

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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By Peter Virovacz and Valentin Tataru

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Key events in developed markets

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Source: Shutterstock

US jobs report to recover from a July slump

With the summer vacation period at an end, markets will be gearing up for a big week of data and news releases.

In the US, the highlight will be the August jobs report. Both payrolls and wages disappointed in July so we'll be looking to see if we get a decent recovery, given the pace of economic expansion stays strong. We suspect that we will since other labour data releases have suggested the jobs market remains robust - something around the 200,000 mark is our call for the net change in payrolls. Given the tightness in the jobs market, we expect wages to rise 0.3% MoM, which should nudge the annual rate of wage growth up to 2.8%.

We will also get the ISM manufacturing index, which should hold at strong levels, while the non-manufacturing equivalent should rebound after a big fall in July that didn't tally with evidence from other economic surveys. The report that is most likely to disappoint is the trade balance number. We have already had the advanced estimate for goods, and this deteriorated markedly. However, this is in the context of a very decent run this year, which is at least in part due to producers who have been trying to accelerate exports to avoid the imposition of scheduled tariff increases - soybeans have attracted a lot of headlines in this regard.

✓ 'No deal' risks likely to test UK growth momentum over coming months

Talk of a 'no deal' Brexit has been ratcheting up as the UK government begins releasing details of its contingency plans. While we still think it's more likely a deal will be agreed, this may not come until much closer to Christmas, which means the critical Parliamentary vote on the agreement is unlikely to happen until January. Until then, uncertainty is only likely to increase, and sentiment could begin to take a hit.

Admittedly it may be too early to see much evidence of this in the PMIs next week – we may even see a slight recovery in the service-sector index. But as we approach the end of the year, momentum could begin to slow. For this reason, we don't expect the Bank of England to hike again before May 2019 at the earliest.

✓ Hard economic data is to be the true test of Germany's recovery

After strong confidence indicators this week, hard economic data next week will be the first test case for the robustness of the German recovery. We expect some improvements in July, providing a good start for the economy going into the third quarter.

✓ Another delay in rate hikes expected from Riksbank

Two major events in Sweden will set the tone next week.

With the krona selling off heavily, the Riksbank's policy announcement on Thursday looks increasingly pivotal. With core inflation still weak, we expect the dovish majority on the Riksbank monetary Policy committee will remain cautious and will likely signal (yet another) delay to interest rate hikes.

At the same time, the Swedish election campaign enters the final stretch ahead of the Sunday vote. The outlook is as unclear as ever: strong support for the far-right Sweden Democrats mean a hung parliament and potentially lengthy negotiations lie ahead.

✓ Expectations on Eurozone retail trade at a fork in the road

A quiet week in the Eurozone, but watch the retail trade data. A first hard data point for July that will give insight into spending over the summer months. While confidence has been wading, wage growth has been encouraging recently.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 2 September					
Japan	2350	Aug Nikkei Manufacturing PMI	52.5	-	52.5
Monday 3 September					
US	1930	Fed's Evans Speaks on Policy Panel in Argentina			
Eurozone	0900	Aug F Market Manufacturing PMI	54.6	-	54.6
UK	0930	Aug Market/CIPS Manufacturing PMI	54	-	54
Australia	0230	Jul Retail Sales (MoM%)	-	-	0.4
Sweden	0730	Aug Swedbank/Silf Manufacturing PMI	-	-	57.4
Norway	0700	Aug DNB/NIMA Manufacturing PMI	-	-	49.3
Tuesday 4 September					
US	1500	Aug ISM Manufacturing	57.8	57.4	58.1
	1530	Fed's Evans Discusses Policy Normalization			
Japan	0050	Aug Monetary Base (JPY tr)	503.7	-	503.0
Australia	0530	RBA Cash Rate Target	1.5	1.5	1.5
	1030	Remarks by RBA Governor Lowe in Perth			
Sweden	0500	Maklarstatistik Swedish Housing Price Data			
	0830	Q2 Current account balance (SEKbn)	-	-	57.4
Wednesday 5 September					
US	1330	Jul Trade Balance (US\$bn)	-48	-46.95	-46.35
	2100	Fed's Kashkari Speaks at Townhall in Bozeman, Montana			
Eurozone	0900	Aug F Market Services PMI	54.4	-	54.4
	0900	Aug F Market Composite PMI	54.4	-	54.4
	1000	Jul Retail Sales (MoM/YoY%)	0.3/1.7	-/-	0.3/1.2
UK	0930	Aug Market/CIPS Services PMI	54.2	-	53.5
	0930	Aug Market/CIPS Composite PMI	54.2	-	53.6
Canada	1500	Bank of Canada Policy Rate	1.5	1.5	1.5
Australia	0230	2Q GDP (QoQ/YoY%)	0.5/2.0	-/-	1/3.1
Sweden	-	Nordea Publishes New Economic Forecasts			
	0730	Aug Swedbank/Silf Services PMI	-	-	59.1
Norway	0700	Q2 Current account balance (NOKbn)	-	-	49.3
Thursday 6 September					
US	1315	Aug ADP Employment Change (000's)	185	190.5	219
	1500	Aug ISM Non-manufacturing	57.2	56.8	55.7
	1500	Jul F Durable Goods Orders (MoM%)	-	-	-1.7
	1500	Jul F Durable Goods Orders (ex. Trans, MoM%)	-	-	0.2
Japan	0230	BOJ Kataoka Speaks in Yokohama			
Germany	0700	Jul New Orders (MoM/YoY%)	3.0/3.0	-/-	-4.0/-0.8
Canada	1930	Bank of Canada Wilkins Speech in Saskatchewan			
Australia	0230	Jul Trade balance (A\$m)	1865	-	1873
Sweden	0830	Riksbank Interest Rate	-0.5	-0.5	-0.5
Friday 7 September					
US	1330	Aug Change in Nonfarm Payrolls ('000s)	210	192	157
	1330	Aug Unemployment Rate (%)	3.8	3.8	3.9
	1330	Aug Average Hourly Earnings (MoM/YoY%)	0.3/2.8	0.3/-	0.3/2.7
	1330	Aug Participation Rate	62.9	-	62.9
	-	Fed's Rosengren (1330) and Mester (1400) at Boston Fed Conference			
Japan	0100	Jul Labor Cash Earnings (YoY%)	3.0	-	3.3
	0600	Jul P Leading Economic Index	-	-	104.7
Eurozone	1000	2Q F GDP (QoQ/YoY%)	0.4/2.2	-/-	0.4/2.2
Germany	0700	Jul Trade Balance (€bn)	20.2	-	21.8
	0700	Jul Industrial Production (MoM%)	1.5/4.0	-	-0.9
Italy	-	Italy Sovereign Debt to Be Rated by Moody's			
Canada	1330	Aug Net Change in Employment	-	5	54.1
	1330	Aug Unemployment Rate (%)	5.9	5.9	5.8
Australia	0230	Jul Home Loans (MoM%)	-	-	-1.1
Sunday 9 September					
Sweden	-	General Elections			

Source: ING, Bloomberg

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Authors

James Knightley

Chief International Economist

james.knightley@ing.com

James Smith

Developed Markets Economist

james.smith@ing.com

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Bert Colijn

Senior Economist, Eurozone

bert.colijn@ing.com

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Asia week ahead: Entering another exciting month

Trade, manufacturing, and inflation releases dominate next week's Asian economic calendar, but the trade war will continue to dominate headlines....



Source: Shutterstock

➔ Get ready for an exciting September

The trade war will persist as a major overhang on global and Asian markets. The consultation period for further US tariffs on China ends next week (5 September) after which Washington could impose duties on another \$200 billion worth of Chinese goods. China has pledged \$60 billion of retaliatory tariffs on US products.

We believe the markets are pretty much priced for this oncoming trade risk and are unlikely to be jolted by it. Hopefully, a stable start to the new month will also bring more clarity on a host of

other important economic issues in developed markets; the Fed's tightening cycle, the ECB tapering timeframe, and the Brexit deal. And if that's not enough, the contagion risks from emerging economies continue to linger with Argentina and Turkey remaining on edge, so we'll be in for a month full of excitement and elevated market volatility.

On the data front, next week in Asia is packed with trade, manufacturing and inflation releases from across the region. There is little on the policy front except for a Malaysian central bank (BNM) meeting which will likely be a non-event, though ugly inflation data from the Philippines will keep the central bank there (BSP) on its toes.

➔ Export performance still not too bad

August trade releases from Korea and Taiwan, the first for the month from the region, will be closely watched for the trade war impact. The focus will also be on the manufacturing purchasing manager indexes (PMIs) from around the region, particularly the new export orders component.

Our house forecasts for export growth - 11% year-on-year for Korea and 5% for Taiwan - imply positive month-on-month gains for two consecutive months, indicating there has been no impact yet from escalating trade tensions. Already-released data showing a 15% year-on-year surge in Korean exports in the first 20 days of August confirms this point.

Semiconductors continue to be the main driver of Korean exports but tariff-hit steel exports are also holding up. It looks like the shift in trade away from the US to other countries has already started, judging by the recent surge in Korea's and Japan's steel exports to India.

➔ Philippines inflation monster rears its head higher

There's a slew of August inflation data from the region next week but figures from the Philippines' will be the most important. We see inflation surging past the 6% mark for the first time in over a decade from 5.7% in July, consistent with the consensus centred on 6%. Bad inflation data will keep the central bank (BSP) on its toes, even as the currency (PHP) has stabilised from a Turkish-led downturn in early August.

High inflation and twin-deficits (trade and government) have kept the PHP under intense weakening pressure this year, with a 6.6% year-to-date depreciation. The question is, will the BSP overlook the inflation data and wait for the recent 100 basis point rate hike to take effect. The current economic backdrop suggests the BSP policy tightening has further room to run. The next BSP meeting is on 28 September. We expect the BSP to pause at this meeting but hike again in the final quarter of the year.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Saturday 1 September					
South Korea	0000	Aug Exports (YoY%)	11.2	-	6.2
	0000	Aug Imports (YoY%)	12.3	-	16.2
	0000	Aug Trade balance (US\$m)	6826	-	6912
Monday 3 September					
China	0245	Aug Caixin Manufacturing PMI	50.7	50.6	50.8
India	0600	Aug Nikkei Manufacturing PMI	52.8	-	52.3
Indonesia	0500	Aug CPI Core (YoY%)	-	-	2.87
	0500	Aug CPI (YoY%)	3.3	-	3.18
Singapore	1400	Aug Purchasing Managers Index	52.5	-	52.3
Taiwan	0130	Aug Nikkei Manufacturing PMI	53	-	53.1
Thailand	0400	Aug CPI (YoY%)	1.3	-	1.46
	0400	Aug CPI Core (YoY%)	0.8	-	0.79
Thailand	0030	Aug Nikkei Manufacturing PMI	50.2	-	50.1
South Korea	0130	Aug Nikkei Manufacturing PMI	48.8	-	48.3
Malaysia	30	Aug Nikkei Manufacturing PMI	48.5	-	49.7
Tuesday 4 September					
South Korea	0000	2Q F GDP (QoQ/YoY%)	0.7/2.9	-/-	0.7/2.9
	0000	Aug CPI (MoM/YoY%)	-1.1	-/-	0.2/1.5
	0700	Aug CPI core (YoY%)	0.9	-	1.1
Wednesday 5 September					
India	0600	Aug Nikkei Services PMI	53.2	-	54.2
	-	2Q Current Account Balance (Q) (US\$bn)	-	-17	-13.047
Hong Kong	0130	Aug Nikkei PMI	-	-	48.2
Malaysia	0500	Jul Trade Balance (RM bn)	4.1	-	6.05
	0500	Jul Imports (YoY%)	0	-	14.91
	0500	Jul Exports (YoY%)	-5	-	7.63
	0800	Overnight Policy Rate	3.25	-	3.25
Philippines	0200	Aug CPI (YoY%)	6.1	-	5.7
Taiwan	0800	Aug Forex Reserves (US\$bn)	458	-	458.5
	0900	Aug CPI (YoY%)	1.5	-	1.75
	0900	Aug WPI (YoY%)	2.5	-	7.02
Thursday 6 September					
Malaysia	0800	Aug 30 Forex Reserves - Month End (US\$bn)	-	-	104.2
South Korea	0700	Jul Current A/c Balance (US\$m)	7150	-	7377
Friday 7 September					
China	-	Aug Forex Reserves (US\$bn)	3121	-	3117.95
Hong Kong	-	Aug Forex Reserves (US\$bn)	-	-	431.9
Malaysia	0500	Jul Industrial Production (YoY%)	0.5	-	1.1
Philippines	-	Aug Forex Reserves (US\$bn)	-	-	76721.7
Taiwan	0900	Aug Exports (YoY%)	5.1	-	4.7
	0900	Aug Imports (YoY%)	22.2	-	20.5
	0900	Aug Trade balance (US\$bn)	2.25	-	2.24

Source: ING, Bloomberg

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✓ More reasons for the Czech National Bank to hike in September

A surprise in both directions might be expected from July's statistics, related to holidays and the summer months. We expect both retail sales and industrial production to accelerate above this year's average driven by the calendar bias and a relatively low base rate. However, industrial production shutdowns are somewhat difficult to estimate, so the chances of a surprise in the upcoming release are relatively high.

Wage growth in the second quarter should also see a slight acceleration, predominantly driven by growth within the market segment, although public sector wages are likely to slow down, albeit only moderately, after a strong 12% YoY growth in 1Q18. Still, wage growth shouldn't disappoint central bank expectations and will add another argument for hiking in September.

✓ Hungarian industrial data could be the best in 2018 yet

When it comes to Hungary, next week's calendar is particularly busy. We expect good readings both in the retail and industry sectors. The latter could produce the best year-on-year figure in

2018, mainly down to base effects.

The government balance should remain around recent levels, showing the significant deficit as long as Brussels doesn't transfer the money related to EU projects. When it comes to the detailed GDP release, we expect a particularly strong figure showing in gross fixed capital formation.

National Bank of Poland to maintain their dovish stance

We expect the Monetary Policy Committee to continue its dovish rhetoric, as more evidence suggests wage pressures have stopped rising and CPI is likely to (temporarily) undershoot the central bank's target boundaries in 4Q18, significantly dropping below 1.5% YoY.

The National Bank of Poland's governor, Adam Glapiński, is expected to repeat that rates should remain flat until the end of 2020.

Serbia's key rate on hold at 3%

There's little reason for the National Bank of Serbia (NBS) to change its policy stance with only a minor uptick in July inflation to 2.4%, from 2.3% in June, and core inflation muted at 0.9%, versus the 0.8% in June. The downside pressures on EUR/RSD also seem to have diminished in recent weeks, which removes our main motivation for an eventual dovish stance of the central bank.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 3 September					
Russia	0700	Aug Market Manufacturing PMI	-	-	48.1
Turkey	0800	Aug Market/ISO Manufacturing PMI	-	-	49
	0800	Aug CPI (MoM/YoY%)	-/-	-/-	0.6/15.9
	0800	Aug Domestic PPI (MoM/YoY%)	-/-	-/-	1.8/25
	0800	Aug Core CPI (YoY%)	-	-	15.1
Poland	0800	Aug Market Manufacturing PMI	52.5	-	52.9
Czech Rep	0830	Aug Market Manufacturing PMI	55.2	-	55.4
	1300	Aug Budget Balance (CZKbn)	-	-	16.58
Hungary	0800	Aug Manufacturing PMI	52.8	-	53.1
Romania	-	Aug FX Reserves (€bn, Net)	-	-	34845.2
Kazakhstan	1200	Key Policy Rate (%)	-	-	9
	-	Aug CPI (MoM/YoY%)	-/-	-/-	0.1/5.9
	-	Aug PPI (MoM/YoY%)	-/-	-/-	1.2/24.3
Croatia	1000	Jul Industrial Production (SA, YoY%)	-	-	3.1
Tuesday 4 September					
Romania	0700	Jul Retail Sales (MoM/YoY%)	-/-	-/-	-0.1/7.9
	0700	Jul PPI (MoM/YoY%)	-/-	-/-	0.6/6.1
Czech Rep	-	Real Wages (YoY%)	6.7	-	6.6
South Africa	1030	2Q GDP (SAAR-QoQ/YoY%)	-/-	-/-	-2.2/0.8
Brazil	1300	Jul Industrial Production (YoY%)	3.8	-	3.5
Wednesday 5 September					
Russia	-	Aug CPI (MoM/YoY%)	-/-	-/-	0.3/2.5
Poland	-	Base Rate (%)	1.5	-	1.5
Czech Rep	0800	Jul Retail Sales (YoY%)	10	-	1.4
	0800	Jul Retail Sales Excl. Motor Vehicles (YoY%)	8.8	-	2
Hungary	0800	Jul Retail Sales (YoY%)	7.6	-	6.4
	0800	2Q F GDP (SWDA, QoQ/NSA, YoY%)	0.9/4.6	-/-	0.9/4.6
	1300	Hungarian Central Bank's Minutes			
South Africa	0815	Aug HSBC PMI, SA	-	-	49.3
Thursday 6 September					
Czech Rep	0800	Jul Trade Balance (CZKmn)	0	-	15.78
	0800	Jul Industrial Output (YoY%)	8.3	-	3.4
Hungary	0800	Jul Industrial Production (MoM/YoY%)	1.0/9.0	-/-	-1.2/3.1
	-	Hungarian Central Bankers Speak at Economics Conference			
Ukraine	1200	Key Rate (%)	-	-	17.5
Serbia	1100	Repo Rate (%)	3	-	3
Croatia	1000	Jul F Retail Sales (YoY%)	-	-	1.8
Israel	-	Aug Foreign Currency Balance (US\$bn)	-	-	115.8
Brazil	1300	Aug Inflation (IPCA) (MoM/YoY%)	0.1/4.39	-/-	0.3/4.5
Friday 7 September					
Poland	1300	Aug Official Reserves Total	-	-	112146
Czech Rep	0900	Aug International Reserves (US\$bn)	-	-	144.6
Hungary	1000	Aug Budget Balance (YTD)	-1505	-	-1491
Romania	0700	Jul Avg Net Wages (YoY%)	-	-	14.33
	0700	2Q P GDP (SA, QoQ/YoY%)	1.4/4.1	-/-	1.4/4.1
Bulgaria	0900	2Q F GDP (QoQ/YoY%)	-/-	-/-	0.8/3.4
Serbia	1100	Aug HPPI (MoM/YoY%)	-/-	-/-	0.3/2.7
Croatia	1000	Jun Trade Balance (HRK m)	-	-	-5777.1
	1000	Aug PPI (MoM/YoY%)	-/-	-/-	0.5/4
South Africa	0700	Aug Gross Reserves (US\$bn)	-	-	50.51
Mexico	1400	Aug CPI (MoM/YoY%)	0.36/4.7	-/-	0.54/4.8

Source: ING, Bloomberg

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Authors

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Disclaimer

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