

Our view on next week's key events

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

In this bundle



Key Events

Key events in developed markets and EMEA next week

Strong jobs numbers, sticky inflation and hawkish rhetoric in the US suggest an appetite for one more rate rise. The outcome of next week's jobs report will be critical

By James Knightley, Adam Antoniak and 2 others



Asia week ahead | Australia | India...

Asia week ahead: Inflation data from Australia plus growth numbers from India

Keep an eye out for inflation data, growth figures, and industrial production data over the coming week in Asia

By Min Joo Kang

Key events in developed markets and EMEA next week

Strong job numbers, sticky inflation and hawkish rhetoric in the US suggest an appetite for one more interest rate rise. The outcome of next week's jobs report will be critical. Disinflation is expected to continue in Poland and we estimate next week's May flash CPI to be at 13% year-on-year, given the declines in fuel and energy prices



✓ US: One more rate hike?

Interest rate expectations have shifted meaningfully higher since the Fed raised rates by 25bp on 3 May when the market interpreted the Fed commentary as signalling that there was a high hurdle to getting any further rate hikes. However, since then, strong job numbers, sticky inflation and a raft of hawkish rhetoric have suggested an appetite for one more rate rise, if not at the 15 June FOMC meeting, then by the 26 July meeting.

Our central thesis remains that the combination of higher borrowing costs and less credit availability weighs heavily on business and consumer spending in an environment where sentiment is already at recession levels. Historically, credit growth lags movements in lending conditions by 12 months and unemployment responds similarly. Given lending conditions started tightening rapidly more than 12 months ago and rates have risen by 500bp since March 2022, our best guess has been that the economy will be showing the effects in the second half of this year. But with several Fed officials arguing that interest rates need to be raised further to ensure inflation returns to 2% in a timely manner, we have to accept that our view that interest rates have

peaked and we will see aggressive interest rate cuts from the fourth quarter is being challenged.

Next week's data highlight, the jobs report, and whether we get a deal on the debt ceiling to avert a potentially calamitous default, will be critical in assessing whether we will indeed get a rate hike. A deal and strong jobs numbers would undoubtedly fuel expectations of another rate hike and we will likely end up accepting that is the most likely outcome. However, signs of labour market softening and market angst over the lack of a resolution on the debt ceiling could quickly see those rate hike expectations evaporate.

Other data to look for include the ISM reports, job openings and house prices.

Poland: Disinflation is expected to continue

Poland May Flash CPI: 13.0% year-on-year.

Our estimate points to a further decline in CPI inflation in Poland to 13% YoY. In our view, May brought a substantial monthly decline in fuel prices (especially diesel) and a slight decline in energy costs for housing, while food prices were little changed in monthly terms. Disinflation is expected to continue and at the end of 2023 we are likely to observe single-digit growth in CPI inflation. Further progress towards the National Bank of Poland target of 2.5% will be more difficult though.

Hungary: Eyes on European Parliament session

We don't see next week's data from Hungary as game-changers for investors, although economists can find a lot of golden nuggets. Firstly, the Statistical Office is going to release detailed GDP data regarding the first quarter's slump. We expect the details to reveal that the main weakness of economic activity was the drop in domestic demand. High inflation combined with high interest rates means a reduction in consumption and investment activity. The latter is also dragged down by the government's decision to delay (or freeze) public spending to manage the budgetary situation.

Another interesting data report is the final March trade balance, in which we will see where this positive boost in the external balance comes from. We expect a further reduction in the energy-related trade deficit, while the non-energy balance is enjoying the still-sound export activity of industry (mainly car and electric vehicle battery manufacturing).

Regarding the manufacturing PMI, we would suggest ignoring the data, as it has had nothing to do with reality recently due to a massively overweighted export sector in the index, while the domestic demand-driven manufacturing sector is plummeting in Hungary. What can impact investors' sentiment negatively is the 1 June European Parliament session, where the EP is discussing and likely adopting a resolution that would deprive the Hungarian government of the opportunity to take over the rotating EU presidency in the second half of 2024 because of rule-of-law issues.

Turkey: Outlook ahead is uncertain

Given that early indicators have shown some recovery after initial weakness following earthquakes, we expect first-quarter GDP growth of 3.6% YoY. However, the outlook ahead is uncertain due to many factors: macro-stability risks which are potentially weighing on domestic

demand, the loss of momentum in exports with the growth slowdown in the eurozone, a higher risk premium and tightening global financial conditions, as well as the challenging local regulatory environment that is increasing pressure on the corporate sector.

Key events in developed markets next week

| Country | Time | Data/event | ING | Survey | Prev. |
|-------------------------|----------|---|---------|---------|-----------|
| Tuesday 30 May | | | | | |
| US | 1400 Mar | CaseShiller 20 (MoM%/YoY%) | -0.2 | -0.1 | 0.1/0.4 |
| | 1500 May | Consumer Confidence | 100 | 99.8 | 101.3 |
| Spain | 0800 Apr | Retail Sales (YoY%) | - | | 9.5 |
| Switzerland | 0800 Q1 | GDP (QoQ%/YoY%) | -/- | | 0/0.8 |
| Eurozone | 0900 Apr | Money-M3 Annual Grwth | - | | 2.5 |
| | 1000 May | Business Climate | - | | 0.54 |
| | 1000 May | Economic Sentiment | - | | 99.3 |
| | 1000 May | Consumer Confidence Final | - | | -17.4 |
| Wednesday 31 May | | | | | |
| US | 1500 Apr | job openings (000s) | 9350 | - | 9590 |
| Germany | 0855 May | Unemployment Rate SA | 5.6 | | 5.6 |
| | 1300 May | CPI Prelim (MoM%/YoY%) | 0.2/6.5 | | 0.4/7.2 |
| France | 0745 Q1 | GDP (QoQ%/YoY%) | -/- | | 0.2/0.8 |
| | 0745 May | CPI Prelim (YoY%) | - | | 6.9 |
| Italy | 0900 Q1 | GDP Final (QoQ%/YoY%) | -/- | | 0.5/1.8 |
| | 1000 May | CPI Prelim (MoM%/YoY%) | -/- | | 0.9/8.7 |
| Canada | 1330 Mar | GDP (MoM%) | - | | 0.1 |
| Portugal | 1100 Q1 | GDP (QoQ%/YoY%) | -/- | | 1.6/2.5 |
| Thursday 1 June | | | | | |
| US | 1315 May | ADP National Employment | 150 | 160 | 296 |
| | 1500 May | ISM Manufacturing PMI | 46.8 | 47 | 47.1 |
| | 1500 May | ISM Manufacturing Prices Paid | 52 | | 53.2 |
| Germany | 0700 Apr | Retail Sales (MoM%/YoY%) | 1.0/-5 | | -2.4/-8.6 |
| | 0855 May | S&P Global/BME Manufacturing PMI | 42.9 | | 42.9 |
| UK | 0930 May | S&P Global/CIPS Manufacturing PMI Final | - | | 46.9 |
| Italy | 0845 May | S&P Global/IHS Manufacturing PMI | - | | 46.8 |
| | 0900 Apr | Unemployment Rate | - | | 7.8 |
| Eurozone | 0900 May | S&P Global Manufacturing Final PMI | - | | 44.6 |
| | 1000 May | CPI Flash (YoY%) | 6.3 | | 7 |
| | 1000 May | Core CPI Flash (YoY%) | 5.6 | | 5.6 |
| | 1000 Apr | Unemployment Rate | 6.5 | | 6.5 |
| Friday 2 June | | | | | |
| US | 1330 May | Non-Farm Payrolls | 195 | 180 | 253 |
| | 1330 May | Private Payrolls | 175 | 158 | 230 |
| | 1330 May | Unemployment Rate | 3.5 | 3.5 | 3.4 |
| | 1330 May | avg hourly earnings (MoM%/YoY%) | 0.3/4.3 | 0.3/4.3 | 0.5/4.4 |
| France | 0745 Apr | Industrial Output (MoM%) | - | | -1.1 |
| Austria | 0800 Q1 | GDP Growth (QoQ%) Final | - | | -0.3 |

Source: Refinitiv, ING

Key events in EMEA next week

| Country | Time | Data/event | ING | Survey | Prev. |
|-------------------------|------|-------------------------------------|------|--------|----------|
| Tuesday 30 May | | | | | |
| Turkey | 0800 | Apr Trade Balance | -8.8 | | -8.34 |
| Czech Rep | 0800 | Q1 Final GDP (QoQ%/YoY%) | - | | 0.1/-0.2 |
| South Africa | 0700 | Apr M3 Money Supply (YoY%) | - | | 8.9 |
| | 0700 | Apr Private Sector Credit Extension | - | | 7.19 |
| Brazil | 1830 | Apr Central Government Balance | - | | -7.085 |
| Wednesday 31 May | | | | | |
| Russia | 1700 | Apr Industrial Output | 3.6 | 5.3 | 1.2 |
| | 1700 | Apr Retail Sales (YoY%) | 5.1 | 5.8 | -5.1 |
| | 1700 | Apr Unemployment Rate | 3.5 | 3.6 | 3.5 |
| | | - Apr GDP (YoY%) Monthly | - | | -1.1 |
| Turkey | 0800 | Q1 GDP Quarterly (YoY%) | 3.6 | | 3.5 |
| | 1200 | Apr Bank NPL Ratio | - | | 1.82 |
| Poland | 0900 | Q1 GDP (QoQ%/YoY%) | -/- | | 3.9/-0.2 |
| | 0900 | May Flash CPI (YoY%) | 13.0 | | 14.7 |
| South Africa | 1300 | Apr Trade Balance (Incl. Region) | - | | 6.89 |
| Thursday 1 June | | | | | |
| Russia | 0700 | May S&P Global Manufacturing PMI | - | | 52.6 |
| Turkey | 0800 | May Manufacturing PMI | - | | 51.5 |
| Poland | 0800 | May S&P Global Manufacturing PMI | 45.5 | | 46.6 |
| Czech Rep | 0830 | May S&P Global PMI | - | | 42.8 |
| | 1300 | May Budget Balance | - | | -200 |
| Hungary | 0730 | Q1 GDP Final (YoY%) | -0.9 | | -0.9 |
| | 0730 | Mar Trade Balance Final | 899 | | 899 |
| | 0800 | May Manufacturing PMI | 56 | | 61.9 |
| Brazil | 1400 | May S&P Global Manufacturing PMI | - | | 44.3 |
| Mexico | 1600 | May S&P Global Manufacturing PMI | - | | 51.1 |
| Friday 2 June | | | | | |
| Brazil | 0900 | May IPC-Fipe Inflation Index | - | | 0.43 |
| | 1200 | Q1 GDP (QoQ%/YoY%) | -/- | | -0.2/1.9 |
| | 1300 | Apr Industrial Output (MoM%/YoY%) | -/- | | 1.1/0.9 |
| Mexico | 1300 | Apr Jobless Rate | - | | 2.4 |

Source: Refinitiv, ING

Author

James Knightley

Chief International Economist, US

james.knightley@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Asia week ahead: Inflation data from Australia plus growth numbers from India

Next week's calendar features inflation data from Australia and growth from India. Meanwhile, industrial production data will be released in Japan and Korea



Inflation to rise in Australia

Australia's April inflation will likely increase from the previous month. This is partly a base effect-driven phenomenon, though not entirely. And we estimate that food prices rose at a similar 0.4% month-on-month pace in April, with larger increases for alcohol and tobacco, and motor fuel, which should offset any further reduction in housing-related inflation over the month. A 0.5% MoM inflation print will deliver a year-on-year inflation rate of 6.6% for April, up from 6.3% in March. We expect inflation will drop back to 6.2% in May, but that still would leave it barely any lower than it is now, creating a headache for the Reserve Bank of Australia.

Looking beyond India's slowing growth

1Q23 GDP data will come in at about 3.4% YoY, down from 4.4% in 4Q22. This may seem low, but the year-on-year numbers are all still reflecting earlier lockdown and reopening distortions. The

3.4% in the first quarter will still leave the economy on track to deliver growth for the full year of about 6% if our subsequent forecasts turn out to be correct. High-frequency data for India continues to point to relatively robust growth, though there has been a slight slowdown from 2022 growth rates.

Signs of recovery in Japan

April industrial production is expected to rise for the second consecutive month on the back of a solid domestically driven recovery. Auto production will also play a major role in the improvement of IP numbers. Also, ahead of golden week, the jobless rate should have come down a bit with solid service hiring.

Industrial production to fall in Korea

Industrial production in Korea is expected to fall again after a temporary rise in March, as suggested by the weak April export numbers. Although manufacturing and construction activity is expected to be weak, we expect service activity to stay firm as consumer sentiment continues to recover.

The early May exports data has already pointed to a sluggish export trend, which is set to continue through May. We are concerned about the fact that exports to developed markets, especially to the US, are softening. The manufacturing PMI will likely rebound only modestly on the back of an improvement in the global supply chain and China's reopening, but still stay below the neutral level.

Inflation is expected to decelerate to 3.5% YoY in May despite the recent hike in utility prices as base effects bring down the headline rate.

Key events in Asia next week

| Country | Time | Data/event | ING Survey | Prev. |
|-------------------------|------|---------------------------------------|------------|-------------|
| Tuesday 30 May | | | | |
| Japan | 0030 | Apr Unemployment Rate | 2.6 | 2.8 |
| Wednesday 31 May | | | | |
| Japan | 0600 | Apr Housing Starts (YoY%) | - | -3.2 |
| | 0050 | Apr Industrial O/P Prelim (MoM%/YoY%) | -/- | 1.1/7.2 |
| South Korea | 0000 | Apr Industrial Output (YoY%) | - | -7.6 |
| | 0000 | Apr Industrial Output Growth | - | 5.1 |
| China | 0230 | May NBS Manufacturing PMI | - | 49.2 |
| | 0230 | May NBS Non-Manufacturing PMI | - | 56.4 |
| India | 1300 | Q4 GDP Quarterly (YoY%) | - | 4.4 |
| Thursday 1 June | | | | |
| Japan | 0130 | May Jibun Bank Manufacturing PMI | 50.8 | 50.8 |
| | 0050 | May Monetary Base (YoY%) | - | -1.91 |
| China | 0245 | May Caixin Manufacturing PMI Final | - | 49.5 |
| India | 0600 | May IHS S&P Global Manufacturing PMI | - | 57.2 |
| Indonesia | 0500 | May Core Inflation (YoY%) | - | 2.83 |
| | 0500 | May Inflation (MoM%/YoY%) | -/- | 0.33/4.33 |
| Philippines | 0130 | May Manufacturing PMI SA | - | 51.4 |
| Taiwan | 0130 | May IHS S&P Global Manufacturing PMI | - | 47.1 |
| South Korea | 0100 | May Imports/Export Growth Prelim | - | -13.3/-14.3 |
| | 0130 | May IHS S&P Global Manufacturing PMI | 49 | 48.1 |
| Friday 2 June | | | | |
| South Korea | 0000 | May CPI Growth (MoM%/YoY%) | -/- | 0.2/3.7 |
| | 0000 | Q1 GDP Growth (QoQ%/YoY%) | 0.3/0.8 | 0.3/0.8 |

Source: Refinitiv, ING

Author

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.