

Our view on next week's key events

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By James Knightley and James Smith



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Source: Shutterstock

✓ US: From strength to even more strength

After another very strong GDP print, attention switches to the jobs story in the coming week. With 142 million Americans having received at least one dose of the Covid vaccine, the economy continues to reopen and consumers have more opportunities to spend their money – remember that household cash, checking and savings deposits have increased by \$3tn since late 2019. The jobs report data is collected the week of the 12th of each month and between March 12 and April 12 we have seen a massive uptick in restaurant diners, a surge in airport travellers and very strong daily credit and debit card transaction numbers, which point to large increases in employment in the leisure and hospitality industries, retail and travel and logistics. Rising industrial output and a red-hot property market also point to good gains in manufacturing and construction employment meaning that in total, we expect to see total US employment rise by more than one million. We will get more data during the week to help us firm up our forecasts, including the ISM manufacturing and service reports along with the ADP's survey of private payrolls.

In addition to highlighting strong order books, the ISM reports are also likely to indicate ongoing rapid increases in prices, which means we have a combination of strong growth, a vibrant jobs market and the prospect of more elevated and sustained inflation pressures in the US economy. As

such, we suspect the Federal Reserve will be forced into an earlier policy tightening than the 2024 date for the first interest rate hike they are currently signalling, particularly with another \$4tn of fiscal support set to hit the economy in addition to the \$5tn already spent to support the economy through the pandemic.

✓ Expect cautious optimism from the Bank of England – and some tapering?

We expect a series of upgrades to the Bank of England's forecasts, including a bigger rebound in 2Q and a lower peak in unemployment. This encouraging outlook potentially means the Bank will take the opportunity next week to taper the pace of its asset purchases. At face value, this should come as no surprise – the BoE has already told us it will be doing this at some point. Policymakers expect to wrap up the remaining amount of gilt purchases around the end of the year, but at the current £4.4bn weekly pace, it will get there months earlier. A cut in the weekly buying pace to roughly £3bn/week from now onwards would allow the Bank to reach its target holdings of £875bn worth of government bonds around the end of the year.

✓ Scottish Independence debate in focus as UK voters go to the polls

There are various UK votes next week, including Scottish Parliamentary elections. These come following a period of renewed focus on the question of Scottish Independence, though voters are now more 50:50 on the issue, erasing a previous lead for 'Yes' that had built up through the pandemic. The main question next week is whether the Scottish National Party (SNP) manages to gain an outright majority in the Scottish parliament, though there is a possibility of a coalition with the pro-independence Green party if they don't.

The upshot is a formal request for a second independence referendum is likely over the next few years. And while London, which ultimately holds the power to allow one, will likely continue to reject such calls, the question is unlikely to go away. Indeed, if a referendum hasn't been granted by 2024, the issue will likely play a key role in the next general election scheduled for that year.

✓ Norges Bank – the hawkish outlier

As this is an 'in-between' meeting, we don't expect much news from the Norges Bank next week. The Norwegian central bank looks on track to hike rates in December barring a negative economic surprise, and in fact, a move in September can't be ruled out if the recovery in Europe is faster than expected over the summer.

Developed Markets Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|------------------------|------|---|---------|--------|------------|
| Monday 3 May | | | | | |
| US | 1445 | Apr ISM manufacturing | 65.5 | 65.0 | 64.7 |
| Germany | 0700 | Mar Retail Sales (MoM/YoY%) | 0.0/1.5 | | 1.2/-9.0 |
| | 0855 | Apr Markit/BME Manufacturing PMI | 66.0 | | 66.4 |
| France | 0850 | Apr Markit Manufacturing PMI | - | | 59.2 |
| Italy | 0845 | Apr Markit/IHS Manufacturing PMI | - | | 59.8 |
| Spain | 0815 | Apr Manufacturing PMI | - | | 56.9 |
| Canada | 1430 | Apr Markit Manufacturing PMI SA | - | | 58.5 |
| Eurozone | 0900 | Apr Markit Manufacturing Final PMI | - | | 63.3 |
| Tuesday 4 May | | | | | |
| US | 1330 | Mar International Trade \$ | -74.0 | -72.4 | -71.1 |
| | 1500 | Mar Factory Orders (MoM%) | 2.3 | 2.0 | -0.8 |
| UK | 0930 | Apr Markit/CIPS Manufacturing PMI Final | 60.7 | | 60.7 |
| Canada | 1330 | Mar Trade Balance C\$ | - | | 1.04 |
| Australia | 0230 | Mar Trade Balance (A\$bn) | 8.3 | | 7.5 |
| | 0530 | May RBA Cash Rate | 0.1 | 0.1 | 0.1 |
| New Zealand | 2345 | Q1 HLFS Unemployment Rate | - | | 4.9 |
| Wednesday 5 May | | | | | |
| US | 1315 | Apr ADP National Employment | 920.0 | 850.0 | 517.0 |
| | 1445 | Apr Markit Composite Final PMI | - | | 62.2 |
| | 1445 | Apr Markit Services PMI Final | - | | 63.1 |
| | 1500 | Apr ISM Non-Manufacturing PMI | 64.5 | 64.0 | 63.7 |
| Germany | 0855 | Apr Markit Services PMI | 50.0 | | 50.1 |
| | 0855 | Apr Markit Composite Final PMI | 56.0 | | 56.0 |
| France | 0850 | Apr Markit Services PMI | - | | 50.4 |
| | 0850 | Apr Markit Composite PMI | - | | 51.7 |
| Italy | 0845 | Apr Markit/IHS Services PMI | - | | 48.6 |
| | 0845 | Apr Composite PMI | - | | 51.9 |
| Spain | 0815 | Apr Services PMI | - | | 48.1 |
| Norway | 0700 | Dec Labour Force Survey | - | | 5.0 |
| Eurozone | 0900 | Apr Markit Services Final PMI | - | | 50.3 |
| | 0900 | Apr Markit Composite Final PMI | - | | 53.7 |
| Thursday 6 May | | | | | |
| Japan | 0050 | Apr Monetary Base (JPY bn) | 649.0 | | 643.6 |
| | 0050 | Mar Labor cash earnings (YoY%) | -1.3 | | -0.4 |
| Germany | 0700 | Mar Industrial Orders (MoM%) | -0.8 | | 1.2 |
| UK | 0930 | Apr Markit/CIPS Services PMI Final | 60.1 | | 60.1 |
| | 0930 | Apr Composite PMI Final | 60.0 | | 60.0 |
| | 1200 | May BOE Bank Rate | 0.1 | 0.1 | 0.1 |
| | 1200 | May Asset Purchase Prog | 895 | | 895 |
| Norway | 0700 | Mar Manufacturing Output (MoM%) | - | | -0.4 |
| | 0900 | Key Policy Rate | 0.00 | | 0.00 |
| Eurozone | 1000 | Mar Retail Sales (MoM/YoY%) | -/- | | 3.0/-2.9 |
| Friday 7 May | | | | | |
| US | 1330 | Apr Non-Farm Payrolls | 1050.0 | 925.0 | 916.0 |
| | 1330 | Apr Private Payrolls | 950.0 | 859.0 | 780.0 |
| | 1330 | Apr Unemployment Rate | 5.7 | 5.8 | 6.0 |
| | 2000 | Mar Consumer Credit | 17.0 | | 27.6 |
| Germany | 0700 | Mar Industrial Output (MoM/YoY%) | 6.3/9.3 | | -1.6/-6.11 |
| | 0700 | Mar Exports | -0.5 | | 0.9 |
| | 0700 | Mar Imports | -1.0 | | 3.6 |
| | 0700 | Mar Trade Balance | 18.0 | | 19.1 |
| France | 0745 | Mar Industrial Output (MoM%) | - | | -4.7 |
| | 0745 | Apr Reserve Assets Total | - | | 182839 |
| | 0745 | Mar Trade Balance | - | | -5.25 |
| | 0745 | Mar Imports, EUR | - | | 43.91 |
| | 0745 | Mar Exports, EUR | - | | 38.66 |
| Canada | 1330 | Apr Unemployment Rate | 7.2 | | 7.5 |
| New Zealand | 0400 | Apr Reserve Assets Total | - | | 18154 |
| Spain | 0900 | Mar Industrial production YoY | | | -2.1 |

Source: ING, Refinitiv

Authors

James Knightley

Chief International Economist, US

james.knightley@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Key events in EMEA next week

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Source: Shutterstock

✓ Turkey: CBT to keep rates on hold

While the Central Bank of Turkey has been sounding more dovish lately, we expect it to remain on hold at the May MPC meeting given the worsening in inflation dynamics and challenging currency outlook. We forecast inflation at 1.7% month-on-month in April, continuing the uptrend to 17.2% year-on-year from 16.2% YoY a month ago. This is due to recent weakness in the lira, higher commodity prices, supply problems driven by tightening pandemic control measures, along with unfavourable base effects.

✓ Czech Republic: CNB to maintain its monetary stance until 2H21

The Czech National Bank is set to stay on hold next Thursday and should reiterate its plan to start normalising policy rates in the second half of the year. The new forecast should signal a weaker pace of rate hikes, as economic developments in the first half of this year should be softer than expected in the February forecast. Still, the CNB is set to point to hikes in 2H21 and we look for two hikes in the fourth quarter, though the CNB has not excluded the potential start of hiking at the August monetary meeting.

✓ Russia: Trimming of FX purchases, and inflation data to reinforce hawkish stance

The Russian Finance Ministry is likely to announce the trimming of its FX purchases from US\$2.4 bn in April to US\$2.0 bn in May, in line with some correction in the oil prices we've seen over the past month. However, the biggest issue for the ruble is not FX purchases but a fast pick up in imports and capital outflows (which are only partially politics-related). In addition, next week, April CPI will be reported, with the annual rate almost certainly decelerating from March's 5.8% YoY peak on a higher base effect, but the April result still looks as though it could overshoot our 5.5% YoY expectations, reinforcing the Bank of Russia's hawkish stance.

✓ Hungary: Possible stagnant PMI reading and pessimistic retail and industry figures

With supply chain issues causing stoppages in Hungary and a reopening having begun, the manufacturing PMI will be shaped by both negative and positive forces. The result could be stagnation. We will also see data on industry and retail sales in March and are bracing for a bad outcome. The retail sector's performance was probably held back by a new round of containment measures in March, with non-essential shops being closed. Industry faced supply chain disruptions amid a shortage of microchips and semiconductors and the proverbial icing on the cake was the Suez Canal incident, causing further delays in input shipments.

EMEA Economic Calendar

| Country | Time | Data/event | ING Survey | Prev. |
|------------------------|------|----------------------------------|------------|------------|
| Monday 3 May | | | | |
| Turkey | 0800 | Apr CPI (MoM/YoY%) | 1.7/17.2 | 1.08/16.19 |
| | 0800 | Apr Manufacturing PMI | - | 52.6 |
| Czech Rep | 0830 | Apr Markit PMI | 59 | 58.0 |
| | 1300 | Apr Budget Balance | - | -125.2 |
| Hungary | 0800 | Apr Manufacturing PMI | 49.8 | 48.7 |
| Brazil | 0900 | Apr IPC-Fipe Inflation Idx | - | 0.71 |
| | 1400 | Apr Markit Manufacturing PMI | - | 52.8 |
| Mexico | 1530 | Apr Markit Manufacturing PMI | - | 45.6 |
| Tuesday 4 May | | | | |
| Russia | 0700 | Apr Markit Manufacturing PMI | - | 51.1 |
| Poland | 0800 | Apr Markit Manufacturing PMI | - | 54.3 |
| Wednesday 5 May | | | | |
| Poland | - | May NBP Base Rate | - | 0.1 |
| Brazil | 1200 | Mar Industrial Output (MoM/YoY%) | -/- | -0.7/0.4 |
| | 1400 | Apr Markit Services PMI | - | 44.1 |
| | 1400 | Apr Markit Composite PMI | - | 45.1 |
| | 2200 | Selic Interest Rate | - | 2.75 |
| Thursday 6 May | | | | |
| Russia | 0700 | Apr Markit Services PMI | - | 55.8 |
| Turkey | 1200 | May CBT Weekly Repo Rate | 19.0 | 19.0 |
| | 1200 | May O/N Lending Rate | 20.5 | 20.5 |
| | 1200 | May O/N Borrowing Rate | 17.5 | 17.5 |
| Czech Rep | 0800 | Mar Retail Sales (YoY%) | - | -5.8 |
| | 1330 | CNB Repo Rate | 0.25 | 0.25 |
| Hungary | 0800 | Mar Industrial Output (YoY%) | 13.0 | 1.9 |
| | 0800 | Mar Retail Sales (YoY%) | -5.4 | -5.9 |
| Friday 7 May | | | | |
| Russia | 1700 | Apr CPI (MoM/YoY%) | 0.6/5.5 | 0.7/5.8 |
| Czech Rep | 0800 | Mar Industrial Output (YoY%) | - | -2.6 |
| | 0800 | Mar Trade Balance | - | 22.5 |
| Ukraine | - | Apr CPI (MoM/YoY%) | -/- | 1.7/8.5 |
| Brazil | 1300 | Mar Retail sales (MoM/YoY%) | -/- | 0.6/-3.8 |
| Mexico | 1300 | Apr Headline Inflation | - | 0.83 |
| | 1300 | Apr Core inflation | - | 0.54 |

Source: ING, Refinitiv

Authors

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Asia week ahead: New week, new month – what's changing?

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Source: Shutterstock

Asia Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|------------------------|------|--|---------|--------|----------|
| Saturday 1 May | | | | | |
| South Korea | 0100 | Apr Export Growth (YoY%) | 40.0 | 44.0 | 16.5 |
| | 0100 | Apr Import Growth (YoY%) | 30.0 | 31.2 | 18.8 |
| | 0100 | Apr Trade Balance (U\$bn) | 5.954 | | 4.13 |
| Monday 3 May | | | | | |
| India | 0600 | Apr IHS Markit Mfg PMI | - | | 55.4 |
| | | - Apr Trade Deficit Govt -USD Prelim | - | | 13.93 |
| | | - Apr Imports - USD Prelim | - | | 48.38 |
| | | - Apr Exports - USD Prelim | - | | 34.45 |
| Hong Kong | 0830 | Q1 GDP Advance (YoY%) | 5.00 | | -3.00 |
| Malaysia | 0130 | Apr IHS Markit Mfg PMI | - | | 49.9 |
| Indonesia | 0130 | Apr IHS Markit PMI | - | | 53.2 |
| | | - Apr Inflation (YoY%) | 1.5 | | 1.4 |
| | | - Q1 GDP (QoQ/YoY%) | -1.0 | | -2.2 |
| Philippines | 0130 | Apr Manufacturing PMI SA | 50.8 | | 52.2 |
| Singapore | 1400 | Apr Manufacturing PMI | - | | 50.8 |
| Taiwan | 0130 | Apr IHS Markit Mfg PMI | 60.5 | | 60.8 |
| South Korea | 0130 | Apr IHS Markit Mfg PMI | 56.6 | | 55.3 |
| | 0000 | Apr CPI (%YoY) | 2.3 | | 1.5 |
| | 0000 | Apr CPI core (%YoY) | 1.2 | | 1 |
| Tuesday 4 May | | | | | |
| China | 0245 | Apr Caixin Mfg PMI Final | 50.8 | 50.8 | 50.6 |
| Hong Kong | 0930 | Mar Retail Sales (YoY%) | 46.2 | | 30.0 |
| | 0930 | Mar Retail Sale Vol (YoY%) | 47.0 | | 31.5 |
| Wednesday 5 May | | | | | |
| India | 0600 | Apr IHS Markit Services PMI | - | | 54.6 |
| Hong Kong | 0130 | Apr IHS Markit PMI | - | | 50.5 |
| Indonesia | | - Mar Retail Sales Index (YoY) | - | | -18.1 |
| Philippines | 0200 | Apr CPI (YoY%) | 4.7 | | 4.5 |
| Singapore | 0600 | Mar Retail Sales (MoM/YoY%) | 5.6/9.8 | | -1.6/5.2 |
| Taiwan | 0920 | Apr Foreign Exchange Reserve | - | | 539.0 |
| Thailand | 0130 | Apr Manufacturing PMI SA | - | | 48.8 |
| | 0805 | 1-Day Repo Rate | 0.5 | | 0.5 |
| | | - Apr CPI Headline Inflation | 2.3 | | -0.08 |
| | | - Apr CPI Core Inflation (YoY%) | 0.2 | | 0.09 |
| Thursday 6 May | | | | | |
| China | 0245 | Apr Caixin Services PMI | - | | 54.3 |
| Malaysia | 0500 | Mar Industrial Output (YoY%) | 10.5 | | 1.5 |
| | 0800 | O/N Policy Rate | 1.75 | | 1.75 |
| Taiwan | 0900 | Apr CPI (YoY%) | 1.5 | | 1.3 |
| | 0900 | Apr WPI (YoY%) | 8.0 | | 4.4 |
| Thailand | 0400 | Apr Consumer Confidence Index | - | | 48.5 |
| South Korea | 0000 | Mar Current Account Balance (U\$bn)SA | 6.8 | | 8.03 |
| Friday 7 May | | | | | |
| China | | - Apr Exports (YoY%) | 30.9 | | 30.6 |
| | | - Apr Imports (YoY%) | 43.8 | | 38.1 |
| | | - Apr Trade Balance (U\$bn) | 38.9 | | 13.8 |
| | | - Apr FX Reserves (U\$bn) | 3100 | | 3170 |
| | | - 1Q21 Current account balance (US\$ bn) | 68.9 | | 123.8 |
| Indonesia | | - Apr Forex Reserves | - | | 137.1 |
| | | - Q1 Balance of Payments | - | | -0.2 |
| | | - Q1 Current Account/GDP | - | | 0.3 |
| Philippines | 0200 | Mar Exports (YoY%) | 14.9 | | -2.3 |
| | 0200 | Mar Imports (YoY%) | 14.3 | | 2.7 |
| | 0200 | Mar Trade Balance (U\$m) | -2678.9 | | -2293 |
| Taiwan | 0900 | Mar Exports (YoY%) | 30.3 | | 27.1 |
| | 0900 | Mar Imports (YoY%) | 18.7 | | 27 |
| | 0900 | Mar Trade Balance (U\$m) | 2.6 | | 3.7 |

Source: ING, Refinitiv, *GMT

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