

Our view on next week's key events

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US: Firm jobs report should support hawkish expectations

Markets are still backing the Fed's 50bp calls for June and July and the coming week's data is unlikely to shift expectations. The interesting question is over September and beyond. Some officials want the Fed to continue with 50bp hikes to ensure inflation is brought under control. Others argue that there is already evidence of the growth outlook weakening and inflation pressures tentatively softening, which could justify a pause in September. We are currently looking for a 50bp move in September but our conviction is weakening, especially with the very soft housing numbers we have recently seen.

Next week's highlight is the US jobs report and that should be firm. Once again the main constraint will be a lack of worker supply with nearly two vacancies for every unemployed American (we will get an update on vacancies in next Wednesday's JOLTS report). This means wages will continue to be bid higher and the unemployment rate will likely fall to 3.5%.

Unfortunately, the ISM reports may not be quite so good with regional data pointing to downside risks as supply chain strains and higher input prices make businesses more cautious on the outlook. This could negatively impact the new orders series and point to weaker growth in the second half of the year after a 3%+ GDP growth number for the second quarter.

Canada: 50bp rate hike set in stone

A 50bp rate hike from the Bank of Canada is widely expected given that inflation is at 30-year highs, employment and job vacancies are both at record levels and the growth outlook is being boosted by strong demand for Canadian-produced commodities. We expect a further 50bp hike in July and another in September with the hot housing market another issue for the BoC to deal with.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 30 May					
Germany	1300	May CPI Flash (MoM%/YoY%)	0.9/8.1		0.8/7.4
Spain	0800	May CPI Flash (MoM%/YoY%)	-		-0.2/8.3
Sweden	0700	Q1 GDP Final (QoQ%/YoY%)	-0.4/3.0		-0.4/3.0
Austria	0800	Q1 GDP Growth (QoQ%) Final	-		2.5
Eurozone	1000	May Business Climate	-		2.0
	1000	May Economic Sentiment	-		105
	1000	May Consumer Confidence Final	-		-21.1
Tuesday 31 May					
US	1400	Mar CaseShiller 20 (MoM%/YoY%)	1.8/19.5	2.0/19.7	2.4/20.2
	1445	May Chicago PMI	55.0	57.1	56.4
	1500	May Consumer Confidence	104.0	104.0	107.3
Germany	0855	May Unemployment Rate	5.0		5.0
France	0745	Q1 GDP (QoQ%/YoY%)	-/-		0.0/5.3
	0745	May CPI Flash (MoM%/YoY%)	-		0.5/5.4
Italy	0900	Q1 GDP Final (QoQ%/YoY%)	-0.2/5.8		-0.2/5.8
	1000	May CPI Flash (MoM%/YoY%)	0.3/6.3		-0.1/6.0
Canada	1330	Q1 GDP (YoY%)	-		3.26
	1330	Mar GDP (MoM%)	-		1.1
Switzerland	0800	Q1 GDP (QoQ%/YoY%)	-/-		0.3/5.7
Portugal	0930	May CPI Flash (YoY%)	-		7.2
	1100	Q1 GDP (QoQ%/YoY%)	-/-		2.6/11.9
Eurozone	1000	May CPI Flash (YoY%)	-	7.6	7.4
	1000	May Core CPI Flash (YoY%)	-		3.9
Wednesday 1 June					
US	1315	May ADP National Employment	330	306	247
	1500	May ISM Manufacturing PMI	54.5	55	55.4
	1500	May ISM Manufacturing Prices Paid	83		84.6
Germany	0700	Apr Retail Sales (MoM%/YoY%)	0.3		-0.1/-2.7
	0855	May Markit/BME Manufacturing PMI	-		54.7
France	0745	May Reserve Assets Total	-		245991
UK	0930	May Markit/CIPS Manufacturing PMI Final	54.6		54.6
Italy	0845	May Markit/IHS Manufacturing PMI	54		54.5
	0900	Apr Unemployment Rate	8.3		8.3
Canada	1500	BoC Rate Decision	1.5		1.0
Eurozone	0900	May Markit Manufacturing Final PMI	-		54.4
	1000	Apr Unemployment Rate	-		6.8
Thursday 2 June					
US	1500	Apr Factory Orders (MoM%)	0.3		2.2
	1330	Initial Jobless Claims	-		-
	1330	Cont Jobless Claims	-		-
Switzerland	0730	May CPI (MoM%/YoY%)	-/-		0.4/2.5
Friday 3 June					
US	1330	May Non-Farm Payrolls	320	350	428
	1330	May Private Payrolls	320	340	406
	1330	May Unemployment Rate	3.5	3.5	3.6
	1445	May Markit Composite Final PMI	-		-
	1445	May Markit Services PMI Final	-		-
	1500	May ISM Non-Manufacturing PMI	56.5	57.4	57.1
Germany	0700	Apr Exports	-1.0		-3.3
	0700	Apr Imports	-2.0		3.4
	0700	Apr Trade Balance	6		3.2
	0855	May Markit Services PMI	56.3		56.3
	0855	May Markit Composite Final PMI	54.6		54.6
France	0850	May Markit Composite PMI	-		57.1
Italy	0845	May Composite PMI	-		54.5
Spain	0815	May Services PMI	-		57.1
Eurozone	0900	May Markit Services Final PMI	-		56.3
	0900	May Markit Composite Final PMI	-		54.9
	1000	Apr Retail Sales (MoM%/YoY%)	-/-		-0.4/0.8

Source: Refinitiv, ING, *GMT

Author

James Knightley

Chief International Economist, US

james.knightley@ing.com

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Key events in EMEA next week

A rate hike in Hungary and GDP release in Turkey are the key events to look out for in next week's EMEA calendar



Source: Shutterstock

✓ Hungary: 60bp rate hike on the cards

Next week's calendar will prove to be a busy one for Hungary. We end May with a central bank rate-setting meeting, where we expect the National Bank of Hungary to 'walk the talk' regarding its shift from aggressive tightening to a more gradual approach. This could translate into a 60bp rate hike in the base rate, instead of the previous steps of +100bp. What could be much more interesting is the decision regarding the 1-week deposit rate on Thursday. Our base case scenario calls for a 30bp hike to 6.75%, the same as in previous months. However, should the market be disappointed by Tuesday's base rate decision, triggering a further sell-off in HUF markets, we could imagine a situation where the NBH decides to match the size of the effective rate hike (1-week deposit rate hike) with the base rate hike earlier in the week (so hike 60bp instead of 30bp). On the first day of June, we will see the details behind the strong 1Q GDP growth and we expect the main driver to be consumption. Manufacturing PMI will remain in expansion territory, though we are not sure this will translate into strong industrial production data. Before we learn about the performance of industry, we will see the first hard data for April on Friday, as the Statistical Office will release retail sales turnover. We expect a slowdown as one-off impacts boosting non-food and fuel sales are fading.

✓ Turkey: Growth risks tilted to the downside

In May, we expect annual inflation to increase further to 75.0% (3.9% on a monthly basis) from 70.0% a month ago, given the broad-based deterioration in price dynamics, with a largely supportive policy framework, and the Russia-Ukraine war putting pressure on import prices. On the national accounts, 1Q22 growth will likely be strong at 6.0%. However, there have been signs of a deceleration in economic activity lately, also impacted by geopolitical factors. This backdrop leads us to look for a marked slowdown this year to below 3% with risks tilted to the downside.

EMEA Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 30 May				
Russia	-	Apr GDP (YoY%) Monthly	-	1.6
Brazil	1300	May IGP-M Inflation Index	-	1.4
		- Apr Central Government Balance	-	-6.3
Tuesday 31 May				
Turkey	0800	Q1 GDP Quarterly (YoY%)	6.0	9.1
	0800	Apr Trade Balance	-6.1	-8.2
Poland	0900	Q1 GDP (QoQ%/YoY%)	-/-	2.4/8.5
Czech Rep	0800	Q1 Final GDP (QoQ%/YoY%)	-	0.7/4.6
Hungary	1300	May Hungary Base Rate	6.0	5.4
South Africa	0700	Apr M3 Money Supply (YoY%)	-	8.4
	0700	Apr Private Sector Credit Ext.	-	5.9
	1300	Apr Trade Bal (Incl. Region)	-	45.9
Mexico	1200	Apr Jobless Rate	-	3.0
Wednesday 1 June				
Russia	0700	May Markit Manufacturing PMI	-	48.2
	1700	Apr Industrial Output	-0.9	3.0
	1700	Apr Retail Sales (YoY%)	-10.0	2.2
	1700	Apr Unemployment Rate	4.3	4.1
Turkey	0800	May Manufacturing PMI	-	49.2
Poland	0800	May Markit Manufacturing PMI	-	52.4
Czech Rep	0830	May Markit PMI	-	54.4
	1300	May Budget Balance	-	-100.1
Hungary	0800	Q1 GDP Final (YoY%)	8.2	8.2
	0800	May Manufacturing PMI	53.5	58.9
Brazil	1400	May Markit Manufacturing PMI	-	51.8
Mexico	1530	May Markit Manufacturing PMI	-	49.3
Thursday 2 June				
Hungary	0800	One-Week Deposit Rate	6.75	6.5
Ukraine	1200	Central bank interest rate	-	10.0
Brazil	0900	May IPC-Fipe Inflation Idx	-	1.6
	1200	Q1 GDP (QoQ%/YoY%)	-/-	0.5/1.6
Friday 3 June				
Russia	0700	May Markit Services PMI	-	44.5
Turkey	0800	May CPI (MoM%/YoY%)	3.9/75.0	7.3/70.0
	1200	Apr Bank NPL Ratio	-	2.9
Hungary	0800	Apr Retail Sales (YoY%)	15.3	16.2
South Africa	0815	May Std Bank Whole Econ PMI	-	50.3
Brazil	1300	Apr Industrial Output (MoM%/YoY%)	-/-	0.3/-2.1
	1400	May Markit Services PMI	-	60.6
	1400	May Markit Composite PMI	-	58.5

Source: Refinitiv, ING, *GMT

Authors

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Asia week ahead: Manufacturing activity and inflation reports out next week

Next week's calendar features PMI readings from the region as well as inflation reports



Price pressures should remain strong in Korea, thus headline CPI inflation should hit 5.1% year-on-year

Manufacturing likely still subdued due to China stoppages

The coming week features PMI reports from most Asian economies. We expect manufacturing activity to stay subdued due to the fallout from the ongoing Ukraine war, as well as stoppages in China.

China and Taiwan will release PMI data and we expect both manufacturing and non-manufacturing PMI in China to continue to stay below 50 signalling a monthly contraction in May. However, the contraction will not be as deep as it was in April. For Taiwan, we expect manufacturing PMI to fall to 50.0 from 51.7 as manufacturing activity should be affected by lockdowns in Mainland China and Covid in Taiwan.

Inflation reports from Korea and Indonesia

Price pressures continue to build globally caused by supply disruptions from the Ukraine war on top of export bans from countries hoping to ensure domestic supply security. Price pressures should remain strong in Korea, thus headline CPI inflation should hit 5.1% year-on-year. However, we think

that monthly gain should slow down a bit due to fuel tax cuts, stable utility bills and the government releasing its fresh food stockpile earlier this month. If it turns out to be higher than the market consensus, then the probability of the Bank of Korea's (BoK's) hike in July and August is going to increase sharply. At the recent MPC meeting, BoK made it clear that it would prioritise inflation over growth. We mark a 25bp hike in July and November respectively, but we will revisit this after checking inflation data for a few months.

Similar trends are noted in Indonesia and headline inflation is expected to rise to 3.7% while core inflation accelerates to 3%. Bank Indonesia (BI) [decided to keep rates untouched](#) this week despite inflation heating up, confident that a round of fiscal subsidies can help keep price pressures at bay. Despite the dovish stance of the central bank, we expect inflation to accelerate further, which may prod BI to finally hike rates at the June meeting.

The rest of the field

The coming week also features labour market data from Japan and retail sales from Singapore. Japan's jobless rate for April should remain at 2.6% as the re-opening effects should hire more labour while also attracting more people to enter the labour market. Industrial production for April should also benefit from the domestic demand recovery. Meanwhile, Singapore retail sales surprised on the upside in the previous month but we expect this momentum to fade as price pressures bite. Retail sales may still record an expansion but at a more moderate pace of 5%. Retail sales have been a good form of support for overall growth in 1Q and should remain modestly positive in 2Q.

Key events next week

Country	Time	Data/event	ING Survey	Prev.
Monday 30 May				
Japan	0030	Apr Unemployment Rate	2.6	2.6
	0050	Apr Industrial O/P Prelim (MoM%/YoY%)	0.5/1.4	0.3/-1.7
	0050	Apr Retail Sales (YoY%)	14.0	0.7
South Korea	0000	Apr Industrial Output (YoY%)	5.2	3.7
Tuesday 31 May				
Australia	0230	Q1 Current Account Balance	-	12.7
China	0230	May NBS Manufacturing PMI	47.6	47.4
	0230	May NBS Non-Manufacturing PMI	42.1	41.9
India	1300	Q4 GDP Quarterly (YoY%)	-	5.4
Indonesia	0500	Apr M2 Money Supply (YoY%)	-	13.3
Wednesday 1 June				
Japan	0130	May Jibun Bank Manufacturing PMI	53.2	53.2
Australia	0230	Q1 Real GDP (QoQ%/YoY%)	-/-	3.4/4.2
China	0245	May Caixin Manufacturing PMI Final	46.2	46.0
India	0600	May IHS Markit Manufacturing PMI	-	54.7
		- May Fiscal Deficit - Bln INR Prelim	-	13165
		- May Imports - USD Prelim	-	60.3
		- May Exports - USD Prelim	-	40.2
Indonesia	0500	May Inflation (YoY%)	3.7	3.47
	0500	May Core Inflation (MoM%/YoY%)	0.6/3.0	0.95/2.6
Philippines	0130	May Manufacturing PMI	54.1	54.3
Taiwan	0130	May IHS Markit Manufacturing PMI	50.0	51.7
South Korea	0100	May Export Growth Prelim (YoY%)	21.4	12.9
	0100	May Import Growth Prelim (YoY%)	32.5	18.6
	0100	May Trade Balance Prelim (Bil, USD)	-1.9	-2.5
Thursday 2 June				
Australia	0230	Apr Trade Balance (A\$bn)	-	9314
Indonesia	0130	May IHS Markit PMI	52.3	51.9
Singapore	1400	May Manufacturing PMI	50.1	50.3
South Korea	0130	May IHS Markit Manufacturing PMI	52.3	52.1
	0000	May CPI Growth (MoM%/YoY%)	0.4/5.1	0.7/4.8
Friday 3 June				
Japan	0130	May Services PMI	51.7	51.7
India	0600	May IHS Markit Services PMI	-	57.9
Singapore	1300	Retail sales	5.8	8.7

Source: Refinitiv, ING

Author

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

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