THINK economic and financial analysis

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 next week

Look out for hawkish signs from central banks in developed markets, with rate hikes not far off. The Federal Reserve is expected to taper its asset...

By James Knightley and James Smith

Key Events

Key events in emerging markets next week

Inflation figures will continue to rise across emerging markets such as Russia and Turkey next week. In Hungary, PMIs and retail sales figures will show...

By Dmitry Dolgin , Peter Virovacz and Muhammet Mercan

Asia week ahead

Asia week ahead: PMI reports kick off a busy week for Asia

Manufacturing, inflation, trade and inflation reports pepper next week’s calendar

---

Key events in developed markets next week

Look out for hawkish signs from central banks in developed markets, with rate hikes not far off. The Federal Reserve is expected to taper its asset purchase programme in November, while the Bank of England is expected to announce its first rate hike

Source: Shutterstock

US: Fed tapering expected, with a rate hike not too far behind

After having more than doubled the size of its balance sheet to $8.5t since the start of the pandemic, it is now time for the Federal Reserve to slow the rate of monthly asset purchases from the current $120bn per month. A 3 November taper announcement looks inevitable now that officials, by and large, agree that "substantial further progress" has been made on both the inflation and employment mandates. Moreover, the minutes of the September FOMC meeting outlined a potential timetable that starts in November with asset purchases reduced by $15b each month, split $10b Treasuries and $5b Agency Mortgage-Backed Securities. The plan is for purchases to be reduced to zero by June, but with the economy growing, creating jobs and likely experiencing elevated inflation through to at least the middle of next year, we think it could be concluded more swiftly.

We don't think interest rate increases will be far behind and markets seem to agree with earlier interest rate hikes being anticipated across developed markets. We have been forecasting two interest rate increases in the second half of 2022 for quite some time – one in September and one in December. However, given the evident intensification of inflation pressures the risks are increasingly skewed towards the Federal Reserve taking a more aggressive position and hiking three times, starting in July. By moving earlier, the argument goes that this will mean that the terminal interest rate won't need to be as high, with Fed funds likely peaking below the 2.5% peak that Fed officials are currently predicting.

In terms of the data, we will have the ISM reports for both the manufacturing and services sectors. They should be consistent with firm economic activity that points to a re-acceleration in GDP growth after the Covid and supply chain constrained 2% reading for the third quarter. We will also look at their employment components as estimates for Friday's payrolls numbers are firmed up. Ahead of time, we think there should be some evidence of labour market supply shortages easing modestly. After all, schools are back to in-person tuition, so parents don't have to stay at home, there is an effective vaccine so Covid anxiety should be waning, and the extended unemployment benefits that may have diminished the financial need to get a job have concluded. However, given the accumulation of savings over the past 18 months, many people may be in no hurry to return to a job that they may not particularly like doing. Consequently, we are conservatively going for payrolls growth of 450k.

Bank of England poised to hike interest rates for the first time since Covid-19

Markets are fully pricing the first 15bp rate rise from the Bank of England (BoE) next week. Economists are less sure, and the consensus is relatively split. Certainly there are compelling reasons to think the MPC could wait – not least because we lack data on what's happened to the jobs market since the furlough scheme ended in September. But the message from Governor Andrew Bailey and his colleagues has strongly hinted that the Bank doesn't want to hang around. Waiting until December, as some have mooted, would mean the Bank lacks a post-meeting press conference or new forecasts to help explain its decision to the general public (something it takes seriously).

Even so, markets are well ahead of themselves on the extent and speed of future hikes from the BoE. Investors are pricing roughly four further moves by the end of 2022 - we think at most we're looking at one or maybe two. Policymakers may opt against making a huge deal about this in the statement, but we think there could be hints in the forecasts (which are based off market pricing) that investors are overestimating the tightening required. The vote to raise interest rates is also unlikely to be unanimous, which should act as a warning signal that future increase may not attract sufficient support on the MPC.

Brexit back in the headlines as tensions grow

The UK is reportedly ramping up preparations to trigger Article 16 of the Northern Ireland protocol, which in theory allows either side to unilaterally suspend parts of the deal if it's causing economic or social dislocation. This is now less a question of 'if' the government will do this, and increasingly 'when'. There's growing talk that this could come at some point in November, once world leaders have departed the UK after the COP26 summit. What then? The response from the EU would likely be fairly swift, and may well take the form of some retaliatory tariffs against the UK. The jury's out on whether this would cover a targeted list of products, or whether Brussels would go further and suspend large parts (or even all) of the trade deal agreed late last year. Either way, this uncertainty will add a further growth headwind to the UK economy this winter.

Norges Bank set to 'green light' a December rate rise

Norway was among the first to start a hiking cycle back in September, and another rate rise in December looks like a dead cert. Next week's meeting commands only a brief policy statement, but expect confirmation of another rate rise. We expect two or three additional moves next year.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
		Monday 1 November			
US	1600	Oct ISM Manufacturing	62.0	60.4	61.1
	1600	Oct ISM Manufacturing Prices Paid	82.0		81.2
Germany	0800	Sep Retail Sales (MoM%/YoY%)	-/-		1.1/0.4
UK	1030	Oct Markit/CIPS Manufacturing PMI Final	57.7		57.7
Canada	1430	Oct Markit Manufacturing PMI	-		57.0
		Tuesday 2 November			
Germany	0955	Oct Markit/BME Manufacturing PMI	-		58.2
France	0950	Oct Markit Manufacturing PMI	-		53.5
Switzerland	0830	Oct CPI (MoM%/YoY%)	-/-		0.0/0.9
Eurozone	1000	Oct Markit Manufacturing Final PMI	-		58.5
		Wednesday 3 November			
US	1315	Oct ADP National Employment	400	369	568
	1500	Sep Factory Orders (MoM%)	-0.4	-0.1	1.2
	1600	Oct ISM Non-Manufacturing PMI	61.5	61.5	61.9
	1900	Fed Funds Target Rate	0.125	0.125	0.125
	1900	Fed Interest On Excess Reserves	-		0.15
UK	1030	Oct Composite PMI Final	56.8		56.8
Eurozone	1100	Sep Unemployment Rate	-		7.5
		Thursday 4 November			
US	1330	Sep International Trade $	-75	-74.1	-73.3
	1330	Initial Jobless Claims	280		281
	1330	Cont Jobless Claims	2200		2243
Germany	0800	Sep Industrial Orders (MoM%)	3.0		-7.7
	0955	Oct Markit Composite Final PMI	52.0		52.0
France	0950	Oct Markit Composite PMI	-		54.7
UK	1300	Nov BOE Bank Rate	0.25	0.1	0.1
	1300	Nov Asset Purchase Program	895	895	895
Italy	0945	Oct Composite PMI	-		56.6
Canada	1330	Sep Trade Balance C$	-		1.94
Norway	1000	Key Policy Rate	0.25		0.25
Netherlands	0630	Oct CPI (MoM%/YoY%)	-		0.1/2.7
Eurozone	1000	Oct Markit Composite Final PMI	-		54.3
		Friday 5 November			
US	1330	Oct Non-Farm Payrolls	450	400	194
	1330	Oct Private Payrolls	400	365	317
	1330	Oct Unemployment Rate	4.8	4.7	4.8
Germany	0800	Sep Industrial Output (MoM%/YoY%)	3.0/2.5		-4.0/1.6
France	0845	Sep Industrial Output (MoM%)	-		1
Canada	1330	Oct Unemployment Rate	-		6.9
Eurozone	1100	Sep Retail Sales (MoM%/YoY%)	-/-		0.3/0.0

Source: Refinitiv, ING, *GMT

Author

James Knightley
Chief International Economist, US
james.knightley@ing.com

James Smith
Developed Markets Economist, UK
james.smith@ing.com

Key events in emerging markets next week

Inflation figures will continue to rise across emerging markets such as Russia and Turkey next week. In Hungary, PMIs and retail sales figures will show increased demand

Source: Shutterstock

Russia: Inflation remains the key concern

October inflation is likely to disappoint again, as some pre-emptive consumption and price upticks took place ahead of recent lockdowns. We now see monthly CPI at 1.1% month-on-month, corresponding to a material spike from 7.4% year-on-year in September to 8.1% year-on-year in October. Given the deteriorating global inflationary picture, confirmed recently by the IMF, we see a high likelihood of inflation touching 8.0% this year-end, exceeding the most recent Bank of Russia forecast range of 7.4-7.9%. The monetary authorities, which have committed themselves to addressing elevated inflationary expectations and to the year-end 2022 CPI target of 4.0-4.5%, are likely to continue the key rate cycle at the December meeting. Our initial 25 basis point hike assumption now appears too low and has a high risk of upward revision.

In other news, the Finance Ministry is likely to announce an increase in the monthly FX & gold purchases from $4.5b in October to $5.7b in November, reflecting a noticeable increase in the Urals and gas price over the month, combined with a recovery in production volumes, as suggested by the most recent industrial output data. The increase in FX purchases should not be a big deal for the FX market, which is benefiting from a $10b monthly current account surplus and high real rates. That said, it may take some steam off the recent ruble rally. Combined with the end of a seasonally large tax period, continued local capital outflows, and global uncertainties surrounding the global debt and FX market, this should prevent USD/RUB from seeing material appreciation from current levels.

Hungary: Industrial output and retail sales still on the up

Despite supply side constraints, manufacturers are facing increasing demand which is keeping them in an optimistic mood, at least in the short run. This might be reflected by the manufacturing PMI, which we expect to remain above the watermark level. When it comes to hard data, Friday will bring a lot of excitement with a set of data from September. We see retail sales stabilising around 4.0% YoY as buyers are still rushing to buy goods before shortages kick in. Industrial output should rebound after a shutdown in August. While some car makers went on forced breaks again due to spare part shortages, these were shorter than the summer shutdowns and we expect a 2.3% month-on-month increase in Hungarian industry.

Turkey: Weaker exchange rate and higher energy prices will push up inflation

Annual CPI will likely go up further to 19.8% in October (2.3% on monthly basis) from 19.6% a month ago, given the accelerating pass-through from recent exchange rate developments, higher energy prices and the impact of other administrative price adjustments, with risks tilted to the upside.

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
		Monday 1 November			
Russia	0700	Oct Markit Manufacturing PMI	-		49.8
Turkey	0800	Oct Manufacturing PMI	-		52.5
	1200	Sep Bank NPL Ratio	-		3.7
Czech Rep	0930	Oct Markit PMI	-		58.0
	1400	Oct Budget Balance	-		-326.3
Hungary	0900	Oct Manufacturing PMI	50.5		52.1
Brazil	1400	Oct Markit Manufacturing PMI	-		54.4
Mexico	1630	Oct Markit Manufacturing PMI	-		48.6
		Tuesday 2 November			
Poland	0900	Oct Markit Manufacturing PMI	-		53.4
Hungary	0900	Aug Trade Balance Final	-467.0		-467.0
		Wednesday 3 November			
Russia	0700	Oct Markit Services PMI	-		50.5
	1700	Oct CPI (MoM%/YoY%)	1.1/8.1		0.6/7.4
Turkey	0800	Oct CPI (MoM%/YoY%)	2.3/19.8		1.3/19.6
Poland	-	Nov NBP Base Rate	-		0.5
Brazil	0900	Oct IPC-Fipe Inflation Index	-		1.13
		Thursday 4 November			
Czech Rep	1430	CNB Repo Rate	-		1.5
South Africa	0815	Oct Std Bank Whole Econ PMI	-		50.7
Brazil	1300	Sep Industrial Output (MoM%/YoY%)	-/-		-0.7/-0.7
	1400	Oct Markit Services PMI	-		54.6
	1400	Oct Markit Composite PMI	-		54.7
		Friday 5 November			
Czech Rep	0900	Sep Retail Sales (YoY%)	-		5.1
Hungary	0900	Sep Industrial Output (MoM%/YoY%)	2.3/1.5		-2.7/2.6
	0900	Sep Retail Sales (YoY%)	4.0		4.1

Source: Refinitiv, ING, *GMT

Author

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

Asia week ahead: PMI reports kick off a busy week for Asia

Manufacturing, inflation, trade and inflation reports pepper next week's calendar

PMI reports could show impact of global supply chain gridlock

China kicks off a busy week with PMI reports over the weekend, followed by most of Asia. PMI readings could give an indication as to whether the global supply chain bottlenecks are beginning to feed into overall manufacturing activity. Our Greater China economist, Iris Pang, writes "China's official manufacturing PMI is expected to remain in contraction due to a lack of diesel for trucks which has disturbed delivery and construction activity". Meanwhile, "the CAIXIN manufacturing PMI may see an improvement from small exporters' manufacturing activity for the western holidays". Other economies in Asia could see improved activity after relaxing mobility restrictions. China, Japan, Indonesia, Taiwan, Korea, Singapore and the Philippines all release PMI readings next week.

Trade activity affected by bottlenecks?

One area that is expected to take a hit from the global supply chain bottlenecks is trade. Tightness in supply and logistical gridlock may hamper overall trade, however higher commodity prices and the general reopening of economies has also translated into an increase in overall activity compared to 2020. In the coming days, Korea, India, Australia and the Philippines will release data on trade.

Inflation, the hot button issue

Concerns about the acceleration in price gains is definitely one of the main factors affecting sentiment in Asia. On top of the acceleration in prices, market participants are increasingly aware that the current spike in inflation could become more pervasive and persistent. Inflation pressures have prodded central banks around the world to take action recently (Singapore, New Zealand and Korea in the region). The Philippine inflation report will likely be closely watched as inflation remains stubbornly above target, although the central bank has continuously pushed back on the idea of raising rates "prematurely". Korea, Singapore and Taiwan will also release CPI inflation figures in the coming days.

Growth and central bank activity

Next week's economic calendar also features data releases on growth and a central bank policy meeting. The Reserve Bank of Australia (RBA) meets next week to discuss policy although our Asia Pacific Regional Head of Research, Rob Carnell, believes the RBA will remain in supportive mode as the economy recovers. Taiwan and Indonesia report 3Q GDP results, with Indonesia forecast to post a 3.5% year-on-year expansion, a slowdown from the previous quarter, after surging Covid-19 cases prompted authorities to heighten mobility curbs during the quarter.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
		Sunday 31 October			
China	0200	Oct NBS Manufacturing PMI	49.5		49.6
	0200	Oct NBS Non-Manufacturing PMI	53.5		53.2
		Monday 1 November			
Japan	0130	Oct Jibun Bank Manufacturing PMI	-		53.0
	0050	Oct Monetary Base (YoY%)	-		11.5
China	0245	Oct Caixin Manufacturing PMI Final	50.2		50.0
India	0600	Oct IHS Markit Manufacturing PMI	-		53.7
	-	Oct Fiscal Deficit - USD Prelim	-		22.6
	-	Oct Imports - USD Prelim	-		56.4
	-	Oct Exports - USD Prelim	-		33.8
Indonesia	0130	Oct IHS Markit PMI	54		52.2
	0500	Oct Inflation (MoM%/YoY%)	0.1/1.6		-0.04/1.3
Taiwan	0130	Oct IHS Markit Manufacturing PMI	54.9		54.7
	0900	Q3 GDP Final (YoY%)	3.5		7.4
South Korea	0100	Oct Export Growth Prelim	-		16.7
	0100	Oct Import Growth Prelim	-		31.0
	0100	Oct Trade Balance Prelim	-		4.21
	0130	Oct IHS Markit Manufacturing PMI	-		52.4
	0000	Oct CPI Growth (MoM%/YoY%)	-/-		0.5/2.5
		Tuesday 2 November			
Australia	0430	Nov RBA Cash Rate	-		0.1
Philippines	0130	Oct Manufacturing PMI	52.1		50.9
Singapore	1400	Oct Manufacturing PMI	51.2		50.8
		Wednesday 3 November			
China	0245	Oct Caixin Services PMI	55		53.4
India	0600	Oct IHS Markit Services PMI	-		55.2
		Thursday 4 November			
Japan	0130	Oct Services PMI	-		47.8
	0030	Sep All Household Spending (MoM%/YoY%)	-		-3.9/-3.0
Australia	0130	Sep Trade Balance (A$bn)	-		15077
		Friday 5 November			
Indonesia	0500	Q3 GDP (QoQ%/YoY%)	-/3.5		3.31/7.07
Philippines	0200	Oct CPI (YoY%)	5.0		4.8
	0200	Oct Core CPI (YoY%)	3.5		3.3
	0200	Sep Imports (YoY%)	28.5		30.8
	0200	Sep Trade Balance	-3812		-3577
Singapore	0600	Sep Retail Sales (MoM%/YoY%)	-/-		-0.6/-2.8
Taiwan	0900	Oct CPI (YoY%)	2.3		2.63
	0900	Oct WPI (YoY%)	12		11.96
	0920	Oct Foreign Exchange Reserve ($bn)	546		544.899

Source: Refinitiv, ING, *GMT

Author

Iris Pang
Chief Economist, Greater China
iris.pang@asia.ing.com

Nicholas Mapa
Senior Economist, Philippines
nicholas.antonio.mapa@asia.ing.com

Disclaimer