

Our view on this week's key events

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US: Magnitude of the economic hit becoming clearer

The grim news on infections and deaths from Covid-19 continues and this coming week we will increasingly see the economic costs. [Jobless claims have surged in the past week](#) as the lockdown in many cities and states has led businesses to shutter and lay-off workers. Due to the timing of the survey period for the US jobs report we are likely to see a relatively muted impact on non-farm payrolls for March. Nonetheless, with firings having started early in the month and hirings ceased, we still expect to see a negative number, with the unemployment rate based on the household survey likely to jump. The April report should be dire with a monthly fall in payrolls running to several million.

This, coupled with plunging equity markets, means we should also be braced for huge falls in consumer confidence. Business surveys, namely the ISM reports, will also plunge and reinforce the belief that the US is already in a deep recession.

The fiscal and monetary stimulus is huge, but it is about damage limitation more than anything. The US can only grow once the economy re-opens. In this regard, we will be closely following President Trump's press conferences as to how hard he is leaning in the direction of tentative easing of restrictions, despite the ongoing healthcare crisis.

Focus on eurozone confidence data for an early hint of the Covid-19 impact

There are a lot of indicators out for the eurozone next week, but most of them are not particularly useful. Look for Monday's March economic sentiment data, as it will contain a lot of detail on how businesses and consumers assess the situation. The caveat is that it will already be outdated given the new restrictive measures in place since the survey was conducted. Inflation for March will be dominated by the drop in the oil price of course, while retail sales and unemployment are still February numbers, making them less relevant at the moment.

Key events

| Country | Time | Data/event | ING | Survey | Prev. |
|--------------------------|------|---|---------|--------|----------|
| Monday 30 March | | | | | |
| Eurozone | 1000 | Mar Economic Confidence | 98.4 | - | 103.5 |
| | 1000 | Mar F Consumer Confidence | -11.6 | - | -11.6 |
| Germany | 1300 | Mar P CPI (MoM%/YoY%) | 0.1/1.1 | -/- | 0.4/1.7 |
| Spain | 0800 | Feb Retail Sales (%YoY) | | | 1.7 |
| Spain | 0800 | Mar P HICP (MoM%/YoY%) | -/- | -/- | -0.1/0.9 |
| Tuesday 31 March | | | | | |
| US | 1500 | Mar Consumer Confidence | 110 | 120 | 130.7 |
| Japan | 0050 | Feb Retail trade (MoM%/YoY%) | -/- | -/- | 1.5/-0.4 |
| | 0050 | Feb P Industrial production - Prel (MoM%/YoY%) | -/- | -/- | 1/-2.3 |
| Eurozone | 1000 | Mar P CPI (MoM%/YoY%) | 0.8 | -/- | 0.2/1.2 |
| | 1000 | Mar P Core CPI (YoY%) | 1 | - | 1.2 |
| | 1000 | ECB's Holzmann Speaks at Press Conference in Vienna | | | |
| Germany | 0855 | Mar Unemployment Change (000's) | - | - | -10 |
| | 0855 | Mar Unemployment Rate (%) | 5.1 | - | 5 |
| Spain | 0800 | GDP (QoQ%/YoY%) | | | 0.5/1.8 |
| UK | 0700 | 4Q F GDP (QoQ%/YoY%) | 0.0/1.1 | -/- | 0/1.1 |
| Italy | 1000 | Mar P HICP (YoY%) | -0.1 | - | 0.2 |
| Canada | 1330 | Jan GDP (MoM%/YoY%) | -/- | -/- | 0.3/1.9 |
| Norway | 0700 | Feb Credit Indicator (YoY%) | - | - | 5 |
| Wednesday 1 April | | | | | |
| US | 1315 | Mar ADP Employment Change (000's) | -150 | -90 | 182.8 |
| | 1500 | Mar ISM Manufacturing | 45 | 46 | 50.1 |
| Japan | 0050 | 1Q Tankan Manufacturing Index | - | -10 | 0 |
| | 0050 | 1Q Tankan Non-manufacturing Index | - | 5 | 20 |
| Eurozone | 1000 | Feb Unemployment Rate (%) | 7.4 | - | 7.4 |
| | 0900 | Mar F Markit Manufacturing PMI | 44.8 | 39 | 44.8 |
| Spain | 0815 | Mar Markit Manufacturing PMI | | | 50.4 |
| UK | 0930 | Mar F Markit/CIPS Manufacturing PMI | 46 | 45 | 48 |
| Australia | 0130 | RBA Minutes of March 18 Policy Meeting | | | |
| Norway | 0900 | Mar DNB/NIMA Manufacturing PMI | - | - | 52.21 |
| Thursday 2 April | | | | | |
| US | 1330 | Feb Trade Balance (US\$bn) | -44 | -43.3 | -45.338 |
| Japan | 0050 | Mar Monetary base (JPY tr) | - | - | 515.9 |
| Friday 3 April | | | | | |
| US | 1330 | Mar Change in Nonfarm Payrolls ('000s) | -75 | -50 | 273 |
| | 1330 | Mar Unemployment Rate (%) | 3.9 | 3.8 | 3.5 |
| | 1330 | Mar Average Hourly Earnings (MoM%/YoY%) | 0.2/2.9 | 0.2/- | 0.3/3 |
| | 1330 | Mar Participation Rate | 63.3 | - | 63.4 |
| Eurozone | 1500 | Mar ISM Non-manufacturing | 46 | 48.5 | 57.3 |
| | 1000 | Feb Retail Sales (MoM%/YoY%) | -/- | -/- | 0.6/1.7 |
| | 0900 | Mar F Markit Services PMI | 28.4 | 39.5 | 28.4 |
| Spain | 0900 | Mar F Markit Composite PMI | 31.4 | 38.8 | 31.4 |
| | 0800 | Feb Industrial Output Cal Adj YoY% | | | -2.1 |
| UK | 0815 | Mar Markit Services PMI | | | 52.1 |
| | 0930 | Mar F Markit/CIPS Services PMI | 33 | | 35.7 |
| | 0930 | Mar F Markit/CIPS Composite PMI | 35 | | 37.1 |
| Australia | 0130 | Feb Retail sales (MoM%) | - | - | -0.3 |
| Norway | 0900 | Mar Unemployment Rate | - | - | 2.3 |
| Sweden | 0730 | Mar Swedbank/Silf Services PMI | - | - | 56.7 |

Source: Bloomberg, ING

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Asia week ahead: More central bank stimulus from India and Singapore

Plenty of data out next week to mull over the economic fallout from Covid-19, but central banks in India and Singapore take centre stage with rate cuts...



Source: Shutterstock

➔ First full-month of Covid-19 affected data

Until late February, Covid-19 was mainly a China issue but has since become a global pandemic. However, the situation has somewhat improved in China, as authorities have only reported one new locally transmitted case in China.

We expect this to be reflected in forthcoming data, especially as March will be the first full month of Covid-19-affected data which underscores the severity of the economic fallout of the disease elsewhere in Asia.

The key figure to watch here is the purchasing managers index (PMIs). Indeed, the consensus is showing some bounce back in China's manufacturing PMI, though not in growth territory just yet. We may see PMIs from other countries going in the opposite direction. Korea's trade figures for March will be an interesting read given the surprisingly positive export growth in the first 20 days of the month despite the virus dampening spirits in most trading partner countries as well as significant supply chain disruptions domestically.

➔ India's central bank set to go big

The three-week lockdown and the resulting economic breakdown means all eyes are on the Reserve Bank of India's policy meeting next week, 3 April, if it still goes ahead.

We anticipate, this [unprecedented crisis](#) will most certainly dent GDP growth massively over the coming quarters, pushing it into the negative territory. Indeed, this demands an unprecedented policy response. The finance ministry is preparing the fiscal stimulus and we should expect the announcement in coming days, though it will be slow to trickle down while gloom everywhere is likely to blunt the impact.

Our base case is a 50basis point rate cut from India's central bank, but we won't be surprised if it cuts more

This suggests that the RBI is under pressure to do more than the usual 25 basis point policy rate cut. Our base case is a 50bp cut, but we won't be taken aback if it cuts more. The lockdown will be associated with a significant drying up of the financial system liquidity in coming weeks. However, the RBI has been pumping cash into the system through repo auctions and will be prepared to do more to support any surge in liquidity demand post-lockdown.

➔ Singapore's central bank not far behind

The Monetary Authority of Singapore has advanced its policy announcement to 30 March, from the usual mid-April schedule. The re-scheduling itself reflects the urgency of policy response as the economy reels under a [recession risk](#) from the slump in trade and tourism as a result of the virus.

Although the MAS has yet to verbalise its easing stance, the accelerated depreciation of the Singapore dollar Nominal Effective Exchange Rate (S\$-NEER) suggests that the central bank has been accommodating easing within the existing S\$-NEER policy band. This is further reflected by a near-halving of interbank rates this month.

We expect the central bank to pronounce the easing stance by re-centring the policy band at a lower level, with a zero rate of appreciation.

| Country | Time | Data/event | ING | Survey | Prev. |
|--------------------------|------|--|-------|--------|-----------|
| Monday 30 March | | | | | |
| Singapore | 0100 | Singapore Central Bank Monetary Policy Statement | | | |
| South Korea | 2200 | Apr BOK Business Survey Index, mfg | - | - | 69 |
| | 2200 | Apr BOK Business Survey Index, non-mfg | - | - | 68 |
| Tuesday 31 March | | | | | |
| China | 0200 | Mar Manufacturing PMI | 50 | 45 | 35.7 |
| | 0200 | Mar Non-manufacturing PMI | 50 | 44 | 29.6 |
| India | - | Feb Fiscal deficit (INR crore) | - | - | 53747 |
| Hong Kong | 0930 | Feb Retail sales value (YoY%) | -41.8 | -41.8 | -21.4 |
| | 0930 | Feb Retail sales volume (YoY%) | -45 | - | -23 |
| South Korea | 0000 | Feb Industrial production (MoM%/YoY%) | -/- | -/- | -1.3/-2.4 |
| Wednesday 1 April | | | | | |
| China | 0245 | Mar Caixin Manufacturing PMI | 50 | 47 | 40.3 |
| Indonesia | 0500 | Mar CPI core (YoY%) | - | - | 2.76 |
| | 0500 | Mar CPI (YoY%) | - | - | 2.98 |
| Philippines | 0130 | Mar Nikkei Manufacturing PMI | - | - | 52.3 |
| Taiwan | 0130 | Mar Nikkei Manufacturing PMI | 45 | - | 49.9 |
| South Korea | 0100 | Mar Imports (YoY%) | - | - | 1.4 |
| | 0100 | Mar Exports (YoY%) | - | - | 4.5 |
| | 0100 | Mar Trade balance (US\$m) | - | - | 3980 |
| | 0130 | Mar Nikkei Manufacturing PMI | - | - | 48.7 |
| Thursday 2 April | | | | | |
| India | 0600 | Mar Nikkei Manufacturing PMI | - | - | 54.5 |
| South Korea | 0000 | Mar CPI (MoM%/YoY%) | -/- | -/- | 0/1.1 |
| Friday 3 April | | | | | |
| India | 0715 | Apr 3 RBI policy decision (repo rate, %) | 4.65 | - | 5.15 |
| Hong Kong | 0130 | Mar Nikkei PMI | - | - | 33.1 |
| Singapore | 0600 | Feb Retail sales value (YoY%) | - | - | -5.29 |
| | 0600 | Feb Retail sales value (MoM% SA) | - | - | 0.1 |
| | 1400 | Mar Purchasing Managers Index | - | - | 48.7 |

Source: Bloomberg, ING

Key events in EMEA and Latam next week

Survey data across the EMEA region should give us an initial flavour of the economic cost of Covid-19



Source: Shutterstock

Hungary: We will finally get some data releases that will include some impact of Covid-19 in one way or another. On the negative side, the manufacturing PMI is likely to show a drop significantly below 50, in line with what we've seen in other countries, pointing to shrinking industrial output. On the positive side, panic-buying of non-perishable products should push the February retail sales figure to a multi-year high. Other data releases are rather minor or won't carry too much information about the virus impact, like the strong wage data from January, so we can look through these.

Czech manufacturing PMI is set to fall, but the pace of decline might be modest despite the current adverse situation as a result of a) methodological reasons (delays in supply deliveries are pushing PMI higher) and b) timing of data gathering, which did not cover fully the second half of the March, when measures related to Covid-19 became stricter.

We expect the **Polish** PMI manufacturing index to fall towards 46, which would be of comparable magnitude to German indicators. Like in other countries, output and new orders components should deteriorate sharply. At the same time, the supplier delivery times index is likely to artificially inflate the headline figure. IHS Markit doesn't produce a survey for the services sector in Poland, where losses related to the Covid-19 epidemic are greater.

Polish CPI should have little significance – the central bank’s reactions are dedicated mainly to stabilising economic activity and financial markets. Secondly, the process of price collection by the statistical office is likely to be disrupted. Therefore significant anomalies may occur.

Following the uptrend in **Turkish** inflation from single digits from late 2019 to 12.4% last month, we expect annual inflation to drop to 11.3% following a sharp drop in energy prices, while the pass-through from recent currency weakness poses risks to the outlook.

Key events in EMEA

| Country | Time Data/event | ING | Survey | Prev. |
|--------------------------|--|----------|--------|-----------|
| Monday 30 March | | | | |
| Kazakhstan | - 4Q F C/A (US\$m) | - | - | -1278.8 |
| Croatia | 1100 Feb Retail Sales (YoY%) | - | - | 6.2 |
| South Africa | 0700 Feb M3 Money Supply (YoY%) | - | - | 7.02 |
| | 0700 Feb Private Sector Credit (YoY%) | - | - | 5.01 |
| | 1300 Feb National Budget Balance (ZARbn) | - | - | -47.55 |
| Tuesday 31 March | | | | |
| Russia | 1400 4Q F C/A (US\$m) | - | - | 16300 |
| Turkey | 0800 Feb Trade Balance (US\$b) | -3.0 | - | -4.45 |
| Poland | 0900 Mar P CPI (MoM%/YoY%) | -/- | -/- | 0.7/4.7 |
| Czech Rep | 0800 4Q F GDP (QoQ%/YoY%) | -/- | -/- | 0.3/1.8 |
| Hungary | 0800 Jan Avg Gross Wages (YoY%) | 13.4 | - | 13.1 |
| | 0800 Feb PPI (MoM%/YoY%) | -0.5/3.6 | -/- | 0.9/3.8 |
| Kazakhstan | - Mar International Reserves (US\$b) | - | - | 29.9 |
| Serbia | 1100 Feb Retail Sales (YoY%) | - | - | 10.9 |
| | 1100 Feb Industrial Production (YoY%) | - | - | 6.3 |
| | 1100 Feb Trade Balance (€m) | - | - | -466.5 |
| Croatia | 1100 Feb Industrial Production (SA, YoY%) | - | - | -5.5 |
| | - Feb M1 Money Supply (HRKmn) | - | - | 136516.1 |
| | - 4Q C/A balance | - | - | 4567.6 |
| South Africa | 1030 4Q Employees Nonagricultural Industries (QoQ%/YoY%) | -/- | -/- | -0.3/0.8 |
| | 1300 Feb Trade Balance (ZARbn) | - | - | -1.87 |
| Brazil | 1300 Feb Unemployment Rate (%) | 11.1 | - | 11.2 |
| Wednesday 1 April | | | | |
| Russia | 0700 Mar Markit Manufacturing PMI | 46 | - | 48.2 |
| | 1400 4Q GDP (YoY%) | - | - | 1.7 |
| Turkey | 0800 Mar Markit/ISO Manufacturing PMI | - | - | 52.4 |
| Poland | 0800 Mar Markit Manufacturing PMI | 46 | - | 48.2 |
| Czech Rep | 0830 Mar Markit Manufacturing PMI | 42.5 | - | 46.5 |
| | 1300 Mar Budget Balance (CZKbn) | - | - | -27.4 |
| Hungary | 0800 Mar Manufacturing PMI | 48.5 | - | 50.1 |
| | 0800 Jan F Trade Balance (€mn) | 433.33 | - | 433.33 |
| Romania | 0700 Feb Unemployment Rate Total 15 - 74 Years Old SA | - | - | 3.9 |
| | - Mar FX Reserves (€bn, Net) | - | - | 40752.2 |
| Kazakhstan | - Mar CPI (MoM%/YoY%) | -/- | -/- | 0.7/5.6 |
| | - Mar PPI (MoM%/YoY%) | -/- | -/- | -2/2.5 |
| South Africa | 1000 Mar Kagiso PMI | - | - | 44.3 |
| | - Mar NAAMSA Vehicle Sales (YoY%) | - | - | -0.7 |
| Brazil | 1300 Feb Industrial Production (YoY%) | 0.2 | - | -0.9 |
| Thursday 2 April | | | | |
| Romania | 0700 Feb PPI (MoM%/YoY%) | -/- | -/- | 1.43/4.74 |
| South Africa | 1200 Feb Electricity Production (YoY%) | - | - | -2.5 |
| | 1200 Feb Electricity Consumption (YoY%) | - | - | -3.6 |
| Friday 3 April | | | | |
| Turkey | 0800 Mar CPI (YoY%) | 11.3 | - | 12.37 |
| | 0800 Mar CPI (MoM%/YoY%) | -/- | -/- | 0.35/9.97 |
| | 0800 Mar Domestic PPI (MoM%/YoY%) | -/- | -/- | 0.48/9.26 |
| Hungary | 0800 Feb Retail Sales (YoY%) | 9.0 | - | 7.6 |
| Romania | 0700 Feb Retail Sales (MoM%/YoY%) | -/- | -/- | 3.5/9.4 |
| South Africa | 0815 Mar HSBC PMI SA | - | - | 48.4 |
| Israel | - Mar Foreign Currency Balance (US\$b) | - | - | 131.2 |

Source: Bloomberg, ING

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