

Our view on next week's key events

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

In this bundle



Key Events

Key events in developed markets this week

Another round of (virtual) talks between the UK and EU this week is unlikely to produce results, and the Bank of Canada should remain on hold. But keep an...

By Carsten Brzeski, James Smith and James Knightley



Asia week ahead: New month, new week, new risks

There will be plenty of economic data next week to mull over and scrutinise as to which Asian economy responded best to the Covid-19 crisis. But US-China...



Key Events

Key events in EMEA and Latam next week

Retail sales data in EMEA is likely to paint a rather grim picture next week as consumption has been massively suffering due to lockdown measures -...

By Dmitry Dolgin , Peter Virovacz and Muhammet Mercan

Key events in developed markets this week

Another round of (virtual) talks between the UK and EU this week is unlikely to produce results, and the Bank of Canada should remain on hold. But keep an...



Source: Shutterstock

European Central Bank meeting: More

At the core of next week's meeting will be the newest set of staff forecasts. According to recent statements by ECB President Christine Lagarde and other ECB officials, the mild scenario has also become highly unrealistic and next week's forecasts could be somewhere between the medium and severe scenario. There are also strong arguments for the ECB to decide on a significant increase to the Pandemic Emergency Purchase Programme - we expect the ECB to increase the PEPP by some €500 billion at next week's meeting to extend it until mid-2021.

[Read more about next week's ECB's meeting here.](#)

US: Be wary of the artificial boost to the ISM manufacturing

We will get a mix of forward and backward looking indicators this week from the US. The May jobs report will attract the headlines, but we must remember the data is collected from the week of the 12th so tells us nothing of what has happened in the second half of the month where the re-openings across various states have increasingly got underway. The numbers will undoubtedly be bad - we look for employment to fall by 10 million, bringing the total number of jobs lost to 31

million since February, with the unemployment rate rising to 20% and the participation rate dropping to below 60% for the first time since 1971. Given a third of 16-65 year-olds are not in the workforce – taken early retirement, are students, carers or sick – this means less than half of the working age population will actually have earned a wage in May. Conversely average hourly earnings will jump again, but this is because the data is not mix-adjusted so when you have millions of relatively low earning workers in the leisure, hospitality and retail sectors dropping out, it is automatically going to boost the “average” hourly earnings of those that have kept their jobs. Consequently, we could be in the bizarre situation where annual wage growth breaks above 10% YoY. Ignore it.

The June report should be much better with reopenings spreading across the country. However, social distancing constraints and consumer caution (partly Covid-19 related, partly because of tens of millions of people out of work) means the recovery in employment will not be anywhere near as rapid as the rate at which the jobs were lost. Indeed, many small businesses may find it isn't economically viable to reopen, particularly with many potential workers receiving far more in unemployment benefits than they would in wages, given the \$600 Federal government boost to unemployment benefits that will last through until the end of July.

We will also get the ISM manufacturing index for May and here we would suggest to ignore the headline index as it has been artificially boosted by the supplier delivery component. Ordinarily, long supplier delivery times would be a positive signal as it suggests demand is outstripping supply, so suppliers are taking longer to meet orders. However today, it is because of factory shutdowns, which is not a positive development at all so is misrepresenting the situation. Instead, we will be focusing on the output, new orders and employment components. They should rise, but will remain well below the break-even 50 level. This therefore means that we are still experiencing a broad contraction, just not as bad as in April.

UK: Brexit talks unlikely to yield much progress as markets eye transition extension deadline

The UK and EU will sit down for another round of virtual talks next week, but don't get your hopes up. Both sides remain poles apart on the key issues.

While it's tempting to conclude that the chances of a free-trade agreement being struck – at least a basic one – are falling, we'd argue there was never going to be much progress until much closer to the de-facto October deadline. A deal is perhaps still just about feasible, especially given some issues (including fishing) may ultimately prove fixable. In the end, we think it will all come down to whether the UK is prepared to accept some ongoing alignment with EU state aid rules – and the jury is still very much out on that.

The more pressing question for markets though is whether we are going to get an extension to the transition period, the standstill phase due to end on 31 December. This looks increasingly unlikely following recent comments from ministers, and barring a last minute U-turn, means we should start planning for large changes in the way the UK trades with Europe from the start of 2021 – even if a free-trade agreement is ultimately agreed.

Canada: BoC to stay put for now

The Bank of Canada will leave monetary policy unchanged this week having already cut the

overnight lending rate to its “effective lower bound” of 0.25%. Having implemented a raft of other measures to support financial markets, including quantitative easing, we do not expect them to alter policy in anyway. Instead we will be looking to their forward guidance.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 1 June					
US	1500	May ISM Manufacturing	42	43	41.5
UK	0930	May F Markit/CIPS Manufacturing PMI	40.6	-	40.6
Tuesday 2 June					
Japan	0050	May Monetary base (JPY tr)	521	-	529.2
Eurozone	0900	May F Markit Manufacturing PMI	-	-	39.5
Australia	0530	RBA Cash Rate Target	0.25	0.25	0.25
Norway	0900	May DNB/NIMA Manufacturing PMI	-	-	41.99
Wednesday 3 June					
US	1315	May ADP Employment Change (000's)	-10000	-9250	-20236.1
	1500	May ISM Non-manufacturing	43	44.4	41.8
Eurozone	1000	Apr Unemployment Rate (%)	-	-	7.4
Germany	0855	May Unemployment Change (000's)	-	-	373
	0855	May Unemployment Rate (%)	6.2	-	5.8
UK	0930	May F Markit/CIPS Services PMI	27.8	-	27.8
	0930	May F Markit/CIPS Composite PMI	28.9	-	28.9
Canada	1500	Bank of Canada Policy Rate	0.25	0.25	0.25
Australia	0230	1Q GDP (QoQ/YoY%)	-0.6/1.7	-/-	0.5/2.2
Norway	0700	1Q Current Account Balance (NOKbn)	-	-	19073
Sweden	0730	May Swedbank/Silf Services PMI	-	-	39
Switzerland	0645	1Q GDP (QoQ/YoY%)	-/-	-/-	0.3/1.5
Thursday 4 June					
US	1330	Apr Trade Balance (US\$bn)	-40	-38	-44.4/15
Eurozone	0900	May F Markit Services PMI	-	-	28.7
	0900	May F Markit Composite PMI	-	-	30.5
	1000	Apr Retail Sales (MoM/YoY%)	-/-	-/-	-11.2/-9.2
	1245	ECB Main Refinancing Rate	0	-	0
	1245	ECB Marginal Lending Facility	0.25	-	0.25
	1245	ECB Deposit Facility Rate	-0.5	-	-0.5
	1330	ECB President Lagarde Holds Press Conference			
Australia	0230	Apr Trade balance (A\$bn)	5.2	-	10.6
	0230	Apr Retail sales (MoM%)	-16	-	8.5
Friday 5 June					
US	1330	May Change in Nonfarm Payrolls ('000s)	-10000	-8500	-20537
	1330	May Unemployment Rate (%)	20	19.5	14.7
	1330	May Average Hourly Earnings (MoM/YoY%)	2.0/9.5	1.0/8.1	4.7/7.9
	1330	May Participation Rate	59.3	-	60.2
Japan	-	Apr Household spending (YoY%)	-8.9	-	-6
Germany	0700	Apr New Orders (MoM/YoY%)	-17.0/-30.0	-/-	-15.6/-16
Canada	1330	May Net Change in Employment	-	-	-1993.8
	1330	May Unemployment Rate (%)	-	-	13
Norway	0700	Apr GDP Mainland (MoM%)	-	-	-6.9
	0700	Apr Industrial Production (MoM/YoY%)	-/-	-/-	1.4/7.6

Source: ING, Bloomberg

Authors

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

James Smith

Developed Markets Economist, UK

james.smith@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Article | 28 May 2020

Asia week ahead: New month, new week, new risks

There will be plenty of economic data next week to mull over and scrutinise as to which Asian economy responded best to the Covid-19 crisis. But US-China...



Source: Shutterstock

From policy to reality

Economic policies have been dominating headlines since the start of China's 'two sessions' last week bringing in some fresh stimulus for the economy. This was followed by a spike in US-China tensions over Hong Kong's autonomy and potential sanctions against the territory. Singapore also stepped up its Covid-19 stimulus with the fourth package to preserve jobs, and the Bank of Korea went on with another policy rate cut.

Setting the tone for markets next week will be China's purchasing managers index for May arriving over the weekend

The US-China row will continue to rule market sentiment next week, but there is plenty of data in the pipeline for investors to mull over and analyse how regional economies have been coping with Covid-19 restrictions.

Setting the tone for markets next week will be China's purchasing managers index for May arriving over the weekend (31 May) and the consensus expects a slight rise in manufacturing and non-manufacturing PMIs, which should be positive for markets. Likewise, PMIs from the rest of the region should show some recovery from their record lows in April. After all, PMIs are soft data, subject to respondents' sentiment at the time of the survey, and surprises on either side are likely.

Hard data like exports, retail sales and inflation should help to assess the real impact, and, there are lots of those on the calendar next week. Korea's trade figures for May are out on 1 June - the first trade numbers for the month from the region and probably the world should serve as a leading indicator of global demand. We expect a continued steep fall in exports in excess of 20% YoY. We aren't alone; that's also the consensus view.

Korea's trade figures for May are out on 1 June - the first trade numbers for the month from the region and probably the world should serve as a leading indicator of global demand

April retail sales from Hong Kong and Singapore will be interesting for what they say about domestic consumption in the month when the Covid-19 restrictions were at their tightest ever. We anticipate the worse, as much as a 37% plunge in sales from a year ago, led largely by non-essential buying. A surge in online sales may have picked up some slack but it's unlikely to come as any meaningful support in an environment of depressed economic confidence. Online sales in Singapore gained some traction in recent months, though at 8.5% of total sales in March, they are far too small.

Weak demand should be further reflected by falling inflation. We are seeing steeper fall in CPI inflation in most countries reporting May data next week (Korea, Taiwan, Indonesia, Philippines, and Thailand). Thailand has been leading the way down with a further fall from -3.0% YoY in April to -4.2% in May.

Anything on the policy side?

The next policy event in the pipeline is the Reserve Bank of Australia's policy decision, but it will likely pass as a non-event. With the worst of Australia's Covid-19 spread behind us, the economy should be on a recovery path. We see the RBA keeping its policy rate unchanged at 0.25%, which is already the lowest it has ever been.

With a record stimulus already released, we think fiscal and monetary policies around the region and globally have nearly reached their limits. All that seems to be left now is the wait for the disease to die its own death and confidence to return before the unprecedented policy loosening starts to bear fruits.

This means increasing attention on economic activity data in the weeks and months ahead for signs of bottoming of the downturn.

Asia Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Sunday 31 May				
China	0200 May Manufacturing PMI	49.8	51	50.8
	0200 May Non-manufacturing PMI	53.5	53.5	53.2
Monday 1 June				
China	0245 May Caixin Manufacturing PMI	49.0	49.8	49.4
India	0600 May Nikkei Manufacturing PMI	-	-	27.4
Hong Kong	0930 Apr Retail sales value (YoY%)	-37.0	-	-42
	0930 Apr Retail sales volume (YoY%)	-40.0	-	-43.8
Philippines	0130 May Nikkei Manufacturing PMI	21.2	-	31.6
Taiwan	0130 May Nikkei Manufacturing PMI	42.0	-	42.2
South Korea	0100 May Imports (YoY%)	-15.0	-20.5	-15.8
	0100 May Exports (YoY%)	-22.0	-25.5	-25.1
	0100 May Trade balance (US\$mn)	-	-699	-1393
	0130 May Nikkei Manufacturing PMI	42.6	-	41.6
Tuesday 2 June				
Indonesia	0500 May CPI core (YoY%)	-	-	2.85
	0500 May CPI (YoY%)	2.2	-	2.67
South Korea	0000 1Q F GDP (QoQ/YoY%)	-1.4/1.3	1.3/-	1.3/-1.4
	0000 May CPI (YoY%)	0.0	-	0.1
Wednesday 3 June				
India	0600 May Nikkei Services PMI	-	-	5.4
Hong Kong	0130 May Nikkei PMI	-	-	36.9
Singapore	1400 May Purchasing Managers Index	-	-	44.7
Thursday 4 June				
Malaysia	0500 Apr Exports (YoY%)	-19.0	-	-4.7
	0500 Apr Imports (YoY%)	-22.0	-	-2.7
	0500 Apr Trade balance (RM bn)	11.0	-	12.3
South Korea	0000 Apr Current account (US\$bn)	5.0	-	6.2
Friday 5 June				
India	- 1Q Current account balance (Q) (US\$bn)	-	-	-1.4
Hong Kong	- May Forex Reserves (US\$bn)	-	-	441.2
Malaysia	0800 Forex reserves- Month end (US\$bn)	-	-	102.6
Philippines	0200 May CPI (YoY%)	2.4	-	2.2
	- Apr Unemployment rate (%)	10.0	-	5.3
	0800 Forex reserves- Month end (US\$bn)	90.2	-	89.0
Singapore	0600 Apr Retail sales value (MoM/YoY%)	-27.0/-36.5	-/-	-1.3/-13.3
Taiwan	0900 May WPI (YoY%)	-11.3	-	-10.8
	0900 May CPI (YoY%)	-1.1	-	-1.0
	0800 Forex reserves- Month end (US\$bn)	481.5	-	481.8
Thailand	0430 May CPI (YoY%)	-4.2	-	-3.0
	0430 May Core-CPI (YoY%)	0.2	-	0.4

Source: ING, Bloomberg, *GMT

Key events in EMEA and Latam next week

Retail sales data in EMEA is likely to paint a rather grim picture next week as consumption has been massively suffering due to lockdown measures -...



Source: Shutterstock

✓ Czech Republic: PMIs to recover modestly

As some car manufacturers in the Czech Republic remained closed during May, recovery in manufacturing PMI will be modest and we expect a small improvement like Germany towards 40 points.

Retail sales will obviously be hit hard, with almost twice the fall in comparison to March as the lockdowns continued the entire month of April. Wages in 1Q will decelerate slightly as Covid-19 affected just the end of the quarter.

✓ Russia: Inflation to support rate cut expectations

Russian CPI is likely to stabilise around 3.0-3.1% year on year in May, supporting expectations of another policy rate cut from the current 5.5% level in June. But the scope of the cut is unlikely to exceed 50-100 basis points, contrary to more aggressive expectations by some market participants.

The CPI performance is only partially attributable to [weak demand](#), and we do not exclude that the overall CPI reading may be distorted by lockdown measures, which are still in place in Russia. For

now, we agree with Bank of Russia's recent key rate guidance, which is [still dovish but more nuanced](#), suggesting resumed CPI growth in 3Q20.

Hungary: Expect some ugly readings

The April data from Hungary is set to be really ugly, especially when it comes to the retail sector. We see fuel and non-food consumption collapsing but food shops have also been having problems due to the lockdown and curfew measures. The expected 9% year on year collapse in retail turnover would mark the biggest drop on record, ever.

However, industry should provide some respite. April PMI showed some improvement and as car manufacturers and related suppliers reopened factories from the middle of the month, we hope for some rebound.

Nevertheless, the year-on-year drop in industrial production seems unavoidable as we are still far from pre-crisis levels. As producers face low demand and supply chain problems, we expect May PMI to remain in the "negative" territory, albeit showing some further improvement.

Turkish inflation numbers to accelerate

We forecast May inflation to come in at 1.4%, pulling the annual figure up to 11.4% from 10.9% a month ago, given price hikes in tobacco products, recovery in oil prices weighing on transport along with some pressure on food prices. But sluggish demand factors remain the key downside risk to the outlook.

EMEA and Latam Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Sunday 31 May				
Israel	1100 Mar Industrial Production (SA, MoM%)	-	-	1.7
Monday 1 June				
Russia	0700 May Markit Manufacturing PMI	-	-	31.3
Turkey	0800 May Markit/ISO Manufacturing PMI	-	-	33.4
Poland	0800 May Markit Manufacturing PMI	-	-	31.9
	1300 National Bank of Poland Publishes Minutes of Rate Meeting			
Czech Rep	0830 May Markit Manufacturing PMI	39.0	-	35.1
	1300 May Budget Balance (CZKbn)	-	-	-93.8
Kazakhstan	- May CPI (MoM/YoY%)	-/-	-/-	0.9/6.8
	- May PPI (MoM/YoY%)	-/-	-/-	-11/-13.4
Serbia	1100 1Q GDP (YoY%)	5	-	6.2
South Africa	1000 May Kagiso PMI	-	-	46.1
	- May NAAMSA Vehicle Sales (YoY%)	-	-	-98.4
Tuesday 2 June				
Poland	- Monetary Policy Council Rate Meeting			
Czech Rep	0800 1Q P GDP (QoQ/YoY%)	-3.6/-2.2	-/-	-3.6/-2.2
Hungary	0800 May Manufacturing PMI	42.0	-	33.6
	0800 Apr PPI (MoM/YoY%)	0.3/3.6	-/-	0.5/4.3
	0800 Mar F Trade Balance (€mn)	436.5	-	436.49
Romania	- May FX Reserves (€bn, Net)	-	-	38417.4
Wednesday 3 June				
Turkey	0800 May CPI (MoM/YoY%)	1.4/11.4	-/-	0.9/11.0
	0800 May Domestic PPI (MoM/YoY%)	-/-	-/-	1.3/6.7
Romania	0700 Apr Unemployment Rate Total 15 - 74 Years Old SA	-	-	4.6
	0700 Apr PPI (MoM/YoY%)	-/-	-/-	-1.2/0.7
South Africa	0815 May HSBC PMI SA	-	-	35.1
Brazil	1300 Apr Industrial Production (YoY%)	-18.0	-	-3.8
Thursday 4 June				
Hungary	0800 Apr Retail Sales (YoY%)	-9.0	-	3.5
Romania	0700 Apr Retail Sales (MoM/YoY%)	-/-	-/-	-3.6/4.1
Czech Rep	0800 1Q Real average Wage growth	1.6	-	3.6
Bulgaria	0900 1Q F GDP (QoQ/YoY%)	0.3/2.4	-/-	0.3/2.4
South Africa	1200 Apr Electricity Production (YoY%)	-	-	-4.1
	1200 Apr Electricity Consumption (YoY%)	-	-	-5.1
Friday 5 June				
Russia	1400 May CPI (MoM/YoY%)	0.3/3.0	-/-	0.8/3.1
Poland	1300 May Official Reserves Total (USD bn)	-	-	118.2
Czech Rep	0800 Apr Retail Sales (YoY%)	-30.0	-	-15.5
	0800 Apr Retail Sales Excl. Motor Vehicles (YoY%)	-20.0	-	-8.9
Hungary	0800 Apr Industrial Production (MoM/YoY%)	3.3/-5.8	-/-	-10.4/-10.0
Kazakhstan	- May International Reserves (US\$bn)	-	-	30.5
South Africa	0700 May Gross Reserves (US\$bn)	-	-	53.0
	0700 May Net Open Foreign Currency Position (US\$bn)	-	-	45.5
	- May SACCI Business Confidence	-	-	77.8

Source: ING, Bloomberg

Authors

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.