea	0100	Apr Exports (YoY%)	-7.2	-	-8.2
	0100	Apr Imports (YoY%)	-6.8	-	-6.7
	0100	Apr Trade Balance (US\$m)	5543.0	-	5206.0
Thursday 2 May					
China	0245	Apr Caixin Manufacturing PMI	51.0	51.0	50.8
India	0600	Apr Nikkei Manufacturing PMI	53.2	-	52.6
Hong Kong	0930	1Q GDP (Q) (QoQ, SA/YoY%)	-/-	-/-	-0.3/1.3
Indonesia	-	Apr CPI (YoY%)	2.5	-	2.5
	-	Apr Core CPI (YoY%)	-	-	3.0
Malaysia	0030	Apr Nikkei Manufacturing PMI	47.7	-	47.2
Taiwan	0130	Apr Nikkei Manufacturing PMI	49.5	-	49.0
Thailand	0030	Apr Nikkei Manufacturing PMI	49.9	-	50.3
South Korea	0000	Apr CPI (YoY%)	0.3	-	0.4
	0000	Apr Core CPI (YoY%)	0.7	-	0.9
	0130	Apr Nikkei Manufacturing PMI	48.2	-	48.8
Friday 3 May					
Hong Kong	0930	Mar Retail Sales Value (YoY%)	-	-	-10.1
	0930	Mar Retail Sales Volume (YoY%)	-	-	-10.4
Malaysia	0500	Mar Exports (YoY%)	1.0	-	-5.3
	0500	Mar Imports (YoY%)	-2.0	-	-9.4
	0500	Mar Trade Balance (RM bn)	16.9	-	11.1
Singapore	1400	Apr PMI	50.5	-	50.8

Source: ING, Bloomberg, *GMT

Key events in EMEA and Latam next week

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Source: Shutterstock

✓ National Bank of Hungary: How behind are we?

Despite the upside surprise in March inflation data and the recent advance in oil prices, we expect the National Bank of Hungary's rate-setting meeting to be a non-event. The central bank made it clear in March it doesn't intend to change monetary policy until there is new staff projections for decision-makers. The prolonged 'wait-and-see' approach may cause some upward shift in EUR/HUF as the market continues questioning how far the NBH is falling behind the curve. The expected double-digit wage growth might just add to those jitters.

On the other hand, the upcoming PPI data might show some softening, but it won't be a game changer in terms of underlying inflation in the short-run. Other than this, we see manufacturing PMI falling in line with the latest Hungarian business sentiment indicator.

✓ Turkey: Higher oil prices should help pull up inflation

Following a decline in core inflation in March, which emerged largely through the weakness in domestic demand (which in turn eased pricing pressures), we expect April inflation to be 2.2% MoM. This would pull the annual figure up to 20.1%; higher oil prices and an adjustment in cigarette prices standing as our main arguments. In the period ahead, exchange rate developments will be

key, though the current economic backdrop - with ongoing weakness in domestic demand and base effects - will remain supportive.

A Czech rate hike is on the cards

Despite foreign uncertainties persisting, which suggests a more cautious approach in further monetary tightening, recent interviews with the Czech National Bank board appear to be relatively hawkish. T. Holub signalled a closing "opportunity window" for a hike in 1H19. J.Rusnok suggested a very narrow line between being on hold and hiking. M.Mora signalled a willingness to support a hike if forecasts enable that and - due to a weaker path for the CZK and a higher inflation trajectory, new forecast will more than likely indicate a hike. Moreover, a hike will be traditionally supported (again) by V. Benda and most likely by A.Michl too - both who voted for hikes during previous meetings. As such, given all recent signals from the board members, a hike seems like the most likely outcome next week now.

Poland: PMI's still in contraction territory

We expect a stabilisation of CPI dynamics in April at 1.7% YoY. The core inflation figure should also remain unchanged at 1.4% YoY.

The PMI index is unlikely to recover, given the weakness of German manufacturing. Therefore, we suspect the headline figure will remain below the 50pt threshold.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 29 April					
Israel	1100	Feb Industrial Production (MoM%, SA)	-	-	5.4
Tuesday 30 April					
Russia	0700	Apr Markit Manufacturing PMI	-	-	52.8
Turkey	0800	Mar Trade Balance (US\$m)	-2.1	-	-2.1
	0830	Central Bank Inflation Report			
Poland	0900	Apr P CPI (MoM/YoY%)	0.5/1.7	-/-	0.3/1.7
Hungary	0800	Feb Avg Gross Wages (YoY%)	11.1	-	10.6
	0800	Mar PPI (MoM/YoY%)	-0.1/2.6	-/-	-0.3/2.7
	1300	Policy Rate (%)	0.9	-	0.9
Romania	0700	Mar Unemployment Rate	-	-	3.8
Serbia	1100	Mar Industrial Production (YoY%)	-	-	2.4
	1100	1Q P GDP (YoY%)	-	-	3.4
	1100	Mar Retail Sales (YoY%)	-	-	10.8
	1100	Mar Trade Balance (€m)	-	-	-471.6
Croatia	1000	Mar Industrial Production (YoY%, SA)	-	-	0.6
	1000	Mar Retail Sales (YoY%)	-	-	8.7
	-	Mar M1 Money Supply (HRKmn)	-	-	116342.9
South Africa	0700	Mar M3 Money Supply (YoY%)	-	-	5.3
	0700	Mar Private Sector Credit (YoY%)	-	-	6.0
	1300	Mar National Budget Balance (ZARbn)	-	-	10.9
	1300	Mar Trade Balance (ZARbn)	-	-	4.0
Israel	1100	Mar Monthly Unemployment Rate (%)	-	-	4.1
	-	Mar Leading 'S' Indicator (MoM%)	-	-	0.3
Brazil	1300	Mar Unemployment Rate (%)	-	12.7	12.4
Mexico	1400	1Q P GDP (YoY%)	-	-	1.7
Thursday 2 May					
Turkey	0800	Apr Markit/ISO Manufacturing PMI	-	-	47.2
Poland	0800	Apr Markit Manufacturing PMI	48.5	-	48.7
Czech Rep	0830	Apr Markit Manufacturing PMI	47.0	-	47.3
	1200	Repo Rate	2.0	-	1.75
	1300	Apr Budget Balance (CZKbn)	-	-	-9.2
Hungary	0800	Apr Manufacturing PMI	50.2	-	52.4
	0800	Feb F Trade Balance (€mn)	891.0	-	891.0
Romania	-	Apr FX Reserves (€bn, Net)	-	-	35865.1
Kazakhstan	-	Apr CPI (MoM/YoY%)	-/-	-/-	0.5/4.8
	-	Apr PPI (MoM/YoY%)	-/-	-/-	2.5/11.2
South Africa	1000	Apr Kagiso PMI	-	-	45.0
Friday 3 May					
Turkey	0800	Apr CPI (MoM/YoY%)	2.2/20.1	-/-	1.0/19.7
	0800	Apr Domestic PPI (MoM/YoY%)	-/-	-/-	1.6/29.6
	0800	Apr Core CPI (YoY%)	-	-	17.5
	1200	Monthly Aggregate Banking Data			
Romania	0700	Mar PPI (MoM/YoY%)	-/-	-/-	1.1/4.8
Brazil	1300	Mar Industrial Production (YoY%)	-	-3.6	2.0

Source: ING, Bloomberg

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