

Our view on next week's key events

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Key events in developed markets next week

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✓ US: A slowdown in the pace of tightening

Two major events in the US will shape market sentiment next week. First is the Federal Reserve policy meeting, where we expect it to raise the policy rate by 25bp. Having raised rates by 75bp on four consecutive occasions last year and then lifted the policy rate by 50bp in December, this marks a clear slowdown in the pace of tightening and appears justified given inflation is moving in the right direction and activity is slowing. However, the Fed remains wary and will again suggest that this is not the end for interest rate increases. The central bank will also be keen to dismiss the notion that it is preparing for potential rate cuts later this year. Financial conditions have loosened given movements in the dollar, Treasury yields and credit spreads and it may feel that any further loosening, fuelled by talk of potential policy easing in the second half of the year, could undermine its current actions in fighting inflation.

We will then be looking at the January jobs report. Employment creation remains strong for now, but job lay-off announcements are coming in thick and fast. We are nervously watching what happens to the temporary help component, which has already experienced five consecutive monthly falls. Given the nature of the role, which is easier to be hired into and fired from, this tends to lead to broader shifts in employment. As such, we expect to see a softer non-farm payrolls

increase than seen in recent months, but it is still likely to be well above 100k given the large number of job vacancies that remain. [Read our full Fed preview here.](#)

✓ UK: Bank of England to stick to 50bp hike following recent inflation data

The Bank of England looks more likely to follow the European Central Bank than the Federal Reserve next Thursday, and we expect a 50bp rate hike for the second consecutive meeting. While the minutes of the December meeting appeared to open the door to a potential downshift to a 25bp move next month, the reality is that the recent data has looked relatively hawkish. Wage growth is still persistently high, both in the official numbers and the BoE's own business surveys. Headline inflation came in a little lower than the Bank projected back in November, but services CPI – seen as a better gauge of domestically-driven inflation – has come in above expectations.

Still, if we get a 50bp hike on Thursday then it's likely to be the last. BoE officials have suggested that much of the impact of last year's rate hikes is still to show through, and cracks are forming in interest-rate-sensitive parts of the economy. We expect one final 25bp hike in March, taking the Bank Rate to a peak of 4.25%. The key question for Thursday is whether the Bank itself acknowledges its work is nearly complete. We suspect it's more likely to keep its options open. [Read our full preview here.](#)

✓ Eurozone: ECB to hike by 50bp; Lagarde to make hawkish statement

When the European Central Bank meets next week, all eyes and ears will once again be on communication. A rate hike of 50bp looks like a done deal, but how far and how fast the ECB will go from there is still unclear. We expect hawkish comments by ECB President Christine Lagarde in order to prevent another drop in market interest rates. Current market expectations about ECB rate cuts in 2024 are premature. [Read our full ECB preview.](#)

Key events in developed markets next week

| Country | Time | Data/event | ING | Survey | Prev. |
|-----------------------------|------|---|-----------|--------|-----------|
| Monday 30 January | | | | | |
| Germany | 0700 | Q4 GDP Flash (QoQ%/YoY%) SA | -0.1/1.1 | | 0.4/1.2 |
| Spain | 0800 | Dec Retail Sales (YoY%) | - | | -0.6 |
| Sweden | 0700 | Q4 GDP (QoQ%) | 0.5 | | 0.6 |
| Tuesday 31 January | | | | | |
| US | 1400 | Nov CaseShiller 20 (MoM%/YoY%) | -0.9/6.3 | -0.5/- | -0.5/8.6 |
| | 1500 | Jan Consumer Confidence | 109 | 109.4 | 108.3 |
| Germany | 0700 | Dec Retail Sales (MoM%/YoY%) | -0.5/-6 | | 1.1/-5.9 |
| | 1300 | Jan CPI Prelim (MoM%/YoY%) | 0.6/9.0 | | -0.8/8.6 |
| France | 0630 | Q4 GDP Preliminary (QoQ%/YoY%) | -/- | | 0.2/1 |
| | 0745 | Jan CPI Prelim (YoY%) | - | | 6.7 |
| Italy | 0800 | Q4 GDP Prelim (QoQ%/YoY%) | -0.1/1.6 | | 0.5/2.6 |
| | 0900 | Dec Unemployment Rate | 7.8 | | 7.8 |
| Canada | 1330 | Nov GDP (MoM%) | - | | 0.1 |
| Eurozone | 1000 | Q4 GDP Flash Prelim (QoQ%/YoY%) | -0.1/- | | 0.3/2.3 |
| Wednesday 1 February | | | | | |
| US | 1315 | Jan ADP National Employment | 140 | 155 | 235 |
| | 1500 | Jan ISM Manufacturing PMI | 48.5 | 48.2 | 48.4 |
| | 1900 | Fed Funds Target Rate | 4.625 | 4.625 | 4.375 |
| | 1900 | Fed Interest On Excess Reserves | - | | 4.4 |
| Germany | 0855 | Jan S&P Global/BME Manufacturing PMI | 74 | | 47 |
| UK | 0930 | Jan S&P Global/CIPS Manufacturing PMI Final | 46.7 | | 46.7 |
| Italy | 0845 | Jan S&P Global/IHS Manufacturing PMI | 48.9 | | 48.5 |
| | 1000 | Jan CPI Prelim (MoM%/YoY%) | -1.1/11.1 | | 0.2/12.3 |
| Eurozone | 0900 | Jan S&P Global Manufacturing Final PMI | 48.8 | | 48.8 |
| | 1000 | Jan CPI Flash (YoY%) | 8.8 | | 9.2 |
| | 1000 | Jan Core CPI Flash (YoY%) | 5.1 | | 5.2 |
| | 1000 | Dec Unemployment Rate | 6.5 | | 6.5 |
| Thursday 2 February | | | | | |
| US | 1500 | Dec Factory Orders (MoM%) | 4.9 | 1.3 | -1.8 |
| | 1330 | Initial Jobless Claims (000s) | 190 | | 186 |
| | 1330 | Continue Jobless Claims (000s) | 1690 | | 1675 |
| Germany | 0700 | Dec Imports/Exports | -0.5/1 | | -3.3/-0.3 |
| | 0700 | Dec Trade Balance | - | | 10.8 |
| UK | 1200 | Jan BOE Bank Rate | 4.00 | | 3.50 |
| Eurozone | 1315 | Feb ECB Refinancing rate | 3.00 | 3.00 | 2.50 |
| | 1315 | Feb ECB Deposit rate | 2.50 | 2.50 | 2.00 |
| Friday 3 February | | | | | |
| US | 1330 | Jan Non-Farm Payrolls | 185 | 175 | 223 |
| | 1330 | Jan Private Payrolls | 160 | 155 | 220 |
| | 1330 | Jan Unemployment Rate | 3.6 | 3.6 | 3.5 |
| | 1445 | Jan S&P Global Composite Final PMI | - | 47.8 | 47.8 |
| | 1445 | Jan S&P Global Services PMI Final | - | 48.0 | 48.0 |
| | 1500 | Jan ISM Services PMI | 50 | 50.5 | 49.6 |
| Germany | 0855 | Jan S&P Global Services PMI | - | | 50.4 |
| | 0855 | Jan S&P Global Composite Final PMI | - | | 49.7 |
| France | 0745 | Dec Industrial Output (MoM%) | - | | 2 |
| | 0850 | Jan S&P Global Composite PMI | - | | 49 |
| UK | 0930 | Jan S&P Global/CIPS Services PMI Final | - | | - |
| | 0930 | Jan Composite PMI Final | - | | - |
| Italy | 0845 | Jan Composite PMI | - | | 49.6 |
| Spain | 0815 | Jan Services PMI | - | | 51.6 |

Source: Refinitiv, ING

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Key events in EMEA next week

The first Czech National Bank meeting of the year will take place on Thursday. The Board believes inflation expectations will remain anchored and that...



Source: Shutterstock

✓ Turkey: Risks are on the upside

We expect January inflation of 3.5% month-on-month, leading to a further decline in the annual figure down to 53% from 64.3% at the end of 2022 due to strong base effects and stability in the currency. However, given deeply negative real interest rates, further disinflation would be quite challenging, while risks to the outlook this year are on the upside with significant deterioration in pricing behaviour, higher trend inflation and still elevated level of cost-push pressures.

✓ Czech Republic: Central bank to confirm stable rates and present new forecast

In the Czech Republic, we expect the flash GDP estimate for the fourth quarter to show the economy entered into a mild recession. The increase in consumer prices has weighed heavily on purchase power hence private consumption decreased markedly. Despite the deterioration of the economic stance, inflation remains elevated and it seems likely we will see an increase in CPI growth from December levels of 15.8% to above 17%. Still, the dovish bank board is not expected to increase the interest rate from 7%, where it has remained since June last year.

According to recent statements by board members, everything is pointing towards the same outcome as we saw in the second half of the year; five votes for stable interest rates and two votes for a rate hike. Thus, the main focus will be on the central bank's new forecast, especially on expected inflation for January and February. Given the upside risk due to the new year repricing, the tone of the meeting should remain the same: "higher rates for longer" and "don't rule out a rate hike at the next meeting". We expect rates to remain unchanged throughout the first half of the year and the topic of rate cuts to be open in the third quarter.

Key events in EMEA next week

| Country | Time | Data/event | ING | Survey | Prev. |
|-----------------------------|------|-----------------------------------|-----------|----------|------------|
| Monday 30 January | | | | | |
| Russia | - | Dec GDP (YoY%) Monthly | - | | -4 |
| Turkey | 1100 | Dec Bank NPL Ratio | - | | 2.16 |
| Brazil | 1200 | Jan IGP-M Inflation Index | - | | 0.45 |
| Tuesday 31 January | | | | | |
| Turkey | 0700 | Dec Trade Balance | -10.4 | | -8.8 |
| Czech Rep | 0700 | Q4 Preliminary GDP (QoQ%/YoY%) | -0.8/-0.1 | -0.6/0.2 | -0.2/1.5 |
| South Africa | 0600 | Dec M3 Money Supply (YoY%) | - | | 8.76 |
| | 0600 | Dec Private Sector Credit Ext. | - | | 8.3 |
| | 1200 | Dec Trade Balance (Incl. Region) | - | | 7.98 |
| Wednesday 1 February | | | | | |
| Russia | 0600 | Jan S&P Global Manufacturing PMI | - | | 53 |
| | 1600 | Dec Industrial Output | -3.1 | -4.2 | -1.8 |
| Turkey | 0700 | Jan Manufacturing PMI | - | | 48.1 |
| Poland | 0800 | Jan S&P Global Manufacturing PMI | 46.5 | | 45.6 |
| Czech Rep | 0830 | Jan S&P Global PMI | 42.6 | | 42.6 |
| | 1300 | Jan Budget Balance | - | | -360.4 |
| Hungary | 0730 | Nov Trade Balance Final | -1283 | | -1283 |
| | 0800 | Jan Manufacturing PMI | 55 | | 63.1 |
| Brazil | 1300 | Jan S&P Global Manufacturing PMI | - | | 44.2 |
| | 2100 | Selic Interest Rate | - | | 13.75 |
| Mexico | 1530 | Jan S&P Global Manufacturing PMI | - | | 51.3 |
| Thursday 2 February | | | | | |
| Czech Rep | 1330 | CNB Repo Rate | 7 | | 7 |
| Brazil | 0800 | Jan IPC-Fipe Inflation Idx | - | | 0.54 |
| Friday 3 February | | | | | |
| Russia | 0600 | Jan S&P Global Services PMI | - | | 45.9 |
| Turkey | 0700 | Jan CPI (MoM%/YoY%) | 3.5/53.0 | | 1.18/64.27 |
| South Africa | 0715 | Jan Std Bank Whole Econ PMI | - | | 50.2 |
| Brazil | 1200 | Dec Industrial Output (MoM%/YoY%) | -/- | | -0.1/0.9 |
| | 1300 | Jan S&P Global Services PMI | - | | 51 |
| | 1300 | Jan S&P Global Composite PMI | - | | 49.1 |

Source: Refinitiv, ING

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Asia week ahead: PMI data from China and India

Next week we'll get PMI data from China and India plus several data reports from Korea



India's budget deficit and PMI data release

India is set to release the fiscal deficit figures for December. The deficit numbers for the second half of 2022 were significantly higher than the 6.4% budget deficit target. If the rise in deficit does not slow over the coming three months, we expect a deficit of about INR930bn for December 2022 and last year's 6.7% deficit is likely to be exceeded.

Additionally, the January PMI data for India is to be released. Recent trends have been positive for both the manufacturing and service sectors, though given the tough external backdrop, a small statistical pullback may be due.

China PMI and Taiwan industrial production data expected

China will release PMI data for December next week and manufacturing PMI should remain in contraction while non-manufacturing PMI should recover slightly. A similar pattern should be expected for the Caixin PMI report.

Also reported in the coming days will be Taiwan export orders and industrial production. Both indicators should record even deeper contractions in December as external demand weakened.

Flurry of data from South Korea

As weak fourth-quarter GDP suggested, we believe that industrial production should continue to drop in December. Meanwhile, exports are expected to decline for a fourth consecutive month. Sluggish exports of semiconductors and petrochemicals should be the main reason for the decline.

Meanwhile, the Bank of Korea will be keenly watching inflation, which is expected to slow to 4.9% YoY in January (vs 5.0% in December). Gasoline and electricity fee hikes will result in a sharp rise in prices on a month-on-month basis but the base effect should anchor the year-on-year headline number. Finally, the manufacturing PMI will likely decline from the previous month, staying below the 50 threshold for the seventh month in a row.

Japan reports unemployment and industrial activity

Japan will release its jobless rate and December industrial production next week. Japan's jobless rate is expected to remain unchanged at 2.5%. Services hiring is expected to increase with a strong pickup in the hospitality and travel industry offsetting a decline in manufacturing. December industrial production should drop sharply based on weak business surveys and export data, which adds more downside risk to 4Q22 GDP.

BI to monitor core inflation for cues on monetary policy

Price pressures in Indonesia have abated somewhat as evidenced by the decline in headline inflation from the peak of 6%YoY last year. We could see a further deceleration in headline inflation to 5.4%YoY, although core inflation remains elevated at 3.4%YoY.

Bank Indonesia (BI) Governor Perry Warjiyo warned that inflation could stay elevated in 2023 and this could weigh on the growth momentum. We believe BI will be monitoring core inflation on top of the performance of the IDR for cues on monetary policy this year.

Singapore retail sales likely to moderate

Retail sales in Singapore are expected to moderate further to 4.9%YoY from 6.2%YoY given elevated prices and slowing economic activity. We expect the trend of contraction for supermarkets and convenience store sales to continue while sales at department stores and recreational goods are expected to stay positive.

Meanwhile, the increase in the goods and services taxes to 8% this year should be another reason for retail sales to slow further in the coming months.

Key events in Asia next week

| Country | Time | Data/event | ING Survey | Prev. |
|-----------------------------|------|---------------------------------------|------------|-----------|
| Monday 30 January | | | | |
| Japan | 2330 | Dec Unemployment Rate | 2.5 | 2.5 |
| | 2350 | Dec Industrial O/P Prelim (MoM%/YoY%) | -1.3/1.0 | 0.2/2.6 |
| South Korea | 2300 | Dec Industrial Output (YoY%) | -7.0 | -3.7 |
| | 2300 | Dec Industrial Output Growth | -0.8 | 0.4 |
| Tuesday 31 January | | | | |
| China | 0130 | Jan NBS Manufacturing PMI | - | 47 |
| | 0130 | Jan NBS Non-Manufacturing PMI | - | 41.6 |
| Singapore | 0230 | Q4 Unemployment Rate Prelim SA | 2.1 | 2 |
| Taiwan | 0820 | Dec Money Supply - M2 (YoY%) | - | 7.37 |
| Wednesday 1 February | | | | |
| Japan | 0030 | Jan Jibun Bank Manufacturing PMI | 48.9 | 48.9 |
| China | 0145 | Jan Caixin Mfg PMI Final | - | 49 |
| India | 0500 | Jan IHS S&P Global Manufacturing PMI | - | 57.8 |
| Indonesia | 0030 | Jan IHS S&P Global PMI | 50.8 | 50.9 |
| | 0400 | Jan Core Inflation (YoY%) | 3.4 | 3.36 |
| | 0400 | Jan Inflation (MoM%/YoY%) | -/5.4 | 0.66/5.51 |
| Philippines | 0030 | Jan Manufacturing PMI SA | 52.5 | 53.1 |
| Taiwan | 0030 | Jan IHS S&P Global Manufacturing PMI | - | 44.6 |
| | 0800 | Dec Industrial Output (YoY%) | - | -4.93 |
| South Korea | 0000 | Jan Import/Export Growth Prelim | -2.5/-8.0 | -2.5/-9.6 |
| | 0030 | Jan IHS S&P Global Manufacturing PMI | 48 | 48.2 |
| | 2300 | Jan CPI Growth (MoM%/YoY%) | 0.5/4.9 | 0.2/5 |
| Thursday 2 February | | | | |
| Singapore | 1300 | Jan Manufacturing PMI | 49.5 | 49.7 |
| Friday 3 February | | | | |
| Japan | 0030 | Jan Services PMI | 52.4 | 52.4 |
| China | 0145 | Jan Caixin Services PMI | - | 48 |
| India | 0500 | Jan IHS S&P Global Services PMI | - | 58.5 |
| Singapore | 0500 | Dec Retail Sales (MoM%/YoY%) | -/4.9 | -3.7/6.2 |
| Taiwan | 0820 | Jan Foreign Exchange Reserve | - | 554.932 |

Source: Refinitiv, ING

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