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Key events in developed markets next week

US jobs numbers will help determine whether the Fed hikes by 50bp or 75bp in September – for now, we favour the former. Eurozone inflation data will also be closely scrutinised ahead of a fast-approaching ECB meeting



Source: Shutterstock

✓ US payrolls number to help determine scale of September Fed hike

The August jobs report is the focus of attention this week. Despite the US having been in technical recession through the first half of the year, the economy has created 3.2 million jobs year-to-date with 528k of them coming in July alone. We don't expect anything like that for August though given vacancies have started to fall off and business surveys have suggested more caution on the economic outlook.

Nonetheless, a 250k would still be very respectable and will certainly keep the Fed in hiking mode. With the unemployment rate set to remain at 3.5% and wages continuing to push higher we favour a 50bp hike on 21 September rather than 75bp. However, should the economy add substantially more jobs, say 350k+, and the wage number posts a second consecutive 0.5% month-on-month increase, or higher, then it could swing the argument in favour of 75bp.

Other numbers will include the ISM manufacturing report and construction spending, while August auto sales numbers will give us an early indication of consumer spending. Also, watch out for a

number of Federal Reserve speakers.

✓ Eurozone data to provide key input into September ECB decision

It's a big week for eurozone data with the August inflation reading out on Wednesday and unemployment due on Thursday. With the September ECB meeting coming up, the debate between hawks and doves has become more heated again as governing council members are returning from their holidays. These figures will be key inputs for the meeting. While some supply-side factors are currently bringing relief as input costs fade, the gas crisis continues to push prices for consumers up at a fast pace. Expect another increase in the eurozone inflation reading for August. The unemployment rate will give a sense of whether the labour market is responding to the weaker economic circumstances.

Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 29 August					
Sweden	0700	Q2 GDP Final (QoQ%/YoY%)	1.4/4.2		1.4/4.2
Tuesday 30 August					
US	1400	Jun CaseShiller House Price (MoM%/YoY%)	-/-		1.3/20.5
	1500	Aug Consumer Confidence	-		95.7
Germany	1300	Aug CPI Prelim (MoM%/YoY%)	0.4/8.0		0.9/7.5
Spain	0800	Aug CPI (YoY%) Flash	-		10.8
Eurozone	1000	Aug Business Climate	-		1.14
	1000	Aug Economic Sentiment	97.1		99
	1000	Aug Consumer Confidence Final	-24.9		
Wednesday 31 August					
US	1315	Jun ADP National Employment	-	200	128
Germany	0855	Aug Unemployment Rate SA	5.4		5.4
France	0745	Q2 GDP (QoQ%/YoY%)	-/-		0.5/4.2
	0745	Aug CPI Prelim (YoY%)	-		6.8
Italy	1000	Aug CPI Prelim (MoM%/YoY%)	0.1/8.3		-1.1/8.4
Canada	1330	Q2 GDP (YoY%)	-		2.89
	1330	Jun GDP (MoM%)	-		0
Eurozone	1000	Aug CPI Flash (YoY%)	9.2		
	1000	Aug Core CPI Flash (YoY%)	4.1		
Thursday 1 September					
US	1500	Aug ISM Manufacturing PMI	53		52.8
	1330	Initial Jobless Claim 000s	-		243
	1330	Continue Jobless Claim 000s	-		1415
Germany	0700	Jul Retail Sales (MoM%/YoY%)	0.5		-1.6/-8.8
	0855	Aug S&P Global/BME Manufacturing PMI	-		
UK	0930	Aug S&P Global/CIPS Manufacturing PMI Final	46		46
Italy	0845	Aug S&P Global/IHS Manufacturing PMI	48.3		48.5
	0900	Jul Unemployment Rate	-		8.1
	1000	Q2 GDP Final (QoQ%/YoY%)	-/-		1/4.6
Switzerland	0730	Aug CPI (MoM%/YoY%)	-/-		0/3.4
Eurozone	0900	Aug S&P Global Manufacturing Final PMI	-		
	1000	Jul Unemployment Rate	6.6		6.6
Friday 2 September					
US	1330	Aug Non-Farm Payrolls	250		528
	1330	Aug Unemployment Rate	3.5		3.5
Germany	0700	Jul Imports/Exports	-0.4/-2.0		0.2/4.5
	0700	Jul Trade Balance	-		6.4

Source: Refinitiv, ING

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Key events in EMEA next week

We're expecting a 100bp rate hike from Hungary's central bank next week, as well as some strong growth figures in Turkey



Source: Shutterstock

✓ Hungarian central bank set to hike by another 100bp

We expect the Hungarian central bank to continue with decisive tightening by implementing another 100bp rate hike next week. Based on our updated inflation outlook, we expect additional measures alongside the hike sooner rather than later too, which could help to reduce excess liquidity and therefore improve monetary transmission, supporting the forint. We might see the first steps in that direction as soon as next week's rate-setting meeting.

Besides that, we will get more detail on the stronger-than-expected second quarter GDP growth figure, with consumption and investment activity likely to be in the driver's seat. August manufacturing PMI will remain elevated given order books are full and companies are still able to pass rising costs onto consumers.

✓ Turkey: Expect strong second-quarter growth despite initial signs of a slowdown

Based on early indicators, we think the Turkish economy put in another strong performance in the second quarter, with 6.5% YoY growth. However more recently there have been initial signs of a slowdown relative to the first half of the year. We expect economic activity to lose momentum in the second half for a few key reasons. Firstly, a higher risk premium in financial markets and

growing macro-stability risks could weigh on domestic demand. Secondly, there's a likely loss of momentum in exports given the slowdown in the eurozone. Finally, we're seeing continued cost pressures, tighter global financial conditions, and a challenging local regulatory environment, putting pressure on the corporate sector.

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 29 August					
Turkey	0800	Jul Trade Balance	-10.6		-8.17
	1200	Jul Bank NPL Ratio	-		2.49
Tuesday 30 August					
Czech Rep	0800	Q2 Final GDP (QoQ%/YoY%)	1.2/3.6		0.2/3.6
Hungary	1300	Aug Hungary Base Rate	11.75		10.75
South Africa	0700	Jul M3 Money Supply (YoY%)	-		8.33
	0700	Jul Private Sector Credit Ext.	-		7.53
Brazil	-	Jul Central Government Balance	-		14.433
	1300	Aug IGP-M Inflation Index	-		0.21
Mexico	1200	Jul Jobless Rate	-		3.3
Wednesday 31 August					
Russia	1700	Jul Retail Sales (YoY%)	-11	-8.9	-9.6
	1700	Jul Unemployment Rate	4.1	4.1	3.9
Turkey	0800	Q2 GDP Quarterly (YoY%)	6.5		7.3
Poland	0900	Q2 GDP (QoQ%/YoY%)	-/-	/	-2.3/5.3
South Africa	1300	Jul Trade Balance (Incl. Region)	-		24.23
Thursday 1 September					
Russia	0700	Aug S&P Global Manufacturing PMI	-		50.3
Turkey	0800	Aug Manufacturing PMI	-		46.9
Poland	0800	Aug S&P Global Manufacturing PMI	-		42.1
Czech Rep	0830	Aug S&P Global PMI	47.2		46.8
	1300	Aug Budget Balance	-		-192.7
Hungary	0800	Q2 GDP Final (YoY%)	6.5		6.5
	0800	Aug Manufacturing PMI	52.9		57.8
	0800	One-Week Deposit Rate	11.75		10.75
Brazil	1200	Q2 GDP (QoQ%/YoY%)	-/-	/	1/1.7
	1400	Aug S&P Global Manufacturing PMI	-		54
Mexico	1530	Aug S&P Global Manufacturing PMI	-		48.5
Friday 2 September					
Brazil	1300	Jul Industrial Output (MoM%/YoY%)	-/-	/	-0.4/-0.5
	0900	Aug IPC-Fipe Inflation Idx	-		0.16

Source: Refinitiv, ING

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Asia week ahead: Regional PMI reports and India GDP

Regional PMI reports and India's second-quarter GDP are the highlights for the coming week



Regional PMI readings

Next week features PMI manufacturing data for the region with China's report on 31 August to set the tone. We expect the recent drought to have reduced power supply, a key component of PMI. Thus we expect another month of PMI staying under 50. Real estate construction should still be slow and pose a drag on non-manufacturing PMI. The good news is that inbound travel gained some momentum, which should offset the drag by the construction sector. Increased activity due to inbound travel for the services sector should be enough to keep non-manufacturing PMI in expansion and above 50.

Meanwhile, in Korea, we expect the July industrial production to improve due to better vehicle manufacturing geared for exports. Gains may be capped however due to some slowdown caused by softer semiconductor demand. Positive developments in industrial production and local business surveys suggest a mild recovery for the manufacturing outlook and PMI is expected to retrace back above the 50 level.

Australia's building approvals

Australian building approvals and construction work done could show how the economy is standing up to the Reserve Bank of Australia's (RBA) recent rate tightening endeavours, ahead of data on home loan advancement. We also get second-quarter private capital expenditure, which will set the scene for the 2Q22 GDP release on 7 September, just after the next RBA rate meeting on 9 September.

India's 2Q GDP report

India also releases 2Q22 GDP which should probably show the economy on track to achieve a full-year growth rate of a little above 7%. Deficit figures for July are also due. Data released so far this fiscal year show that India is on track to meet the government's 6.4% deficit target, though recent commodity price spikes may have taken their toll as the government has absorbed some of the inflation surge to limit pass through to consumers and businesses.

Inflation readings from Indonesia and Korea

Korea's headline CPI inflation is expected to moderate in August mostly due to base effects. Gasoline prices continued to decline during the month although fresh food prices surged due to the recent floods.

In Indonesia, headline and core inflation are both expected to head north. Expensive food and utilities are both likely to push headline inflation to 5.3% year-on-year while core inflation could jump to 3.2%. The planned increase in subsidised fuel will likely keep prices elevated in the coming months which could prompt Bank Indonesia to follow up with additional rate hikes at the September and October meetings.

Other key reports out next week: Japan's labour market data and Korea's trade figures

The week also features trade data out from Korea. The August trade deficit should widen as preliminary data reports suggest weak semiconductor exports and low numbers for outbound shipments to China.

Meanwhile, Japan releases data on the labour market and the unemployment rate is expected to be unchanged at 2.6%. High-frequency mobility data improved despite the resurgence of Covid-19 cases which should encourage service sector hiring. Lastly, Japan's July industrial production is expected to increase modestly thanks to the improving global supply chain situation for the automotive industry.

Key events in Asia next week

Country	Time	Data/event	ING Survey	Prev.
Saturday 27 August				
China	0230	Jul Industrial Profit (YoY%)	-	0.8
Monday 29 August				
Japan	0030	Jul Unemployment Rate	2.6	2.6
Wednesday 31 August				
Japan	0050	Jul Industrial O/P Prelim (MoM%/YoY%)	0.5/-2.0	9.2/-2.8
	0050	Jul Retail Sales (YoY%)	2.0	1.5
China	0230	Aug NBS Manufacturing PMI	-	49
	0230	Aug NBS Non-Manufacturing PMI	-	53.8
India	1300	Q1 GDP Quarterly (YoY%)	-	4.1
South Korea	0000	Q2 GDP Growth (QoQ%/YoY%)	0.7/2.9	0.7/2.9
	0000	Jul Industrial Output (YoY%)	3.7	1.4
	0000	Jul Industrial Output Growth	2.0	1.9
Thursday 1 September				
Japan	0130	Aug Jibun Bank Manufacturing PMI	51	51
China	0245	Aug Caixin Manufacturing PMI Final	-	50.4
India	0600	Aug IHS S&P Global Manufacturing PMI	-	56.4
		- Aug Fiscal Deficit - USD Prelim	-	30
		- Aug Imports/Exports - USD Prelim	-	66.27/36.27
Indonesia	0130	Aug IHS S&P Global PMI	-	51.3
	0500	Aug Inflation (YoY%)	5.3	4.94
	0500	Aug Inflation (MoM%/YoY%)	0.4/3.2	0.64/2.86
Philippines	0130	Aug Manufacturing PMI SA	-	50.8
Taiwan	0130	Aug IHS S&P Global Manufacturing PMI	-	44.6
South Korea	0100	Aug Import/Export Growth Prelim	22.0/8.2	21.8/9.2
	0100	Aug Trade Balance Prelim	-5.5	-4.8
	0130	Aug IHS S&P Global Manufacturing PMI	50	49.8
Friday 2 September				
Singapore	1400	Aug Manufacturing PMI	-	50.1
South Korea	0000	Aug CPI Growth (MoM%/YoY%)	0.2/6.0	0.5/6.3

Source: Refinitiv, ING

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