

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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