

Our view on next week's key events

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US: fourth consecutive 75bp hike incoming

Markets will have a broad range of US data and events to digest over the next couple of weeks. Wednesday's Federal Reserve FOMC meeting is set to result in the fourth consecutive 75bp rate hike given that annual rates of core inflation are heading higher rather than lower, the economy has returned to growth with a decent third-quarter GDP report, and the labour market remains robust with job vacancies exceeding the number of unemployed Americans by four million.

The tone of the press conference and the outcome of next Friday's jobs report will then help markets firm up expectations for what the Fed may do in December. There have been hints that officials could open the door to a slower pace of rate hikes, and after 375bp of interest rate increases (after next Wednesday) there is a strong argument for taking stock of the situation.

Unfortunately, the data hasn't been moving in the right direction and we would probably need to see a noticeable slowdown in the month-on-month rates of core CPI increases from 0.5/0.6%MoM towards 0.2/0.3% to give the Fed the confidence to moderate the pace meaningfully. At this stage, we just aren't confident that this will happen in time for the December FOMC meeting so there remains the strong possibility that we get a fifth consecutive 75bp hike versus our current 50bp view.

Attention will then switch to the midterm elections that will be held on 8 November. [In our preview](#), we set out different scenarios and potential impacts. The polls seem to be shifting in the direction of a Republican-controlled Congress, which will greatly limit what President Joe Biden can achieve in the second half of his presidential term. This means less government influence on the economy and will put more pressure on the Fed to cut rates in the second half of 2023 to support the economy, as nothing will come from the fiscal side.

UK: Bank of England could surprise markets with a smaller rate hike

It was unthinkable only a few weeks ago, but we now think a 50bp rate hike is narrowly more likely than the 75bp Bank of England rate hike markets and most economists appear to be expecting.

It's undeniably a close call, and whatever happens, the committee is likely to be heavily divided. But in recent speeches, policymakers have been signalling that markets are overestimating the amount of tightening left to come. Meanwhile, following the various policy U-turns of recent weeks, the expected boost from fiscal policy now looks similar to what was expected before September's meeting, when it opted against a 75bp move. With the latest data not providing a clear justification for a faster hike, and sterling now stronger than it was before September's meeting, we think there is a good chance now that the Bank will underdeliver on market/economist expectations. [Read our full preview here.](#)

Norway: Norges Bank to deliver one final 50bp rate hike

Having opted for multiple 50bp rate hikes through the summer, Norway's central bank hinted it could slow the pace back to 25bp for its final few moves. The question for next week is whether it instead decides to continue to front-load tightening, and we think it will. Higher overseas rate expectations and another massive upside surprise on inflation suggest we should expect another 50bp hike on Thursday. However that would take the central bank close to the end of its hiking cycle, and we are pencilling in one (or perhaps two) more 25bp moves before it pauses.

Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 31 October					
US	1445	Oct Chicago PMI	48.0	47.2	45.7
Germany	0800	Sep Retail Sales (MoM%/YoY%)	-1.0/-6		-1.3/-4.3
Italy	1000	Q3 GDP Prelim (QoQ%/YoY%)	-/-		1.1/4.7
Eurozone	1100	Oct CPI Flash (YoY%)	-		9.9
	1100	Oct Core CPI Flash (YoY%)	-		6
	1100	Q3 GDP Flash Prelim (QoQ%/YoY%)	-		0.8/4.1
Tuesday 1 November					
US	1500	Oct ISM Manufacturing PMI	49.0	50.0	50.9
	1500	Oct ISM Manufacturing Prices Paid	54	53	51.7
UK	1030	Oct S&P Global/CIPS Manufacturing PMI Final	45.8		45.8
Wednesday 2 November					
US	1315	Oct ADP National Employment	175	200	208
	1900	Fed Funds Target Rate (upper bound)	4.00	4.00	3.25
Germany	0855	Oct Unemployment Rate SA	5.6		5.5
	0955	Oct S&P Global/BME Manufacturing PMI	45.7		45.7
Eurozone	1000	Oct S&P Global Manufacturing Final PMI	-		46.6
Thursday 3 November					
US	1330	Initial Jobless Claims (000s)	225	220	217
	1330	Continued Jobless Claims (000s)	1450	1388	1438
	1330	Sep International Trade (USD bn)	-69	-68.1	-67.4
	1500	Sep Factory Orders (MoM%)	0.5		0
	1500	Oct ISM N-Manufacturing PMI	55.0	55.5	56.7
UK	1030	Oct Composite PMI Final	47.2		47.2
	1300	Nov Bank of England Bank Rate	2.75		2.25
Canada	1330	Sep Trade Balance (CAD bn)	-		1.52
Norway	1000	Policy Rate	2.75		2.25
Switzerland	0830	Oct CPI (MoM%/YoY%)	-/-		-0.2/3.3
Eurozone	1100	Sep Unemployment Rate	-		6.6
Friday 4 November					
US	1330	Oct Non-Farm Payrolls	220	200	263
	1330	Oct Private Payrolls	200	178	288
	1330	Oct Unemployment Rate	3.6	3.6	3.5
	1330	Oct Avg. hourly earnings (MoM%)	0.3	0.3	0.3
Germany	0800	Sep Industrial Orders (MoM%)	0.5		-2.4
	0955	Oct S&P Global Services PMI	44.9		44.9
	0955	Oct S&P Global Comp Final PMI	44.1		44.1
	0800	Sep Imports/Exports	-0.8/-1.5		3.4/1.6
	0800	Sep Trade Balance	-0.5		1.2
France	0845	Sep Industrial Output (MoM%)	-		2.4
Italy	0945	Oct Composite PMI	-		47.6
Canada	1330	Oct Unemployment Rate	5.3		5.2
	1330	Oct Employment change (000s)	-5		21.1
Eurozone	1000	Oct S&P Global Composite Final PMI	-		47.1

Source: Refinitiv, ING

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Asia week ahead: RBA meeting and regional PMI readings

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Regional PMI reports out in the coming days

China will release PMI data next week and we expect slight gains for both manufacturing and non-manufacturing activity. Given the start of the export season, factories should be busier than during the previous month. Meanwhile, the Golden Week in early October – a seven-day holiday when tourists and shoppers flock to sites and shops – should bring some temporary recovery for retailers and restaurants.

For Taiwan, manufacturing activities should continue to be weak due to a fall in demand for semiconductors, laptops and smart devices. Soft demand should keep the manufacturing PMI well below 50. For the same reason, capital outflows from the Taiwan stock market will likely lead to a mild fall in foreign exchange reserves.

RBA to revert to heftier rate hikes

The coming week also features Australia's November central bank rate meeting, where after the big upside miss to 3Q22 inflation, we think the bank will have to return to 50bp of tightening after it dropped to just 25bp at the October meeting.

Early returns from Japan's reopening

Japan's activity is expected to continue recovering due to the reopening and revitalisation of the auto industry. Both industrial production and retail sales are expected to grow. Improved economic activity should keep respective PMIs above 50, suggesting positive momentum for the nation's recovery in the near term.

Korea weighed down by slowing trade activity

In Korea, activity data should be soft due to slowing trade data, although the projected dip should be partially offset by gains in the automobile sector. This trend should be reflected in September's industrial production data. Industrial production in September will likely record a contraction for the third consecutive month with persistent inventory stocking.

Korea's services sector should continue to recover but at a slower pace than during the previous months. Meanwhile, investments are expected to remain positive, as suggested in solid equipment imports. On the other hand, exports could record a small gain in October, but the trade deficit will likely still widen. We are now concerned as exports next year will likely turn negative with unfavourable base effects.

Retail sales from Singapore and Australia

Australian retail sales for September may reflect the high prices of many food items as shown in the recently published inflation numbers for 3Q22. This could bias the month-on-month figures higher, though adjusted for inflation we would expect to see spending growth beginning to slow down.

In Singapore, retail sales are expected to slow on a month-on-month basis as fast-rising prices weigh on purchasing power. The return of foreign visitors may provide some support, but overall momentum is clearly slowing.

Inflation in the spotlight

Inflation in Indonesia and the Philippines will likely heat up further. Indonesia's recent price increase for subsidised fuel is expected to push transport costs higher. Meanwhile, Philippine inflation will likely move past 7% after food prices rose sharply due to crop damage from recent typhoons.

In Korea, we can expect to get CPI inflation and the October MPC meeting minutes. Headline inflation is expected to accelerate again in October mainly due to the rise in utility rates and the weak Korean won, but October's number should still be below the July peak of 6.3%.

Other key data releases: India's budget figures

India releases deficit figures for September. The numbers have been running a little on the high side on a cumulative basis, so a figure equal to or lower than last year's number for September (INR

58,842 Crore) would help to put India's public finances back on track to meeting the 6.4% deficit target for the fiscal year.

Asia Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Sunday 30 October				
Japan	0050 Sep Industrial O/P Prelim (MoM%/YoY%)	-/-		3.4/4.2
	0050 Sep Retail Sales (YoY%)	-		4.1
South Korea	0000 Sep Industrial Output (YoY%)	-		1
	0000 Sep Industrial Output Growth	-0.5		-1.8
Monday 31 October				
Japan	0600 Sep Housing Starts (YoY%)	-		4.6
China	0230 Oct NBS Manufacturing PMI	50.1		50.1
	0230 Oct NBS Non-Manufacturing PMI	50.8		50.6
Tuesday 1 November				
Japan	0130 Oct Jibun Bank Manufacturing PMI	-		50.7
	0050 Oct Monetary Base (YoY%)	-		-3.28
Australia	0430 Nov RBA Cash Rate	-	2.85	2.6
China	0245 Oct Caixin Manufacturing PMI Final	50		48.1
India	0600 Oct IHS S&P Global Manufacturing PMI	-		55.1
	- Oct Fiscal Deficit - USD Prelim	-		25.71
	- Oct Imports/Exports Prelim (USD bn)	-		61.2/35.5
Indonesia	0130 Oct IHS S&P Global PMI	-		53.7
	0500 Oct Core Inflation (YoY%)	3.4		3.21
	0500 Oct Inflation (MoM%/YoY%)	0.2/6.2		1.17/5.95
Taiwan	0130 Oct IHS S&P Global Manufacturing PMI	42.5		42.2
South Korea	0100 Oct Import/Export Growth Prelim	16.0/2.5		18.6/2.7
	0100 Oct Trade Balance Prelim	-		-3.78
	0130 Oct IHS S&P Global Manufacturing PMI	-		47.3
	0000 Oct CPI Growth (MoM%/YoY%)	-/5.9		0.3/5.6
Wednesday 2 November				
Philippines	0130 Oct Manufacturing PMI SA	-		52.9
Singapore	1400 Oct Manufacturing PMI	-		49.9
Thursday 3 November				
Australia	0130 Sep Trade Balance (AUD bn)	-		8324
China	0245 Oct Caixin Services PMI	51		49.3
India	0600 Oct IHS S&P Global Services PMI	-		54.3
Friday 4 November				
Japan	0130 Oct Services PMI	-		53
Philippines	0200 Oct CPI (MoM%/YoY%)	0.4/7.3		0.4/6.9
	0200 Oct Core CPI (YoY%)	4.7		4.5
	0200 Sep Imports/Exports (YoY%)	24.2/-1.5		-26/-2
	0200 Sep Trade Balance	-6100		-6002
Singapore	0600 Sep Retail Sales (MoM%/YoY%)	-2.5/7.9		-1.3/13
Taiwan	0920 Oct Foreign Exchange Reserve	538.0		541.1

Source: Refinitiv, ING

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Key events in EMEA next week

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Source: Shutterstock

✓ Turkey: Annual inflation expected to increase further

In October, we expect annual inflation to further increase to 86.2% (4.1% on a monthly basis) from 83.5% a month ago, given continuing broad-based pricing pressures on the back of a largely supportive policy framework along with less gradual currency weakness weighing on TRY-denominated import prices.

✓ Poland: No signs of polish inflation levelling off soon

October CPI: 18.1% year-on-year

Our forecasts indicate that CPI inflation increased further in October and probably slightly exceeded 18% year-on-year on the back of a sharp monthly increase in petroleum prices and further growth of energy and food prices. At the same time, we expect that core inflation continued trending upward. There are no signs of inflation levelling off soon and the momentum of core inflation remains high.

October Manufacturing PMI: 42.2 percentage points

Following a surprising upswing in manufacturing PMI in September, we expect the assessment of conditions in the domestic industry by purchasing managers to deteriorate again in October. Although supply-side bottlenecks eased recently and the energy outlook for the European industry is less challenging, elevated prices and softer global demand (decline in new orders) are projected to continue weighing on manufacturing activity in the coming quarters.

Czech Republic: CNB rates set to remain unchanged, again

The third monetary policy meeting under the new Czech National Bank (CNB) leadership will take place on Thursday. We expect interest rates to remain unchanged. Thus, the central bank's new forecast will be the main focus. Compared to the August forecast, we see the biggest deviation in inflation, which surprised to the downside. In September, this deviation came in at 2.4 percentage points. Therefore, here we can expect the biggest downward revision in the new forecast. Nevertheless, the interest rate forecast can be expected to remain roughly similar to the CNB's summer version, indicating a rate cut in the next quarter due to the nature of the central bank's model.

On the FX side, we don't expect much change in the forecast weakening trajectory of the koruna under the pressure of the declining interest rate differential. However, we don't see much implication for FX interventions, which are fully decoupled from the CNB forecast and depend only on the discretionary decision of the board. But, at the moment, we see the CNB in a comfortable position with no reason to change anything about the current regime. In the long run, we do not expect any further CNB rate hikes. Despite the board's highlighting of the wage-inflation risk, we believe that the stability or decline in annual inflation combined with a weaker economy will be enough in the coming months for the CNB to confirm the end of the rate hike cycle at future meetings. [Read our full CNB preview here.](#)

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 31 October					
Turkey	1200	Sep Bank NPL Ratio	-		2.38
South Africa	0700	Sep M3 Money Supply (YoY%)	-	8.2	8.15
	0700	Sep Private Sector Credit Extension	-	8.15	7.86
	1300	Sep Trade Balance (Incl. Region)	-	5.15	7.18
Poland	0900	Oct Flash CPI (YoY%)	18.1		17.2
Tuesday 1 November					
Russia	0700	Oct S&P Global Manufacturing PMI	-		52
Turkey	0800	Oct Manufacturing PMI	-		46.9
Czech Rep	0900	Q3 Preliminary GDP (QoQ%/YoY%)	-		0.5/3.7
	0930	Oct S&P Global PMI	43.5		44.7
	1400	Oct Budget Balance	-		-270.9
Hungary	0900	Oct Manufacturing PMI	48.9		49.6
Brazil	1300	Sep Industrial Output (MoM%/YoY%)	-/-		-0.6/2.8
	1400	Oct S&P Global Manufacturing PMI	-		51.1
Mexico	1630	Oct S&P Global Manufacturing PMI	-		50.3
Wednesday 2 November					
Russia	1700	Sep Retail Sales (YoY%)	-11.0		-8.8
	1700	Sep Unemployment Rate	4.2		3.8
Poland	0900	Oct S&P Global Manufacturing PMI	42.2		43
Hungary	0900	Aug Trade Balance Final	-1300		-1300
Thursday 3 November					
Russia	0700	Oct S&P Global Services PMI	-		51.1
Turkey	0800	Oct CPI (MoM%/YoY%)	4.1/86.2		3.1/83.5
Czech Rep	1430	CNB Repo Rate	7		7
South Africa	0815	Oct Std Bank Whole Econ PMI	-		49.2
Brazil	0900	Oct IPC-Fipe Inflation Idx	-		0.12
Friday 4 November					
Brazil	1400	Oct S&P Global Services PMI	-		51.9
	1400	Oct S&P Global Composite PMI	-		51.9

Source: Refinitiv, ING

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