

Our view on next week's key events

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Key events in developed markets

A decisive week for UK politics as British lawmakers return from their summer recess and race against the clock before parliament is suspended. Midweek,...



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✓ UK MPs in race against the clock as Parliament suspension looms

British lawmakers will have to hit the ground running when they return to the House of Commons on Tuesday. MPs will have just five sitting days to put the wheels in motion to try and stop a 'no deal' exit on 31 October, before Parliament is suspended until 14 October.

There is talk that MPs may try to convene over the weekend of 7/8 September – something that has only happened a handful of times since World War II. Even so, the chances of a successful early strike by lawmakers seem low as things stand. Most MPs who are opposed to 'no deal' would prefer to legislate to force Prime Minister Boris Johnson to ask for another Article 50 extension. But the UK leader's decision to suspend Parliament makes an already difficult task much harder, and press reports suggest the government is considering [other radical measures](#) to disrupt legislative efforts further if necessary.

If legislative attempts fail, opposition MPs may be left with little choice but to back a motion of no-confidence if they want to stop a 'no deal' Brexit. But given that the government is still officially targeting a deal with the EU, some lawmakers may be reluctant to back such a motion this early on. In the end though, if the government either fails to bring a revamped deal back from the EU, or cannot gain enough support from Parliament, then this route may ultimately gain traction among

lawmakers. One thing looks increasingly assured – all of this may well go down to the wire in the final weeks of October.

Bank of Canada on hold with some dovish twist

The Canadian economy has been performing very well of late, rebounding from commodity and trade-related weakness in late 2018/early 2019. As such the Bank of Canada has so far not felt the need to follow the crowd of other central banks signalling dovish intentions. However, the latest escalation in trade tensions, plus the global slowdown and softening tone to US data suggests momentum may start to slow. The Canadian economy is relatively open and is dependent on commodities for a significant proportion of its output so we suspect the BoC may lay the groundwork for a potential rate cut in 4Q19.

Swedish Riksbank set to lower rate profile amid global uncertainty

In times gone by, the prospect of European Central Bank easing would see the Swedish Riksbank swiftly follow suit. But this time, things look different – in particular, the Swedish krona has weakened substantially, and according to our FX team, has further to run. That said, we could see the Riksbank lower its rate profile once again at next week's meeting.

Global growth risks are mounting, while next year's crucial wage negotiation round in early 2020 may end with a fairly subdued result. So while the Riksbank's forecasts may still point to rate hikes in the future (albeit a little later), we think these are unlikely to materialise. That said, it also seems too early to be talking about rate cuts in Sweden.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 2 September					
Eurozone	0900	Aug F Markit Manufacturing PMI	47.0	-	47.0
UK	0930	Aug Markit/CIPS Manufacturing PMI	48.5	-	48.0
Australia	0200	Sep CPI expectations (YoY%)	-	-	3.5
Norway	0800	Aug DNB/NIMA Manufacturing PMI	-	-	48.4
Tuesday 3 September					
US	1500	Aug ISM Manufacturing	51.0	51.3	51.2
	2200	Fed's Rosengren Speaks in Easton, Massachusetts			
Japan	0050	Aug Monetary base (JPY tr)	-	-	518.1
Australia	0230	Jul Retail sales (MoM%)	-	-	0.4
	0530	RBA Cash Rate Target	1.00	1.00	1.00
Sweden	0830	2Q Current Account Balance (SEKbn)	-	-	62.7
Wednesday 4 September					
US	1330	Jul Trade Balance (US\$bn)	-	-54.3	-55.2
	-	Fed's Bowman (1730), Bullard (1730), Kashkari (1800) and Evans (2015) speaks			
	1900	U.S. Federal Reserve Releases Beige Book			
Japan	0230	BOJ Goshi Kataoka speaks in Hakodate			
Eurozone	0900	Aug F Markit Services PMI	53.4	-	53.4
	0900	Aug F Markit Composite PMI	51.8	-	51.8
	1000	Jul Retail Sales (MoM/YoY%)	-/-	-/-	1.1/2.6
UK	0930	Aug Markit/CIPS Services PMI	50.8	-	51.4
	0930	Aug Markit/CIPS Composite PMI	50.2	-	50.7
Canada	1500	Bank of Canada Policy Rate	1.75	1.75	1.75
Australia	0230	2Q GDP (QoQ/YoY%)	0.6/1.5	-/-	0.4/1.8
Norway	0700	2Q Current Account Balance (NOKbn)	-	-	67779
Sweden	0730	Aug Swedbank/Silf Services PMI	-	-	52.3
Thursday 5 September					
US	1315	Aug ADP Employment Change ('000's)	170.0	147.5	155.6
	1500	Jul F Durable Goods Orders (MoM%)	2.1	-	2.1
	1500	Jul F Durable Goods Orders (ex. Transport, MoM%)	-0.4	-	-0.4
	1500	Aug ISM Non-manufacturing	54.0	54.1	53.7
Germany	0700	Jul New Orders (MoM/YoY%)	-1.0/-3.8	-/-	2.5/-3.6
Australia	0230	Jul Trade balance (A\$m)	-	-	8036
Sweden	0830	Riksbank Interest Rate	-0.25	-	-0.25
Switzerland	0645	2Q GDP (QoQ/YoY%)	-/-	-/-	0.6/1.7
Friday 6 September					
US	1330	Aug Change in Nonfarm Payrolls ('000s)	170	159	164
	1330	Aug Unemployment Rate (%)	3.6	3.6	3.7
	1330	Aug Average Hourly Earnings (MoM/YoY%)	0.3/3.0	0.3/3.0	0.3/3.2
	1330	Aug Participation Rate	-	-	63.0
Japan	0030	Jul Labor cash earnings (YoY%)	-	-	0.4
	0600	Jul P Leading economic index	-	-	93.3
Eurozone	1000	2Q F GDP (QoQ/YoY%)	0.2/1.1	-/-	0.2/1.1
Germany	0700	Jul Industrial Production (MoM/YoY%)	0.5/-3.5	-/-	-1.5/-5.2
Canada	1330	Aug Net Change in Employment	-	-	-24.2
	1330	Aug Unemployment Rate (%)	-	-	5.7
Norway	0700	Jul Industrial Production (MoM/YoY%)	-/-	-/-	-1.4/-8.6

Source: ING, Bloomberg

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Key events in EMEA and Latam next week

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Source: Shutterstock

✓ Russia: Low inflation to trigger rate cut

We expect the Central Bank of Russia (CBR) to lower its key rate by another 25 basis points to 7.00% on 6 September, as local inflation keeps decelerating and is likely to underperform our 4.5% year-on-year forecast in August. The CBR is also likely to cut its year-end CPI expectations from 4.2-4.7% towards our 4.0% forecast. At the same time, we expect the CBR's rhetoric to be less dovish to account for the deterioration of global market sentiment, which has already contributed to rouble weakness and may hamper improvement in the inflation expectations of households and corporates.

✓ Turkey: Inflation and growth down

Following a temporary increase in July, we expect annual inflation to resume its downtrend and fall to 15.3% (1.2% month-on-month) in August amid a supportive base effect and lower energy prices, despite administrative price adjustments. Inflation will drop very rapidly in September and reverse thereafter because of large base effects.

Regarding GDP growth, the second quarter will likely be another weak period for consumption, although the contribution from net exports should remain solid. Accordingly, we expect 2Q growth

to be -1.6% on a YoY basis, shifting the policy mix towards further loosening. This is supported by an improving global, geopolitical and political backdrop, which should contribute to a recovery in the second half of the year.

Hungary: Busy week and mixed feelings

The first set of data for the third quarter will be revealed next week. Retail sales figures might be affected by an increased savings rate due to the start of a new retail bond, but we still see a sound performance. The biggest question mark is related to industrial production. On the one hand, summer holidays can be a drag on production but overall, the number of working days was unusually high in July, offering a silver lining. Overall, we see a monthly drop in production but an even worse performance a year ago provides a really low base. However, some rebound might come in the next month, as we call for an improving PMI in August.

Czech Republic: July industry hot from summer

While the August Manufacturing PMI is likely to remain close to the previous print, below 45 points, July industry should be strong, affected by traditional summer month volatility. As the preliminary data suggests, the number of manufactured cars increased by more than 30% YoY due to the very low base from last year, affected by holiday shutdowns. As such, value-added of summer statistics is very limited again. Wages for the second quarter should remain strong and keep growing above 7% YoY, given the overheated domestic labour market, which reacts to the global slowdown with a traditional delay.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 2 September					
Russia	0700	Aug Markit Manufacturing PMI	-	-	49.3
Turkey	0700	2Q GDP (YoY%)	-1.6	-	-2.6
	0800	Aug Markit/ISO Manufacturing PMI	-	-	46.7
Poland	0800	Aug Markit Manufacturing PMI	47.5	-	47.4
Czech Rep	0830	Aug Markit Manufacturing PMI	43.3	-	43.1
	1300	Aug Budget Balance (CZKbn)	-	-	-9.7
Hungary	0800	Aug Manufacturing PMI	53.0	-	51.3
	0800	Jul PPI (MoM/YoY%)	0.3/0.2	-/-	-0.6/0.1
Romania	-	Aug FX Reserves (€bn, Net)	-	-	39753
Kazakhstan	-	Aug CPI (MoM/YoY%)	-/-	-/-	0.2/5.4
	-	Aug PPI (MoM/YoY%)	-/-	-/-	-0.8/6
Serbia	1100	2Q GDP (YoY%)	3.5	-	2.5
Croatia	1000	Jul Industrial Production (SA, YoY%)	-	-	-5.6
South Africa	1000	Aug Kagiso PMI	-	-	52.1
	1000	Aug NAAMSA Vehicle Sales (YoY%)	-	-	-3.8
Tuesday 3 September					
Turkey	0800	Aug CPI (MoM/YoY%)	1.2/15.3	1.5/15.7	1.4/16.7
	0800	Aug Core CPI (YoY%)	-	-	16.2
	0800	Aug Domestic PPI (MoM/YoY%)	-/-	-/-	-1.0/21.7
Hungary	0800	Jun F Trade Balance (€mn)	556.2	-	556.2
Romania	0700	Jul PPI (MoM/YoY%)	-/-	-/-	-0.5/4.7
South Africa	1030	2Q GDP (SAAR-QoQ, YoY%)	-/-	-/-	-3.2/0.0
Czech Rep	0800	Average Real Wages (%)	4.4	4.0	4.6
Brazil	1300	Jul Industrial Production (YoY%)	-3.5	-	-5.9
Wednesday 4 September					
Hungary	0800	Jul Retail Sales (YoY%)	5.3	-	5.2
Romania	0700	Jul Retail Sales (MoM/YoY%)	-/-	-/-	1.3/5.7
South Africa	0815	Aug HSBC PMI SA	-	-	48.4
Thursday 5 September					
Russia	-	Aug CPI Core (YoY%)	-	-	4.5
	-	Aug CPI (MoM/YoY%)	-0.1/4.5	-/-	0.2/4.6
Czech Rep	0800	Jul Retail Sales (YoY%)	7.1	-	0.2
	0800	Jul Retail Sales Excl. Motor Vehicles (YoY%)	7.4	-	4.6
Ukraine	1200	Key Rate (%)	-	-	17.00
Bulgaria	0900	2Q F GDP (QoQ/YoY%)	-/-	-/-	0.6/3.3
Israel	-	Aug Foreign Currency Balance (US\$bn)	-	-	120
Friday 6 September					
Russia	1130	Key Rate (%)	7.00	7.00	7.25
Poland	1300	Aug Official Reserves Total	-	-	116529
Czech Rep	0800	Jul Construction Output (YoY%)	-	-	2.4
	0800	Jul Trade Balance (CZKmn)	-	-	18.4
	0800	Jul Industrial Output (YoY%)	-	-	-3.8
Hungary	0800	Jul Industrial Production (MoM/YoY%)	-1.1/5.5	-/-	-1.8/4.1
Romania	0700	2Q P GDP (SA QoQ/ YoY%)	1.0/4.4	-/-	1.0/4.4
Serbia	1100	Aug HPPI (MoM/YoY%)	-/-	-/-	-0.2/0.1
Croatia	1000	Jun Trade Balance (HRK m)	-	-	-7431.6
South Africa	0700	Aug Gross Reserves (US\$bn)	-	-	49.4
	0700	Aug Net Open Foreign Currency Position (US\$bn)	-	-	43.9
Brazil	1300	Aug Inflation (IPCA) (MoM%)	0.1	-	0.2

Source: ING, Bloomberg

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Asia week ahead: Are we at the end of it?

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Source: Shutterstock

➔ Are we at the end of it? Not yet...

First of all, let's hope for no more escalation of the US-China trade rhetoric over the coming weekend even as a portion of new US tariffs on Chinese products takes effect on Sunday, 1 September. On a positive note, China's Commerce Ministry has just ruled out an immediate retaliation to last weekend's US tariff increase.

China has ample means for retaliation but thinks the question that should be discussed now is about removing the new tariffs to

prevent escalation. - Ministry of Commerce spokesman Gao Feng

Absent additional trade bashing, the focus should return to where we are in terms of the real impact so far. China's purchasing managers index (PMI) and Korea's export growth, the first August releases from the region due over the coming weekend, may provide some insight. While we anticipate no departure from the recent trend of weak exports depressing manufacturing, at least the trend doesn't seem to have got any worse either. Nor has it bottomed.

The recent escalation of the tariff war provides no hopes of a near-term trade deal. As such, we are in for a long stretch of slow growth and increasingly challenging policy environment, as some central bankers have warned.

➔ **RBA policy meeting – a non-event**

The Reserve Bank of Australia's Governor Philip Lowe has recently pointed to policy challenges as "political shocks are turning into economic shocks" and argued about government stimulus as more impactful than cutting interest rates, which risks pushing up asset prices.

This suggests the RBA meeting next week will likely pass as a non-event, while Australia's GDP growth has continued to slow (2Q GDP data is due next week). We, in line with consensus, expect no change to the 1.0% RBA policy rate, and a slowdown in GDP growth to 1.5% year-on-year from 1.8% in 1Q. However, continued negative capex growth in 2Q imparts a downside risk to our growth view. That said, we expect the RBA policy pause to continue until the end of the year.

➔ **More good news for BSP's easing, not for BI's**

Meanwhile, the August inflation releases in Indonesia and the Philippines will inform on central bank policy paths in these countries. The consensus view of a sharp fall in inflation below 2% (to 1.8% from 2.4% in July – the lowest in three years) would delight the Bangko Sentral ng Pilipinas (Philippines central bank) looking to cut rates further.

In Indonesia, we see inflation ticking up in August (to 3.5% from 3.2%), supporting our view of no more rate cuts from Bank Indonesia for the rest of the year.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Saturday 31 August					
China	0200	Aug Manufacturing PMI	49.5	49.6	49.7
	0200	Aug Non-manufacturing PMI	53.1	53.7	53.7
Sunday 1 September					
South Korea	0100	Aug Trade balance (US\$mn)	-	2420	2403
	0100	Aug Exports (YoY%)	-	-12.5	-11.0
	0100	Aug Imports (YoY%)	-	-4.5	-2.7
Monday 2 September					
China	0245	Aug Caixin Manufacturing PMI	49.7	49.8	49.9
India	0600	Aug Nikkei Manufacturing PMI	-	-	52.5
Indonesia	-	Aug CPI (YoY%)	3.5	3.47	3.32
	-	Aug CPI core (YoY%)	-	3.17	3.18
Taiwan	0130	Aug Nikkei Manufacturing PMI	48.5	-	48.1
Thailand	0500	Aug CPI (YoY%)	0.8	-	1.0
	0500	Aug Core-CPI (YoY%)	0.4	-	0.4
South Korea	0130	Aug Nikkei Manufacturing PMI	-	-	47.3
Tuesday 3 September					
Singapore	1400	Aug Purchasing Managers Index	-	-	49.8
South Korea	0000	2Q F GDP (QoQ/YoY%)	-/-	-/2.1	1.1/2.1
	0000	Aug CPI (MoM/YoY%)	-/-	-/-	-0.3/0.6
Wednesday 4 September					
India	0600	Aug Nikkei Services PMI	-	-	53.8
Hong Kong	0130	Aug Nikkei PMI	-	-	43.8
Malaysia	0500	Jul Exports (YoY%)	-5.0	-	-3.1
	0500	Jul Imports (YoY%)	-4.0	-	-9.2
	0500	Jul Trade balance (RM bn)	7.1	-	10.3
Thursday 5 September					
India	-	2Q Current account balance (Q) (US\$bn)	-	-	-4.6
Philippines	0200	Aug CPI (YoY%)	-	-	2.4
Friday 6 September					
Hong Kong	-	Aug Forex Reserves (US\$bn)	-	-	448.5
Malaysia	0800	Aug Forex reserves- Month end (US\$bn)	-	-	103.1
Philippines	-	Aug Forex reserves (US\$bn)	-	-	85175.76
Taiwan	0900	Aug CPI (YoY%)	0.9	-	0.4
	0900	Aug WPI (YoY%)	0.5	-	-3.4

Source: ING, Bloomberg, *GMT

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