

Our view on next week's key events

Discover what ING analysts are looking for next week in our global economic calendars

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By Peter Virovacz and Muhammet Mercan

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Source: Shutterstock

US Staying Strong

The US experienced robust growth in 2Q18, which we expect will be underlined by a 4%+ GDP reading. Consumer and business activity has been boosted by massive tax cuts with the positive momentum carrying over into 3Q. As such, employment growth remains strong, with unemployment set to dip back below 4% on Friday while payrolls look set to rise by around 190,000 in June - above the average for 2017. With the ISM surveys continuing to point to strong economic expansion and with inflation measures continuing to move higher, the Federal Reserve is likely to sound a little more positive on the economy at Wednesday's FOMC meeting but stick to its "gradual" approach to policy tightening. No change from the Federal Reserve next week but we do look for a hike in September.

Bank of England to hike – but don't expect another rate rise for a while...

Some of the more recent numbers have been mixed, but overall we suspect the data flow since the May Inflation Report will give the Bank of England confidence that the economy has rebounded from the first quarter soft patch. We expect a rate hike next week, but it will be interesting to see

what the Bank has to say on its next steps.

After August, markets are barely pricing in another rate hike before the end of 2019. We suspect policymakers would prefer investors to expect an earlier move, however realistically we think the Bank will struggle to hike rates again for quite some time. As long as Brexit talks remain in deadlock (specifically over the Irish backstop), talk of 'no deal' will only increase. If this starts to hit sentiment, it would complicate efforts to tighten policy further.

We therefore suspect the Bank will keep its cards close to its chest next week on the timing of its next move. We currently don't expect a hike again before May 2019, at the earliest.

Swedish growth slowing down

We expect 2Q GDP released on Monday to come in at 0.5% QoQ, down from 0.7% QoQ in 1Q. The July manufacturing PMI survey out on Wednesday and the latest forecast from the National Institute of Economic Research (out on Friday) are also likely to indicate slower growth in the second half of the year. So far, it is the slowing housing market and softer economic momentum in key trading partners in Europe that are the key drivers for weakening Swedish GDP growth and things could get considerably worse if US trade policy escalates further.

Core inflation worries for Germany

In a typical post-ECB meeting week with little macro data out, Germany's inflation data could once again stress the ECB's current dilemma; headline inflation is on target but core inflation is far below.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 27 July					
US	1330	2Q A GDP (QoQ Annualised %)	4.0	4.2	2.0
	1500	Jul F U. of Mich. Sentiment Index	97.5	97.1	97.1
Japan	0030	Tokyo July CPI			
Australia	0230	2Q PPI (Q) (QoQ/YoY%)	-	-	0.5/1.7
Netherlands	-	Netherlands Sovereign Debt to Be Rated by Moody's			
Portugal	-	France's Macron, Spain's Sanchez, Portugal's Costa in Lisbon			
Monday 30 July					
Japan	0050	Jun Retail trade (MoM/YoY%)	-/0.2	-/-	-1.7/0.6
Eurozone	1000	Jul F Consumer Confidence	-	-	-0.6
Germany	1300	Jul P CPI (MoM/YoY%)	0.1/2.0	-/-	0.1/2.1
Spain	0800	Jul P HICP (MoM/YoY%)	-/-	-/-	0.2/2.3
Sweden	0830	2Q P GDP (QoQ%)	0.5	0.5	0.7
Portugal	0930	Portugal Releases Consumer, Business Confidence Report			
	1100	Portugal Releases Retail Sales, Indust. Production Index			
Tuesday 31 July					
US	1500	Jul Consumer Confidence	125.0	125.5	126.4
Japan	0050	Jun P Industrial Production - Prel (MoM/YoY%)	0.5/3.5	-/-	-0.2/4.2
	0600	Jul Consumer Confidence Index	43.8	-	43.7
	-	Policy Rate	-0.1	-0.1	-0.1
	-	BoJ 10-year Yield Target (%)	0	0	0
	-	BOJ Outlook Report and Monetary Policy Statement			
Eurozone	1000	Jun Unemployment Rate (%)	-	-	8.4
	1000	Jul A Core CPI (YoY%)	-	-	0.9
	1000	Jul Flash CPI (YoY%)	-	-	2
	1000	2Q A GDP (QoQ/YoY%)	-/-	-/-	0.4/2.5
Germany	0855	Jul Unemployment Change (000's)	-	-	-15
	0855	Jul Unemployment Rate (%)	-	-	5.2
Italy	1000	Jul P HICP (YoY%)	-	-	1.4
	1100	2Q P GDP (QoQ/YoY%)	-/-	-/-	0.28/1.4
Canada	1330	May GDP (MoM/YoY%)	-/-	-/-	0.1/2.5
Portugal	0930	Portugal Releases Consumer Price Index Estimate			
Wednesday 1 August					
US	1315	Jul ADP Employment Change (000's)	170	177.5	177.2
	1500	Jul ISM Manufacturing	59.5	59.1	60.2
	1900	FOMC Rate Decision (Upper bound)	2	2	2
Japan	0800	BOJ holds Committee for Appropriate Use of Yen Benchmarks			
UK	0930	Jul Markit/CIPS Manufacturing PMI	54.4	-	54.4
Sweden	730	Jul Swedbank/Silf Manufacturing PMI	53		54.2
Norway	800	Jul DNB/NIMA Manufacturing PMI	-	-	
Thursday 2 August					
Japan	0050	Jul Monetary base (JPY tr)	506	-	502.917
	0230	BOJ Amamiya Speaks in Kyoto			
UK	1200	BoE Policy Rate	0.75	-	0.5
	1200	Bank of England Inflation Report			
Australia	0230	Jun Trade balance (A\$m)	1295	-	827
Friday 3 August					
US	1330	Jun Trade Balance (US\$bn)	-43.5	-43.2	-43.053
	1330	Jul Change in Nonfarm Payrolls ('000s)	190	185	213
	1330	Jul Unemployment Rate (%)	3.9	3.9	4
	1330	Jul Average Hourly Earnings (MoM/YoY%)	0.3/2.7	0.3/-	0.2/2.7
	1330	Jul Participation Rate	62.9	-	62.9
	1500	Jul ISM Non-Manufacturing	58.5	58.8	59.1
Japan	0050	BOJ Minutes of Policy Meeting			
	0600	BOJ Holds FinTech Forum			
Eurozone	1000	Jun Retail Sales (MoM/YoY%)	-/-	-/-	0/1.4
Germany	-	Germany Sovereign Debt to be Rated by Fitch			
UK	0930	Jul Markit/CIPS Services PMI	54.7	-	55.1
	0930	Jul Markit/CIPS Composite PMI	54.8	-	55.2
Australia	0230	Jun Retail sales (MoM%)	0.7	-	0.4
Norway	0900	Jul Unemployment Rate (%)	-	-	2.2
	1000	Norway July House Prices			
Sweden	0815	NIER Publishes Swedish Economic Forecasts			

Source: ING, Bloomberg

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Asia week ahead: Will July data testify to trade war impact?

Korea's July trade data and central bank policy meetings in Japan and India will be the highlights next week



Some relief on the trade front, but not a whole lot

A raft of economic data for July will come as the first test of the trade war that kicked off earlier this month.

While the 'soft' data on manufacturing purchasing managers' indexes (PMIs) may show the impact on sentiment, the hard data on trade should provide some sense of the actual hit. This keeps Korean trade data for July, the first for the month from Asia and probably the world, in the spotlight.

We expect a small annual decline of 2.6% in Korean exports - the second consecutive negative print.

-2.6% ING forecast
Korean export growth in July

However, the trade data will also be weighed against the latest positive signs of more free trade across the Atlantic, which should limit the negative impact for markets of any bad trade report.

The US-EU deal to lift all bilateral trade tariffs may be a hopeful sign of a potentially positive end to the global trade war. But the hopes may be misplaced as the next stage of US tariffs on \$16 billion of Chinese exports looms large and this will, in all likelihood, face an equal amount of retaliation from China. As such, the trade risk is here to stay in the driving seat for the market.

Central bank policy dilemma

Central banks in Japan and India will be in the spotlight for their monetary policy decisions.

Until recent reports about the Japanese central bank possibly tweaking policy, there was little to no market interest in the upcoming Bank of Japan policy decision on 31 July. The two possible tweaking options are:

- 1) Adjusting or abandoning the 2% inflation target, as might have been heralded by the BoJ when it dropped the reference to an inflation target in its April policy statement, and
- 2) Adjusting the pace of asset purchases, which too have undershot the target.

We don't think the first of this is on the table but the second might be. Here is what our Chief Economist Asia-Pacific, Rob Carnell, thinks about the [BoJ policy confusion](#).

We think the policy confusion for the Indian central bank might stem from recent developments of re-acceleration in the country's consumer price inflation above 5% in June and some stabilisation of the Indian rupee exchange rate in July. While we observed from the high-frequency data that GDP growth slowed down in the last quarter, we believe inflation and currency stability remain a strong argument for the RBI to remain on the tightening path. We forecast it will hike rates next week and again in October.

[Read why we're now looking for two rate hikes in India this year](#)

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 27 July					
China	0230	Jun Industrial Profits (YTD, YoY%)	18	-	21.1
Singapore	0330	2Q Jobless rate (Q) (% SA)	2	2	2
Monday 30 July					
South Korea	2200	Aug BOK Business Survey Index, mfg	79	-	80
	2200	Aug BOK Business Survey Index, non-mfg	81	-	80
Tuesday 31 July					
China	0200	Jul Non-manufacturing PMI	55	-	55
	0200	Jul Manufacturing PMI	51.3	-	51.5
India	1200	Jun Fiscal Deficit (INR crore)	-	-	193526
Taiwan	0900	2Q P GDP (YoY%)	2.8	2.83	3.02
Thailand	0430	Jun Manufacturing Index (YoY%)	3	-	3.2
South Korea	0000	Jun Industrial Production (MoM/YoY%)	-1.3/0.7	-/-	1.15/0.9
Wednesday 1 August					
China	0245	Jul Caixin Manufacturing PMI	50.5	-	51
India	0600	Jul Nikkei Manufacturing PMI	51.5	-	53.1
	1000	Aug 1 RBI Policy Decision (Repo Rate, %)	6.5	-	6.25
Hong Kong	0930	Jun Retail Sales Value (YoY%)	13.4	-	12.9
	0930	Jun Retail Sales Volume (YoY%)	12.5	-	11.6
Indonesia	0500	Jul CPI core (YoY%)	-	-	2.72
	0500	Jul CPI (YoY%)	3.2	-	3.12
Taiwan	0130	Jul Nikkei Manufacturing PMI	-	-	54.5
Thailand	0030	Jul Nikkei manufacturing PMI	50.5	-	50.2
	0400	Jul CPI (YoY%)	1.4	-	1.38
	0400	Jul CPI Core (YoY%)	0.8	-	0.83
South Korea	0000	Jul CPI (MoM/YoY%)	-/-1.7	-/-	-0.2/1.5
	0100	Jul Exports (YoY%)	-2.6	-	-0.1
	0100	Jul Imports (YoY%)	-1.3	-	10.7
	0100	Jul Trade balance (US\$m)	3214	-	6240
	0130	Jul Nikkei Manufacturing PMI	49.5	-	49.8
Malaysia	0030	Jul Nikkei manufacturing PMI	48.5	-	49.5
Thursday 2 August					
Singapore	1400	Jul Purchasing Managers Index	52.3	-	52.5
Korea	2300	Jun Current A/c Balance (US\$m)	6180	-	8680.6
Friday 3 August					
India	0600	Jul Nikkei Services PMI	50.5	-	52.6
Hong Kong	0130	Jul Nikkei PMI	-	-	47.7
Malaysia	0500	Jun Trade balance (RM bn)	9.9	-	8.12
	0500	Jun Imports (YoY%)	13	-	0.13
	0500	Jun Exports (YoY%)	15	-	3.39

Source: ING, Bloomberg

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Key events in EMEA and Latam next week

Inflation data and clues about the state of manufacturing will take centre stage in EMEA and Latam next week



Source: Shutterstock

✓ Hungary expected to be on the brighter side of 'soft' European indicators

In Hungary, we are looking for a further acceleration of PPI, as in Germany and China. Across Europe, 'soft' economic indicators have been mixed but we believe Hungary will be on the brighter side, with manufacturing PMI posting an increase - particularly because of recently announced new capacity, which should fuel optimism. Retail sales are to remain strong; we see a significant contribution from consumption in the 2Q18 GDP reading.

✓ Turkish prices are on the up

We expect July inflation at 0.9% pulling the annual figure up to 16.3% from 15.4%. This is due to the recent sharp increase in price pressures from the FX pass through, upward pressure from domestic PPI and unsupportive base effects.

✓ Will the Czech National Bank deliver yet another rate hike?

We were rather sceptical a few weeks ago that the Czech National Bank (CNB) would deliver another rate hike following the one in June. But the latest comments from CNB representatives suggest that another hike next week is slightly more likely than remaining on hold.

Indeed, Chief Economist Tomas Holub signalled such a huge change in the recent staff forecast (due to the weak koruna) that even less hawkish board members might be persuaded to vote for another 25 basis point rate hike in August. This message from the chief economist had only limited impact on CZK, remaining above the 25.6 EUR/CZK level. Some board members might feel uncomfortable tightening monetary conditions just one month after a previous hike and might decide to remain on hold to see if weak CZK assumptions persist. The likelihood seems to be skewed to a hike now, which has become our base case.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 27 July					
Russia	1130	Key Rate (%)	-	7.25	7.25
South Africa	-	South African Reserve Bank Holds General Meeting			
Israel	-	Jun Leading 'S' Indicator (MoM%)	-	-	0.25
Monday 30 July					
South Africa	0700	Jun M3 Money Supply (YoY%)	-	-	5.73
	1300	Jun National Budget Balance (ZARbn)	-	-	-17.69
Tuesday 31 July					
Turkey	0800	Jun Trade Balance (US\$m)	-5.51	-	-7.76
	0830	Central Bank Inflation Report			
Poland	0900	Jul P CPI (MoM/YoY%)	-/-	-/-	0.1/2
Hungary	0800	Jun PPI (MoM/YoY%)	0.5/6.0	-/-	1.9/5.3
Romania	0700	Jun Unemployment Rate 15-74 Yrs Old SA	-	-	4.6
Serbia	1100	Jun Industrial Production (YoY%)	-	-	0.5
	1100	2Q P GDP (YoY%)	-	-	4.6
	1100	Jun Trade Balance (€m)	-	-	-377.4
	1100	Jun Retail Sales (YoY%)	-	-	3.5
Croatia	1000	Jun Industrial Production (SA, YoY%)	-	-	-0.7
	-	Jun M1 Money Supply (HRKmn)	-	-	106502
South Africa	1030	2Q Unemployment Rate (%)	-	-	26.7
	1300	Jun Trade Balance (ZARbn)	-	-	3.52
Israel	1100	Jun Monthly Unemployment Rate (%)	-	-	3.9
Brazil	1300	Jun Unemployment Rate (%)	-	-	12.7
Mexico	1400	2Q P GDP (YoY%)	-	-	1.3
Wednesday 1 August					
Russia	0700	Jul Market Manufacturing PMI	-	-	49.5
Turkey	0800	Jul Market/ISO Manufacturing PMI	-	-	46.8
Poland	0800	Jul Market Manufacturing PMI	-	-	54.2
Czech Rep	0830	Jul Market Manufacturing PMI	56.5	-	56.8
	1300	Jul Budget Balance (CZKbn)	-	-	-5.88
Hungary	0800	Jul Manufacturing PMI	54.9	-	53
	2300	Richter Publishes 2Q Earnings			
Romania	-	Jul FX Reserves (€bn, Net)	-	-	35348.8
Kazakhstan	-	Jul CPI (MoM/YoY%)	-/-	-/-	0.2/5.9
	-	Jul PPI (MoM/YoY%)	-/-	-/-	3/22.2
South Africa	1000	Jul Kagiso PMI	-	-	47.9
Brazil	-	Selic Rate	-	6.5	6.5
Thursday 2 August					
Czech Rep	1200	Repo Rate	1.25	-	1
Hungary	0800	May F Trade Balance (€mn)	577	-	577
Romania	0700	Jun PPI (MoM/YoY%)	-/-	-/-	0.83/5.2
Brazil	1300	Jun Industrial Production (YoY%)	-	-	-6.6
Mexico	1900	Overnight Rate	-	-	7.75
Friday 3 August					
Turkey	0800	Jul CPI (MoM/YoY%)	0.9/16.3	-/-	2.6/15.4
	0800	Jul Domestic PPI (MoM/YoY%)	-/-	-/-	3.0/23.7
	0800	Jul Core CPI (YoY%)	-	-	14.6
Czech Rep	-	Czech Sovereign Debt to be Rated by Fitch			
Hungary	0800	Jun Retail Sales (YoY%)	7.4	-	7.7
Romania	0700	Jun Retail Sales (MoM/YoY%)	-/-	-/-	2.1/6.6
South Africa	0815	Jul HSBC PMI SA	-	-	50.9

Source: ING, Bloomberg

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