Bundles | 29 September 2023

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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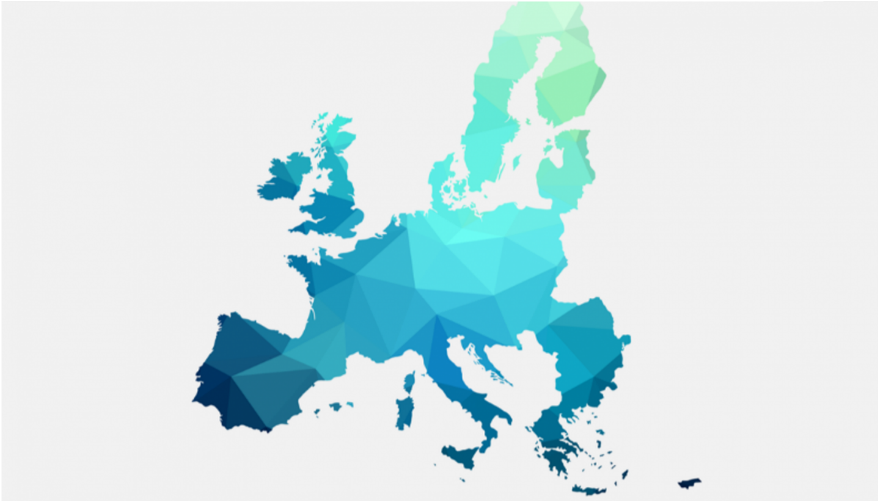
Key events in developed markets next week

In the US, a government shutdown looks probable as Congress is deadlocked over an agreement to provide funding for the start of the fiscal year. Meanwhile, the Bank of England's Decision Maker Panel survey could help cement expectations for a November pause



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US: A government shutdown looks probable

A government shutdown now looks probable with Congress deadlocked over an agreement to provide funding for the start of the fiscal year from 1 October. So from next week, we could see upwards of 800,000 workers furloughed – sent home without pay – while hundreds of thousands of other 'essential' federal government workers including homeland security, prison staff, military and legal workers would be required to continue working despite not being paid. National parks and museums may close in many instances and businesses surrounding them would inevitably be impacted while contractors employed by the federal government will also see payments being delayed or lost completely. Consumer and business sentiment will take a hit and spending inevitably weakens during these episodes.

Historically, a government shutdown lasts perhaps one to two weeks and the economic fallout is typically quite limited. For example, the Office of Management and Budget estimated that the 16-day government shutdown in 2013 crimped third-quarter 2013 GDP by roughly 0.3 percentage points. The ready reckoner is that 0.1-0.2pp of quarterly annualised GDP growth is lost for every week the shutdown drags on, but the economy makes perhaps half of it back when there is an agreement and back pay is returned. In an extreme example of it lasting a couple of months with an agreement being reached by early December, we could be talking about a dent to GDP growth of nearly a full percentage point. Given consensus expectations are only 0.6% for fourth quarter annualised growth, this would run the very real risk of a negative GDP print for the quarter.

Another issue resulting from this is that many of the key official data releases will not be published, including this Friday's jobs report from the Bureau for Labor Statistics. We've put it in the calendar and assumed a slight slowdown in hiring, but it could be several weeks before we actually see the real numbers. Consequently, we are going to focus more on third-party data releases, including the ISM reports. These are expected to continue pointing to modest GDP growth, with higher oil prices adding to near-term price pressures. Nonetheless, the lack of jobs data and potentially, inflation figures in subsequent weeks means that the Federal Reserve will not have as much information as it would like when it comes to policy decisions. Given the lack of clarity on the state of the economy, it would strengthen the case for the Fed to hold interest rates steady again in November. This would give more time for the economic slowdown we anticipate to emerge, and with core inflation likely to continue moderating, makes it all the more likely that the Fed's hiking cycle is already over.

UK: Bank of England survey to help cement expectations for a November pause

There's a distinct lack of data due between now and the Bank of England's November meeting. So having paused the rate hike cycle in September, there's not a huge amount that's likely to prompt a different verdict in a few weeks' time. Another rate hike at the next meeting would probably require a big upside to either services inflation, wage growth, or perhaps both. That's a couple of weeks off though, and next week we're left with just the BoE's Decision Maker Panel survey. This is something policymakers generally watch quite closely, and it's been pointing to less aggressive price and wage rises among firms over recent months. Admittedly, the BoE has put less weight on surveys recently as the hard data has generally pointed the other way, but we think these are important forward-looking signals and point to improvements in the BoE's favoured inflation metrics over coming months.

Key events in developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
		Monday 2 October			
US	1500	Sep ISM Manufacturing PMI	48	47.8	47.6
	1500	Sep ISM Manufacturing Prices Paid	51	48.8	48.4
Germany	0855	Sep S&P Global/BME Manufacturing PMI	39.8		39.8
UK	0930	Sep S&P Global/CIPS Manufacturing PMI Final	44.2		44.2
Italy	0845	Sep S&P Global/IHS Manufacturing PMI	-		45.4
	0900	Aug Unemployment Rate	-		7.6
Eurozone	0900	Sep S&P Global Manufacturing Final PMI	43.4		43.4
	1000	Aug Unemployment Rate	6.4		6.4
		Tuesday 3 October			
Switzerland	0730	Sep CPI (MoM%/YoY%)	-/-	/	0.2/1.6
		Wednesday 4 October			
US	1315	Sep ADP National Employment	175	150	177
	1445	Sep S&P Global Composite Final PMI	-		50.1
	1445	Sep S&P Global Services PMI Final	-		50.2
	1500	Aug Factory Orders (MoM%)	0.4	0.2	-2.1
	1500	Sep ISM N-Manufacturing PMI	54.0	53.5	54.5
Germany	0855	Sep S&P Global Services PMI	49.8		49.8
	0855	Sep S&P Global Composite Final PMI	46.2		46.2
France	0850	Sep S&P Global Composite PMI	-		43.5
UK	0930	Sep S&P Global/CIPS Serv PMI Final	47.2		47.2
	0930	Sep Composite PMI Final	46.8		46.8
Italy	0845	Sep Composite PMI	-		48.2
	0900	Q3 GDP Final (QoQ%/YoY%)	-/-	/	/
Spain	0815	Sep Services PMI	-		49.3
Eurozone	0900	Sep S&P Global Services Final PMI	48.4		48.4
	0900	Sep S&P Global Comosite Final PMI	47.1		47.1
	1000	Aug Retail Sales (MoM%/YoY%)	0/-0.7	/	-0.2/-1
		Thursday 5 October			
US	1330	Aug International Trade $	-66	-65.1	-65
	1330	Initial Jobless Claims	210	215	201
	1330	Continuing Jobless Claims	1675	1.675	1.662
Germany	0700	Aug Exports	1.2		-0.9
	0700	Aug Imports	0.2		1.4
	0700	Aug Trade Balance	17		15.9
France	0745	Aug Industrial Output (MoM%)	-		0.8
UK	0930	BoE Decision Maker Panel survey			
Canada	1330	Aug Trade Balance C$	-		-0.99
		Friday 6 October			
US	1330	Sep Non-Farm Payrolls	175	170	187
	1330	Sep Private Payrolls	160	150	179
	1330	Sep Unemployment Rate	3.7	3.7	3.8
	2000	Aug Consumer Credit	14	11.3	10.4
Germany	0700	Aug Industrial Orders (MoM%)	4		-11.7
France	0745	Sep Reserve Assets Total	-		215995
	0745	Aug Trade Balance	-		-8.089
Canada	1330	Sep Unemployment Rate	5.5		5.5
Switzerland	0645	Sep Unemployment Rate Adjusted	-		2.1

Source: Refinitiv, ING

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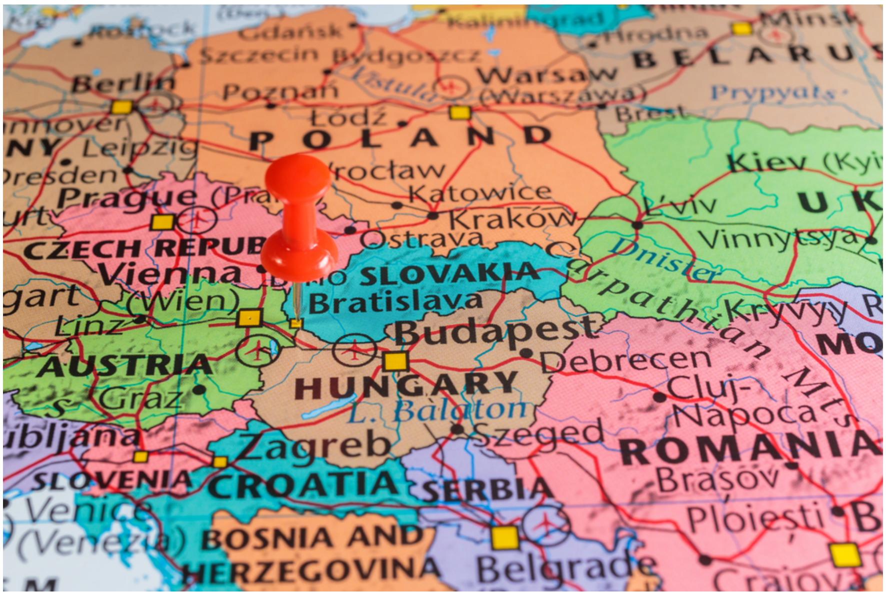
Key events in EMEA next week

Data from Hungry should show a slight improvement in economic momentum, annual inflation in Turkey is expected to increase further while in Poland, a sharp fall in inflation suggests the central bank will continue its monetary easing cycle



Source: Shutterstock

Hungary: Slight improvement in economic momentum expected following activity data

The Hungarian Central Statistical Office will publish the latest data on economic activity next week. We expect a slight improvement in momentum based on the monthly performance of the retail and industrial sectors. The World Athletics Championships in Budapest could temporarily boost retail sales with a significant influx of tourists. Based on some survey indicators and the track record of industrial production during the summer in recent years, we see some improvement in the export sectors and, this time, perhaps also some temporary support from the sectors driven by domestic demand. We don't think that this improvement will be sustainable but after four quarters of technical recession, any small positive change that can bring the recessionary period to an end is to be welcomed.

Turkey: Annual inflation expected to increase further to 61.5%

Given the deterioration in pricing behaviour, currency weakness, widespread increase in wages and tax adjustments and markedly negative ex-post and ex-ante real policy rate, inflation will likely remain under pressure in the near term. Accordingly, we expect annual inflation to increase further to 61.5% in September (with a 4.7% month-on-month reading) from 58.9% a month ago.

Poland: A 25bp cut expected

With CPI inflation falling sharply in September, the National Bank of Poland is expected to continue its monetary easing cycle in October. However, the size of the cut should be smaller than in September in order to avoid further depreciation of the zloty. The FX market reaction to September's 75bp rate cut most likely surprised the MPC and may make further disinflation more difficult. We expect a 25bp rate cut at the policy meeting on Wednesday and the main NBP rate to decline to 5.50% by the end of 2023, from the current 6.00%.

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
		Monday 2 October			
Russia	0700	Sep S&P Global Manufacturing PMI	-		52.7
Turkey	0800	Sep Manufacturing PMI	-		49
Poland	0800	Sep S&P Global Manufacturing PMI	43.8		43.1
Czech Rep	0830	Sep S&P Global PMI	-		42.9
Hungary	0730	Jul Trade Balance Final	697		697
	0800	Sep Manufacturing PMI	44.5		46.5
		Tuesday 3 October			
Turkey	0800	Sep CPI (MoM%/YoY%)	4.7/61.5	/	9.09/58.94
Czech Rep	1300	Sep Budget Balance	-		-194.6
		Wednesday 4 October			
Russia	0700	Sep S&P Global Services PMI	-		57.6
Poland	1300	Oct NBP Base Rate	5.75		6
Hungary	0730	Aug Retail Sales (YoY%)	-5.4		-7.6
South Africa	0815	Sep Std Bank Whole Econ PMI	-		51
		Thursday 5 October			
Romania	1300	Mon Policy Rate	7	7	7
		Friday 6 October			
Czech Rep	0800	Aug Retail Sales (YoY%)	-		-2.2
Hungary	0730	Aug Industrial Output (YoY%)	-1.9		-2.6
Kazakhstan	1000	Oct Base Interest Rate	16.0		16.5
Serbia	1100	Oct Benchmark Interest rate	-		6.5

Source: Refinitiv, ING

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Asia week ahead: Two key central bank meetings

Next week's Asia calendar features key central bank meetings in Australia and India. Meanwhile, Korea reports trade figures, China will release PMI, and we will also get a look at inflation readings from the region

China's official PMI likely to show expansion

China's official PMI shows that manufacturing activity contracted for five consecutive months between March and August.

Recently released data on Chinese industrial profits showed a rise after five consecutive contractions, which might signal that the economy has stabilised to a certain extent.

We believe that the official manufacturing PMI for September will show a slight expansion reading of 50.2. With the improvement in recent activity data including retail sales, the non-manufacturing PMI may also increase slightly to 51.3.

Central bank meetings in Australia and India

The Reserve Bank of Australia (RBA) will have its monthly meeting next week to decide on the key cash rate. The latest CPI figure for August stands at 5.2% year-on-year, the first increase since April and still way above the RBA's target of 2-3%. However, it should not be too much of a concern as the rise in inflation was largely due to base effects and soaring oil prices. While we believe that the latest inflation figures bolster the case for the central bank to further increase rates at some point, we don't think that it will choose this meeting to tighten.

The Reserve Bank of India (RBI) is likely to keep its repo rate unchanged as India's inflation is trending down after a surge in vegetable prices in July. Seasonal food prices have reduced since then as supply conditions have improved following erratic monsoon weather. Currently, the RBI's third-quarter inflation forecast is above 5%. As such, rates may remain unchanged through the year-end.

Inflation numbers from Indonesia, Philippines and Korea

We'll be getting inflation numbers from Indonesia, the Philippines and Korea next week. Soaring global energy prices has led to higher transport and energy price levels in these countries, raising the expectation of inflation.

For Indonesia, we expect inflation to inch higher due to food as well. Rice prices recently touched a multi-year high on tight supply of the grain. Despite the projected pickup, headline inflation remains well within target and should settle at 2.3%YoY.

Meanwhile, for the Philippines, we expect inflation to stay elevated and above target for another month. Rice prices could still edge higher despite a presidential order capping rice prices on select varieties of the all-important staple. We could see Philippine inflation settle at 5.1%YoY, well above target and the main reason why the Bangko Sentral ng Pilipinas (BSP) has suddenly turned extremely hawkish.

It's a similar situation in Korea, with the main drivers of inflation also food and fuel prices. Headline inflation is expected to rise to 3.2% YoY for September. This will likely strengthen the government's efforts to curb inflation by offering shopping vouchers, extending the fuel tax cut programme, and holding utility fees for the fourth quarter.

Singapore retail sales

Next week also features retail sales from Singapore. August retail sales will likely manage to expand modestly, although still-elevated inflation and overall subdued economic activity could cap any gains. Soft retail sales amid falling industrial output will likely drag on overall third-quarter GDP.

Korea trade data

Preliminary data on Korean exports in early September pointed to a gain of 9.8% YoY, largely due to favourable calendar effects. We believe that full-month data however could record a contraction as data suggest poor semiconductor exports and softer shipments to China continue to drag on overall exports.

Key events in Asia next week

	Saturday 30 September			
China	0230 Sep NBS Manufacturing PMI	50.2	50.1	49.7
	0230 Sep NBS Non-Manufacturing PMI	51.3	51.5	51
	Sunday 1 October			
China	0245 Sep Caixin Manufacturing PMI Final	50.7	51.2	51
	0245 Sep Caixin Services PMI	52.5	52	51.8
South Korea	0100 Sep Export Growth (YoY%)	-9.8	-9.3	-8.3
	0100 Sep Import Growth (YoY%)	-	-18	-22.8
	Monday 2 October			
Japan	0130 Sep Jibun Bank Manufacturing PMI	-		48.6
	0050 Sep Monetary Base (YoY%)	-		1.12
Indonesia	0130 Sep IHS S&P Global PMI	54		53.9
	0500 Sep Core Inflation (YoY%)	2.1	2.06	2.18
	0500 Sep Inflation (MoM%/YoY%)	0.1/2.3	0.08/2.16	-0.02/2.18
Philippines	0130 Sep Manufacturing PMI SA	49.4		49.7
Singapore	1000 Sep Foreign Reserves USD	-		337.3
South Korea	0000 Aug Industrial Output (YoY%)	-	-5.8	-8
	0000 Aug Industrial Output (MoM%)	-		-2
Taiwan	0130 Sep IHS S&P Global Manufacturing PMI	44.6		44.3
	Tuesday 3 October			
Australia	0430 Oct RBA Cash Rate	4.1	4.1	4.1
India	0600 Sep IHS S&P Global Manufacturing PMI	58.7		58.6
Singapore	1400 Sep Manufacturing PMI	49.5		49.9
	Wednesday 4 October			
Japan	0130 Sep Services PMI	-		53.3
South Korea	0130 Sep IHS S&P Global Manufacturing PMI	-		48.9
	Thursday 5 October			
Japan	0030 Aug All Household Spending (YoY%)	-		-5
	0030 Aug All Household Spending (MoM%)	-		-2.7
Australia	0130 Aug Trade Balance (A$bn)	9200	9000	8039
India	0600 Sep IHS S&P Global Services PMI	60.6		60.1
Philippines	0200 Sep CPI (MoM%/YoY%)	0.25/5.1	0.3/5.3	1.1/5.3
	0200 Sep Core CPI (YoY%)	5.7		6.1
	- Sep Forex Reserves USD	99.5		99.8
Singapore	0600 Aug Retail Sales (MoM%/YoY%)	-0.25/0.3	/	0.6/1.1
South Korea	0000 Sep CPI Growth (MoM%/YoY%)	-/3.2	0.3/3.4	1/3.4
Taiwan	0900 Sep CPI (YoY% NSA)	2.8		2.52
	0920 Sep Foreign Exchange Reserve	567.700		565.467
	Friday 6 October			
India	0530 0 Repo Rate	6.5		6.5
	0530 0 Reverse Repo Rate	3.35		3.35
	0530 0 Cash Reserve Ratio	4.5		4.5

Source: Refinitiv, ING

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