

Our view on next week's key events

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In this bundle



Key Events

Key events in developed markets

Expect UK PMIs to follow the global downtrend in the coming week while investors will be eyeing eurozone data to assess strength in the service sector. In...

By James Knightley, James Smith and Bert Colijn



Key Events | Czech Republic | Hungary...

Key events in EMEA and Latam next week

It's a data-packed week - and not the most cheery one. Expect Purchasing Manager Index (PMI) readings to drop and inflation to decelerate in Poland,...

By Peter Virovacz, Dmitry Dolgin and Muhammet Mercan



Asia week ahead

Asia week ahead: India's stimulus tap remains open

The Golden Week holiday in China may bring some respite from the usual market volatility, though a big data calendar and policy events elsewhere in Asia...

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✓ US economy experiencing some bumps - but not dropping off a cliff

The Federal Reserve has characterised the interest rate cuts of July and September as a mid-cycle adjustment to ensure US economic growth remains robust in the face of the headwinds from weaker global activity and trade relations. However, recent data has suggested that the US manufacturing sector is in recession, capital expenditure plans are being cut and the pace of hiring is slowing. Consumer confidence has also been declining, suggesting some contagion to the more domestically focused parts of the US economy.

This week, we will get the ISM manufacturing report, which may improve modestly given regional surveys did not fall as fast as this national ISM measure has done recently, but it will be the labour market that is the focus. All indications suggest that it is tight with unemployment at multi-decade lows, but uncertainty appears to be making more and more firms wary about hiring. We therefore expect further evidence to suggest that payroll growth is sitting closer to 150,000 per month versus more than 200,000 per month over the past few years. As such, the US economy is not dropping off a cliff, but it is set to experience a weaker period of growth. Consequently, we think the Fed will choose to lower interest rates again in December and early 2020.

✓ UK PMIs set to underline economic fragility

The UK manufacturing sector has been volatile over recent months. Brexit-related stockpiling helped boost production in 1Q19, before subsequently falling back in 2Q. It's unclear whether firms will again have seen a modest increase in new orders as businesses prepare for the current 31 October deadline. Either way, with inventory still high and warehousing space limited, any increase in the manufacturing PMI will be modest and will remain well below the breakeven 50 level. Of course, it's worth remembering that manufacturing represents only around 10% of the UK economy, and the continued domestic and global uncertainty is continuing to weigh on the much larger service sector.

That said, we think it's unlikely that the Bank of England will follow the Fed and ECB into policy easing just yet.

✓ Eurozone: All eyes on service sector strength

The eurozone focus next week will be on service sector strength. The September PMI showed a marked weakening in service sector activity, increasing worries that the manufacturing downturn is starting to spill over to the wider economy. The unemployment rate for August will shed light on whether the economy will still be supported by tailwinds from the labour market. On Thursday, August retail sales will provide insight into 3Q consumer spending. The volatile indicator ticked down in July and without a bounce-back in August, consumer spending could well contribute negatively to GDP growth in 3Q. What looks like the most important indicator is inflation, to be released on Tuesday. While always important to keep an eye on, it looks like it remains stuck around 1% for the moment, so the September inflation release will likely just be glanced over by the ECB bar any big surprises.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 29 September					
Eurozone	1900	ECB's Lautenschlaeger Speaks in Luxembourg			
Austria	-	Austrian National Elections			
Monday 30 September					
Japan	0050	Aug Retail trade (SA MoM/ YoY%)	-/-	-/-	-2.3/-2.0
	0050	Aug P Industrial production - Prel (MoM/YoY%)	-/-	-/-	1.3/0.7
	0050	BOJ Summary of Opinions			
Eurozone	1000	Aug Unemployment Rate (%)	7.5	-	7.5
Germany	0855	Unemployment Change (000's)	-	-	4.0
	0855	Unemployment Rate (%)	5.1	-	5.0
	1300	P CPI (MoM/YoY%)	0.1/1.4	-/-	-0.2/1.4
UK	0930	2Q F GDP (QoQ/YoY%)	-0.2/1.2	-/-	-0.2/1.2
Italy	1000	P HICP (YoY%)	-	-	0.5
	-	Bank of Italy to Release 2Q Credit Conditions and Risk			
Spain	0800	P HICP (MoM/YoY%)	-/-	-/-	-0.1/0.4
Norway	0700	Aug Retail Sales (Ex. Motor Vehicles, SA, MoM%)	-	-	0.8
Tuesday 1 October					
US	1500	ISM Manufacturing	51.0	50.5	49.1
	-	Fed's Evans (0815) and Bowman (1430) Speaks			
Japan	0050	3Q Tankan Manufacturing Index	-	2.0	7.0
	0050	3Q Tankan Non-manufacturing Index	-	20.0	23.0
Eurozone	0900	F Markit Manufacturing PMI	45.6	-	45.6
	1000	A Core CPI (YoY%)	0.9	-	0.9
	1000	Flash CPI (YoY%)	0.9	-	1.0
UK	0930	Markit/CIPS Manufacturing PMI	48	-	47.4
Canada	1330	Jul GDP (MoM/YoY%)	0.1/1.4	-/-	0.2/1.5
Australia	0530	RBA Cash Rate Target	1.00	1.00	1.00
	1020	RBA Governor Lowe Speaks in Melbourne			
Norway	0800	DNB/NIMA Manufacturing PMI	-	-	53.8
Wednesday 2 October					
US	1315	ADP Employment Change (000's)	125	140	195
	-	Fed's Barkin (1300), Harker (1400) and Williams (1550) Speaks			
Japan	0050	Monetary base (JPY tr)	-	-	516
	0600	Consumer confidence index	-	-	37.1
Thursday 3 October					
US	1500	ISM Non-manufacturing	55.0	55.2	56.4
	0745	Fed's Evans (0745), Rosengren (1330) and Mester (1710) Speaks			
Japan	0200	BOJ Board Member Funo Speech in Shimane			
Eurozone	0900	F Markit Services PMI	52.0	-	52.0
	0900	F Markit Composite PMI	50.4	-	50.4
	1000	Aug Retail Sales (MoM/YoY%)	0.2 / 1.9	-/-	-0.6/2.2
	0900	ECB's Rehn Press Briefing on Economic Outlook, Monetary Policy			
UK	0930	Markit/CIPS Services PMI	50.5	-	50.6
	0930	Markit/CIPS Composite PMI	50.3	-	50.2
Australia	0230	Aug Trade balance (A\$m)	-	-	7268
Sweden	0730	Sep Swedbank/Silf Services PMI	-	-	54.1
Friday 4 October					
US	1330	Change in Nonfarm Payrolls (*000s)	150	140	130
	1330	Unemployment Rate (%)	3.7	3.7	3.7
	1330	Average Hourly Earnings (MoM/YoY%)	0.3/3.2	0.3/3.2	0.4/3.2
	1330	Participation Rate	63.2	-	63.2
	1330	Aug Trade Balance (US\$b)	-56.0	-55.0	-54.0
	1525	Fed's Bostic Speaks at Tulane University			
Australia	0230	Aug Retail sales (MoM%)	-	-	-0.1
	0230	RBA Financial Stability Review			

Source: ING, Bloomberg

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Authors

James Knightley

Chief International Economist, US

james.knightley@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Key events in EMEA and Latam next week

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Source: Shutterstock

✓ Poland: Calm monetary policy meeting

The next MPC meeting should be relatively calm. We do not expect new information regarding either monetary policy or macro-prudential tools related to the potential conversion of Swiss franc mortgages.

The CPI index is likely to decelerate slightly to 2.8% year-on-year. A lower contribution should come from fuel prices, while changes in other components should be marginal.

✓ Hungary: Sweet and sour between wage growth and PMI

Wage growth will accelerate on the back of the July pay-raise for health-care workers in the public sector. It has already supported consumption throughout the summer months and we see this trend having continued in August, thus growth in retail sales turnover might accelerate further. Our call is supported by the elevated consumer confidence indicator, which peaked at a 12-month high level in August. However, next week will bring some bad news too as we see the manufacturing PMI dropping to a level not seen since mid-2016, in line with the bad readings across Europe.

✓ Czech Republic: PMI to remain in contraction area

September industrial confidence stagnated for the fourth month in a row at its lowest level in the last six years, while August PMI surprisingly improved to 45 points. Still, given the slump in Manufacturing German PMI in September, Czech PMI is likely to deteriorate again next week close to 43 points.

✓ Russia: CPI to decelerate further but not enough to motivate a cut

Russia is likely to see a further deceleration in CPI from 4.3% YoY in August to 4.0-4.1% YoY in September, which some might see as a challenge to the Bank of Russia's year-end target range of 3.8-4.2%. We do not see the slowdown in inflation as an argument for an immediate cut in the key rate, which is currently at 7.0%, as 1) the weekly CPI dynamic suggests that the deflationary pressure from the fruit and vegetable segment is coming to an end; 2) the expected acceleration in the budget spending and persisting uncertainties related to gasoline prices prevent us from improving the mid-term CPI outlook; and 3) Bank of Russia's cautious approach to the key rate lie beyond the near-term CPI trend considerations. Depending on the global risk picture, we do not exclude a cautious 25 basis point cut to follow at the December 2019 core meeting.

✓ Turkey: Inflation downtrend to continue

We expect the continuation of the downtrend in inflation on the back of easing in cost-push factors, TRY stabilization and weak demand, while the drop to be more pronounced in September with a large supportive base effect. This should pull the annual figure down to the single-digit level at 9.8% (1.5% month-on-month).

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 30 September					
Russia	1400	2Q F C/A (US\$m)	-	-	12100
Turkey	0800	Aug Trade Balance (US\$m)	-2.45	-	-3.2
	0900	Aug Foreign Tourist Arrivals (YoY%)	-	-	16.7
Hungary	0800	Jul Avg Gross Wages (YoY%)	11.8	-	10.6
	0800	Aug PPI (MoM/YoY%)	-/-	-/-	0.3/0.3
Romania	0700	Aug Unemployment Rate Total 15 - 74 Years Old SA	-	-	3.9
Kazakhstan	-	2Q F GDP YTD YoY	-	-	4.1
Serbia	1100	Aug Industrial Production (YoY%)	-	-	3.7
	1100	Aug Retail Sales (YoY%)	-	-	9.3
	1100	Aug Trade Balance (€m)	-	-	-630.3
Croatia	1000	Aug Industrial Production (SA, YoY%)	-	-	3.0
	1000	Aug Retail Sales (YoY%)	-	-	3.6
	-	Aug M1 Money Supply (HRKmn)	-	-	127396
	-	2Q C/A balance	-	-	-2203
South Africa	0700	Aug M3 Money Supply (YoY%)	-	-	8.3
	0700	Aug Private Sector Credit (YoY%)	-	-	7.2
	1300	Aug National Budget Balance (ZARbn)	-	-	-99.1
	1300	Aug Trade Balance (ZARbn)	-	-	-2.9
Tuesday 1 October					
Russia	0700	Sep Markit Manufacturing PMI	-	-	49.1
Turkey	0800	Sep Markit/ISO Manufacturing PMI	-	-	48.0
Poland	0800	Sep Markit Manufacturing PMI	48.8	-	48.8
	0900	Sep P CPI (YoY%)	2.8	-	2.9
	-	Monetary Policy Council Rate Meeting			
Czech Rep	0800	2Q F GDP (QoQ/YoY%)	0.7/2.7	-/-	0.7/2.7
	0830	Sep Markit Manufacturing PMI	43.2	-	44.9
	1300	Sep Budget Balance (CZKbn)	-	-	-15.4
Hungary	0800	Sep Manufacturing PMI	51	-	52.6
Romania	-	Sep FX Reserves (€bn, Net)	-	-	40225.5
Kazakhstan	-	Sep CPI (MoM/YoY%)	-/-	-/-	0.2/5.5
	-	Sep PPI (MoM/YoY%)	-/-	-/-	-0.1/3.6
South Africa	1000	Sep Kagiso PMI	-	-	45.7
Brazil	1300	Aug Industrial Production (YoY%)	-	-	-2.5
Wednesday 2 October					
Russia	1400	2Q F GDP (YoY%)	0.9	0.9	0.9
Poland	-	Base Rate (%)	1.5	1.5	1.5
Hungary	0800	Jul F Trade Balance (€mn)	277	-	276.5
Romania	0700	Aug PPI (MoM/YoY%)	-/-	-/-	1.0/6.2
Thursday 3 October					
Turkey	0800	Sep CPI (MoM/YoY%)	1.5/9.8	-/-	0.9/15.0
	0800	Sep Core CPI (YoY%)	-	-	13.6
	0800	Sep Domestic PPI (MoM/YoY%)	-/-	-/-	-0.6/13.5
Hungary	0800	Aug Retail Sales (YoY%)	6.7	-	6.4
Romania	0700	Aug Retail Sales (MoM/YoY%)	-/-	-/-	0.7/7.9
	-	Repo rate (%)	2.5	-	2.5
South Africa	0815	Sep HSBC PMI SA	-	-	49.7
Israel	-	Sep Foreign Currency Balance (US\$bn)	-	-	119.8
Friday 4 October					
Russia	1400	Sep CPI Core (YoY%)	-	-	4.3
	1400	Sep CPI (MoM/YoY%)	-0.1/4.1	-0.1/4.0	-0.2/4.3

Source: ING, Bloomberg

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Authors

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Asia week ahead: India's stimulus tap remains open

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Source: Shutterstock

➔ More RBI easing in the pipeline

The Reserve Bank of India (RBI) will deliberate monetary policy at a meeting next week with a decision scheduled for Friday, 4 October. There is no fresh consensus on this event available as of this writing. The last one by Bloomberg in late August, a bit stale in view of [a raft of stimulus announcements](#) over the past month, suggests no change to the RBI policy rate.

The previous move in early August was a bigger-than-usual 35 basis point cut to the key policy rate, putting it well ahead of Asian peers in the current easing cycle -- a total of 110bps of rate cuts

this year. The economic news since the August meeting has not been good. The report of a continued slump in GDP growth had the government firing up stimulus on all cylinders. We don't think the RBI is done with easing either, especially with Governor Shaktikanta Das recently hinting at more easing, which leaves little doubt about the RBI slashing rates again next week. The key question is whether it will be yet another bigger-than-usual cut? We have pencilled in a conventional 25bps move taking the repo rate down to 5.15%, though we won't be surprised if the RBI sets it straight down to the 5% handle. A bad policy backdrop for the Indian rupee continues.

➔ Too close to call RBA policy decision

Another policy event next week is the Reserve Bank of Australia (RBA) meeting. The consensus is divided between a 25bps rate cut and an on-hold policy outcome. We are in the on-hold camp.

We think the RBA will be reluctant to add to its recent easing with further stimulus unless conditions start to deteriorate again. Simply being below "target" is not enough. – ING Asia Chief Economist Rob Carnell.

Although Australia's year-on-year GDP growth slowed for the fifth consecutive quarter to 1.4% in 2Q19, it doesn't really qualify for weakness when the quarterly growth rate is still holding steady, at 0.5% in the last quarter. And it's not GDP growth alone, but inflation that also drives the RBA's monetary policy. Inflation gained some traction recently on the back of firmer jobs and wages growth. Even so, a rise in the unemployment rate to a one-year high of 5.3% in August from 5.2% in July looks to have swayed some forecasters towards a rate cut next week, making this event too close to call.

[Australia: GDP grows 0.5% in 2Q](#)

➔ China out, data-packed calendar elsewhere

Chinese markets will be shut most of next week for celebrations to mark the 70th anniversary of the founding of the People's Republic of China. This may bring some respite from the usual market volatility though speculation about the US-China trade war could gain traction as trade talks are set to resume in October. Meanwhile, China's September purchasing manager index (PMI) for manufacturing and services will inform on the state of the economy as the current quarter draws to close.

The usual start-of-the-month trade, PMIs, and inflation releases crowd the calendar elsewhere. With the trade war still the running theme for markets all attention will be on export figures. Korea's trade data for September, the first for the month in the region, is a good guide for the rest of Asia's exports. Korean data for the first 20 days of this month showing a 21.8% export fall from a year ago has prepared us for the worst. The same is true for manufacturing, while inflation continues to be a non-issue in much of the region.

Price data from Indonesia and the Philippines will be an interesting watch as the favourable base

effect is fading as a driver of falling inflation in both countries, which also means the central bank easing cycle here is nearing its end.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 30 September					
China	0200	Sep Manufacturing PMI	49.3	49.6	49.5
	0200	Sep Non-manufacturing PMI	53.7	-	53.8
	0245	Sep Caixin Manufacturing PMI	50.3	50.3	50.4
India	-	Aug Fiscal deficit (INR crore)	-	-	115550
South Korea	0000	Aug Industrial production (MoM/YoY%)	-/-	-/-	2.6/0.6
	2200	Oct BOK Business Survey Index, mfg	-	-	72.0
	2200	Oct BOK Business Survey Index, non-mfg	-	-	72.0
Thailand	-	Aug Current account balance (US\$bn)	3.4	-	1.8
Tuesday 1 October					
India	0600	Nikkei Manufacturing PMI	51.8	-	51.4
Indonesia	-	CPI (YoY%)	-	-	3.5
	-	CPI core (YoY%)	-	-	3.3
Taiwan	0130	Nikkei Manufacturing PMI	-	-	47.9
Thailand	0500	CPI (YoY%)	0.5	-	0.5
	0500	Core CPI (YoY%)	0.4	-	0.5
South Korea	0000	CPI (MoM/YoY%)	-/-	-/-0.4	0.2/0.0
	0100	Trade balance (US\$mn)	-	-	1653
	0100	Exports (YoY%)	-	-	-13.6
	0100	Imports (YoY%)	-	-	-4.2
	0130	Nikkei Manufacturing PMI	-	-	49.0
Wednesday 2 October					
Hong Kong	0930	Aug Retail sales value (YoY%)	-	-	-11.4
	0930	Aug Retail sales volume (YoY%)	-	-	-13.0
Thailand	0300	Bank of Thailand's MPC Minutes			
Thursday 3 October					
Singapore	1400	Sep Purchasing Managers Index	-	-	49.9
Friday 4 October					
India	0600	Sep Nikkei Services PMI	51.3	-	52.4
	0715	RBI policy decision (repo rate, %)	5.15	-	5.40
Hong Kong	0130	Sep Nikkei PMI	-	-	40.8
Malaysia	0500	Aug Exports (YoY%)	2.0	-	1.7
	0500	Aug Imports (YoY%)	-7.0	-	-5.9
	0500	Aug Trade balance (RM bn)	8.7	-	14.3
Philippines	0200	Sep CPI (YoY%)	-	-	1.7

Source: ING, Bloomberg, *GMT

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