

Our view on next week's key events

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Key events in developed markets next week

Both the Federal Reserve and European Central Bank are poised for further 25bp rate hikes



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Federal Reserve to hike by 25bp, but recession risks are rising

It's an important week ahead for US data and events. The obvious highlight is the Federal Reserve's upcoming FOMC meeting. Inflation remains "unacceptably high", but banking stresses are leading to a tightening of lending conditions. This will do more to slow the economy than the expected 25bp hike on Wednesday. While the Fed will leave the door ajar for further hikes, the need for higher policy rates is very questionable in our view. The combination of the most aggressive and rapid increase in interest rates for 40 years together with banks becoming far more reluctant to lend means a strong chance of a hard landing for the economy. We expect 100bp of rate cuts before year-end.

On Friday, we have the April jobs report and this is expected to record a further moderation in jobs growth. CEO confidence is at levels consistent with recession, while small business optimism is weaker than during the lowest point of the pandemic. This indicates that business leaders are likely adopting a more defensive mindset that equates to reduced capex spending. Job loss announcements are up 400% according to the Challenger survey, with jobless claims also starting to creep higher. The Fed itself forecasts the unemployment rate to rise to 4.5% by year-end as the result of a "mild recession", but we see more upside risk to the jobless rate.

Other important numbers include the ISM reports, which are likely to be consistent with subdued

activity and the business survey evidence already mentioned.

ECB set for 25bp 'compromise' rate hike

As the banking crisis now seems to be contained, the ECB will stick to the widely-communicated distinction between using interest rates in the fight against inflation and liquidity measures plus other tools to tackle any financial instability. The fact that there are still no signs of any disinflationary progress (discounting energy and commodity prices), as well as the fact that inflation has increasingly become demand-driven, will keep the central bank in tightening mode. If the hawks were to remain in the driver's seat, the terminal rate would probably be at 3.75% or 4%.

However, we still think that the turmoil of the last few weeks should have been a clear reminder for the ECB that hiking interest rates – and particularly the most aggressive tightening cycle since the start of the monetary union – comes at a cost. It is also a strong argument for the doves at the ECB. As with any further rate hike, the risk that something breaks increases.

For next week, both a 25bp and a 50bp rate hike seem to be on the table. The next inflation print, credit developments and the latest Bank Lending Survey (all to be released next week) will tip the balance. We think that given the growing divide within the ECB, a hike of 25bp would be a typical European compromise. However, we will revisit our call after Tuesday's data flood. [Read our full preview here](#)

Norges Bank to follow through with another rate hike

Ongoing NOK weakness, amongst other things, saw Norges Bank add in an extra couple of rate hikes into its projections back in March. Since then, the story hasn't changed hugely. The trade-weighted NOK has been a little more stable than in previous months, and core inflation is roughly in line with projections. As a result, we expect a 25bp rate hike next week and there's currently no reason to doubt Norges Bank's guidance that we'll get another one in June.

Key events next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 1 May					
US	1500 Apr	ISM Manufacturing PMI	46.5	46.6	46.3
	1500 Apr	ISM Manufacturing Prices Paid	48.5		49.2
Tuesday 2 May					
US	1500 Mar	Factory Orders (MoM%)	2.0	0.8	-0.7
Germany	0700 Mar	Retail Sales (MoM%/YoY%)	0.5/-6.0		-1.3/-7.1
Italy	1000 Apr	CPI Prelim (MoM%/YoY%)	-0.1/7.6		0.8/8.1
Eurozone	0900 Mar	Money-M3 Annual Grwth	1.5		2.9
	0900	Bank Lending Survey			
	1000 Apr	CPI Flash (YoY%)	6.2		6.9
	1000 Apr	Core CPI Flash (YoY%)	5.8		5.7
Wednesday 3 May					
US	1315 Apr	ADP National Employment	150	150	145
	1500 Apr	ISM Non-Manufacturing PMI	52.0	51.6	51.2
	1900	Fed Funds Target Rate (ceiling)	5.25	5.25	5.00
	1900	Fed Interest On Excess Reserves	5.15	5.15	4.9
Eurozone	1000 Mar	Unemployment Rate	6.6		6.6
Thursday 4 May					
US	1330	Initial Jobless Claims	-		230
	1330	Continue Jobless Claims	-		1858
	1330 Mar	International Trade (USD bn)	-	-70	-70.5
Germany	0700 Mar	Imports/Exports	0.75		4.6/4
	0700 Mar	Trade Balance	14		16
Canada	1330 Mar	Trade Balance (CAD bn)	-		0.42
Norway	0900	Key Policy Rate	3.25		3.00
Eurozone	1315 May	ECB Refinancing rate	3.75	3.75	3.50
	1315 May	ECB Deposit rate	3.25	3.25	3.00
Friday 5 May					
US	1330 Apr	Non-Farm Payrolls	175	181	236
	1330 Apr	Private Payrolls	150	156	189
	1330 Apr	Unemployment Rate	3.6	3.6	3.5
	2000 Mar	Consumer Credit	16.0	16.5	15.29
Germany	0700 Mar	Industrial Orders (MoM%)	-2.5		4.8
France	0745 Mar	Industrial Output (MoM%)	-		1.2
Canada	1330 Apr	Unemployment Rate	4.9	-	5
Switzerland	0730 Apr	CPI (MoM%/YoY%)	-/-		0.2/2.9
Eurozone	1000 Mar	Retail Sales (MoM%/YoY%)	-/-		-0.8/-3

Source: Refinitiv, ING

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Asia week ahead: RBA policy meeting plus regional trade data

Roundup of data reports in the coming week for the Asia Pacific region



Upcoming RBA policy meeting

After pausing at its April meeting to gather more information and assess the impact of its tightening so far, the main point of note for the Reserve Bank of Australia (RBA) will have been the much lower inflation numbers in March than in February. Year-on-year inflation in March dropped from 6.8% to 6.3%, while the slower-moving quarterly series for the first quarter fell from 7.8% to 7.0%. Core inflation rates also fell or came in below expectations. These figures not only point to an extension of the pause but could also be viewed as raising the likelihood that 3.6% marked the peak in the cycle for cash rates.

We would also not rule out there being some easing of rates before the end of this year, as by then we believe inflation will have fallen to a level that is only just above the upper bound of the RBA's 2-3% inflation target.

Trade figures and inflation from Korea

Korea's exports are expected to continue to decline in April and the downturn in exports will

become widespread except for automobiles.

Meanwhile, falling commodity prices and base effects should push down headline inflation.

PMI data from China

China will release its official PMIs on 30 April. We expect slightly slower monthly growth in the manufacturing PMI to 51.7 in April from 51.9 in March. The slight dip can be traced to slower export orders from the US and Europe. The non-manufacturing PMI should continue to improve to 59.0 in the month from 58.2 in March as real estate activities grew while retail sales have been fairly stable ahead of the Golden Week public holiday from 29 April to 3 May.

A similar trend should be recorded in Caixin's manufacturing PMI and services PMI to be released on 4 and 5 May, respectively.

Taiwan reports price data and economic activity figures

Taiwan's manufacturing PMI should continue to show a monthly contraction. The latest figure is expected to dip to 48.9 from 48.6. The slower deterioration can be attributed to a slight pickup in orders for new phone models.

Meanwhile, falling industrial production likely put deflationary pressure on wholesale items more than on retail items. This will likely be the trend for Taiwan in the near term. Thus, we expect CPI inflation to moderate to 2.25% in April from 2.35% in March while PPI should start to record a yearly contraction of 0.5% in April from a positive 0.5%YoY a month ago.

Inflation moderating somewhat in Indonesia and the Philippines

Price pressures have been moderating in Indonesia and the Philippines with base effects also helping to push headline inflation lower. Indonesia's headline inflation could head closer back to the central bank's target and settle at 4.3%YoY while core inflation could be steady at 2.9%.

Meanwhile, headline inflation in the Philippines is also on the decline and we expect April inflation to dip to 6.9%YoY from 7.6% in the previous month. A slower inflation reading in the Philippines could open the door for the Bangko Sentral ng Pilipinas (BSP) to consider a pause at its May policy meeting.

Indonesia's first quarter GDP report

Indonesia will release first quarter GDP data next week and forecast growth to settle at 4.4%YoY driven by solid household consumption topped off by a relatively strong export performance. PMI manufacturing remained in expansion mode for the first few months while retail sales managed to stabilise after a brief contraction in January with inflation easing.

Singapore retail sales

Retail sales could revert to contraction, down by as much as 6%YoY given still elevated inflation and slowing growth momentum. Singapore recently reported disappointing first-quarter GDP numbers and retail sales likely reflected the downturn in growth.

Key events in Asia next week

Country	Time	Data/event	ING	Survey	Prev.
Sunday 30 April					
China	0230	Apr China Official Manufacturing PMI	51.7		51.9
China	0230	Apr China Official Non-Manufacturing PMI	59.0		58.2
Monday 1 May					
Japan	0130	Apr Jibun Bank Manufacturing PMI	49.7		49.5
	0050	Apr Monetary Base (YoY%)	-		-1.15
India	0600	Apr IHS S&P Global Manufacturing PMI	-		56.4
Indonesia	0500	Apr Core Inflation (YoY%)	2.9		2.94
	0500	Apr Inflation (MoM%/YoY%)	0.35/4.3		0.18/4.97
Singapore	1000	Apr Foreign Reserves USD	-		312.2
South Korea	0100	Apr Imports/Export Growth Prelim	-10.3/-11.8		-6.4/-13.6
Tuesday 2 May					
Australia	0530	May RBA Cash Rate	-		3.6
Indonesia	0130	Apr IHS S&P Global PMI	52.3		51.9
Philippines	0130	Apr Manufacturing PMI SA	52.1		52.5
Taiwan	0130	Apr IHS S&P Global Manufacturing PMI	48.9		48.6
South Korea	0000	Apr CPI Growth (MoM%/YoY%)	0.2/3.7		0.2/4.2
	0130	Apr IHS S&P Global Manufacturing PMI	48.5		47.6
Wednesday 3 May					
India	0600	Apr IHS S&P Global Svcs PMI	-		57.8
Singapore	1400	Apr Manufacturing PMI	-		49.9
Thursday 4 May					
Australia	0230	Mar Trade Balance (AUD bn)	-		13870
China	0230	Apr Caixin Manufacturing PMI	50.0		50.0
Friday 5 May					
China	0245	Apr Caixin Services PMI	59.0		57.8
Indonesia	-	Q1 GDP (QoQ%/YoY%)	4.4		0.36/5.01
Philippines	-	Apr Forex Reserves USD	-		100.2
	0200	Apr CPI (MoM%/YoY%)	0.1/6.9		-0.2/7.6
	0200	Apr Core CPI (YoY%)	7.6		8
Singapore	0600	Mar Retail Sales (MoM%/YoY%)	1.7/-6.0		3.9/12.7
Taiwan	0900	Apr CPI/PPI (YoY% NSA)	2.25/-0.5		2.35/0.5
	0920	Apr Foreign Exchange Reserve	560.0		560.279

Source: Refinitiv, ING

All time refers to Singapore time

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Key events in EMEA next week

Key events for EMEA



Source: Shutterstock

Czech Republic: CNB to keep rates unchanged

The Czech National Bank will likely keep its interest rate unchanged at 7%. The future development of wages and the government's strategy for fiscal consolidation will play a crucial role in any decision to ease monetary policy. We expect the CNB's statement to remain hawkish, stressing the risks associated with the tight labour market, wage growth increases and deteriorating public finances. On the one hand, CNB can feel more comfortable with the gradual decline of both headline and core inflation. Core inflation has declined gradually from 14.7% in September to 11.5% in March. However we've still seen hefty growth of industry wages at the beginning of the year, exceeding 10% YoY. The lingering tightness of the labour market was also confirmed by a decline in the unemployment rate of 0.2bp to 3.7% in March.

The other issue is the adverse development of the country's fiscal stance. In March the state budget reached a deficit of CZK166.2bn, which was historically the worst March result, jeopardizing the government's plan for this year of a deficit of CZK295bn. Therefore, we expect the CNB to stay vigilant and follow those trends before the looking at rate cuts.

Hungary: Painful retail sales points to continued technical recession

The highlight day in Hungary is Friday, when the Statistical Office will release the March industrial

production and retail sales data. We expect industry to remain divided. On one hand, with easing supply chain concerns, we expect a further improvement in the production numbers in car and electronic products, and also in electrical equipment (EV batteries). On the other hand, with domestic demand shrinking at a significant pace, the domestically-focused industrial sectors will continue to suffer. In total, we're expecting 1.3% MoM growth, but on a yearly basis, this will still mark a 3% drop in industrial production volumes.

The really painful story however comes from retail sales. Given the high base in fuel retailing, we're expecting total retail sales volumes to drop by almost 15% on a yearly basis. But even if we exclude fuel sales, we still think we could get a double-digit dip in retailing turnover due to the evaporating purchasing power of households. With that in mind, we can be sure that the technical recession has continued in Hungary during the first quarter of 2023.

Turkey: Inflation to slip further to 46%

Annual inflation continued its downtrend to 50.5% in March, and will likely do the same in April, slipping to 46% (or 4.0% on a monthly basis). This is attributable to large base effects. While the outlook is quite uncertain for the rest of 2023, a Lira adjustment post-election and potential adjustments in wages and administered prices will likely weigh on inflation momentum.

Key events next week

Country	Time	Data/event	ING	Survey	Prev.
Tuesday 2 May					
Russia	0700 Apr	S&P Global Manufacturing PMI	-		53.2
		- Mar GDP (YoY%) Monthly	-		-3.1
Turkey	0800 Apr	Manufacturing PMI	-		50.9
Poland	0800 Apr	S&P Global Manufacturing PMI	48.1		48.3
Czech Rep	0800 Q1	Preliminary GDP (QoQ%/YoY%)	-		-0.4/0.3
	0830 Apr	S&P Global PMI	-		44.3
	1300 Apr	Budget Balance	-		-166.2
Hungary	0730 Feb	Trade Balance Final	513		513
	0800 Apr	Manufacturing PMI	53.7		55.3
Brazil	1400 Apr	S&P Global Manufacturing PMI	-		47
Mexico	1600 Apr	S&P Global Manufacturing PMI	-		51
Wednesday 3 May					
Russia	1700 Mar	Retail Sales (YoY%)	-5.0	-3.9	-7.8
	1700 Mar	Unemployment Rate	3.6	3.6	3.5
Turkey	0800 Apr	CPI (MoM%/YoY%)	4.0/46.0		2.29/50.51
	1200 Mar	Bank NPL Ratio	-		1.93
Czech Rep	1330 CNB	Repo Rate	7.00		7.00
Brazil	2200 Selic	Interest Rate	-		13.75
Thursday 4 May					
Russia	0700 Apr	S&P Global Services PMI	-		58.1
South Africa	0815 Apr	Std Bank Whole Econ PMI	-		49.7
Brazil	0900 Apr	IPC-Fipe Inflation Index	-		0.39
	1400 Apr	S&P Global Services PMI	-		51.8
	1400 Apr	S&P Global Composite PMI	-		50.7
Mexico	1300 Mar	Jobless Rate	-		2.7
Friday 5 May					
Czech Rep	0800 Mar	Retail Sales (YoY%)	-		-6.4
Hungary	0730 Mar	Industrial Output (MoM%/YoY%)	1.3/-3.0		0.3/-4.6
	0730 Mar	Retail Sales (YoY%)	-14.8		-10.1

Source: Refinitiv, ING

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