

Our view on this week's key events

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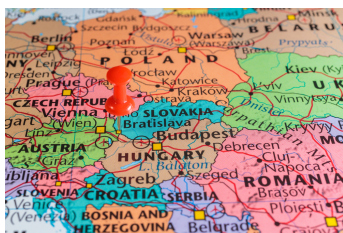
By James Knightley



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By Peter Virovacz and Dmitry Dolgin

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US: Covid -19 continues to take its toll on the economy

Once again, initial jobless claims will be the main data release for markets. Containment measures to try and stem the spread of Covid-19 mean shutdowns are spreading across the country with 75% of the population now under stay-at-home orders. The result is that companies are increasingly shutting their doors and laying-off staff. We look for another reading around the three million mark for initial claims this week. With risks skewed towards the containment measures lasting into May, we would not be surprised to see unemployment hit 15% in coming months with our best guess being that the economy contracts 40% in 2Q.

We also have consumer confidence readings, which are likely to fall further due to rising unemployment, economic uncertainty and falling asset prices. Meanwhile inflation looks set to fall sharply led by a sharp plunge in gasoline prices from \$2.47/gallon at the end of February to \$1.98/gallon at the end of March.

Country	Time Data/event	ING	Survey	Prev.
Monday 6 April				
Germany	0700 Feb New Orders (MoM%/YoY%)	-/-	-/-	5.5/-1.4
Tuesday 7 April				
Japan	0030 Feb Labor cash earnings (YoY%)	0	-	1.5
	0600 Feb P Leading economic index	-	-	90.5
Germany	0700 Feb Industrial Production (MoM%/YoY%)	-/-	-/-	3/-1.3
Australia	0230 Feb Trade balance (A\$m)	647	-	5210
	0530 RBA Cash Rate Target	0.25	-	0.25
Norway	0700 Feb GDP Mainland (MoM%)	-	-	0.2
	0700 Feb Industrial Production (MoM%/YoY%)	-/-	-/-	-2.3/0.3
Wednesday 8 April				
US	1900 Mar 18 FOMC Meeting Minutes	-	-	0
Japan	0050 Feb Core machine orders (MoM%)	-3.7	-	2.9
	0050 Feb Core machine orders (YoY%)	-4.3	-	-0.3
	0050 Feb C/A Balance, adjusted (Yen bn)	1529	-	1626.8
Norway	0700 Mar CPI (MoM%/YoY%)	-/-	-/-	-0.1/0.9
	0700 Mar CPI - ATE (MoM%/YoY%)	-/-	-/-	0.5/2.1
Thursday 9 April				
US	1500 Apr P U. of Mich. Sentiment Index	75	82	89.1
Japan	0600 Mar Consumer confidence index	37.2	-	38.4
Germany	0700 Feb Trade Balance (€bn)	-	-	13.8
UK	0700 Feb Industrial Production (MoM%/YoY%)	0.0	-/-	-0.1
	0700 Feb UK Services Index (MoM%)	0.1	-	0.1
	0700 Feb Monthly GDP (MoM%)	0.1	-	4212
Canada	1330 Mar Net Change in Employment	-	-	30.3
	1330 Mar Unemployment Rate (%)	-	-	5.6
Friday 10 April				
US	1330 Mar CPI (MoM%/YoY%)	-0.5/1.6	-0.3/1.7	0.1
	1330 Mar CPI ex. food and energy (MoM%/YoY%)	0/2.1	0.1/2.3	0.2/2.4
Japan	0050 Mar PPI (MoM%/YoY%)	-1.0/-0.5	-/-	-0.4/0.8

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Source: Shutterstock

➔ Covid-19 – what's ahead

Extended lockdowns are becoming the norm, as global infections of the Covid-19 disease surpass the one million mark, suggesting an even graver economic impact around the world than what we're already seeing. Frequent downgrades of economic growth have become the norm too. This week, we made sharp cuts to our growth forecasts of some Asian countries (Malaysia and Thailand) and further moves are likely in the coming weeks.

Meanwhile, [what we think](#) about the outlook for Asia and the rest of the world over the coming

weeks and months could make for good weekend reading.

Covid-19: The scenarios, the lockdown, the reaction, the recovery

➔ **China – getting back on its feet**

The economic calendar is crowded with inflation, retail sales, manufacturing and trade figures from around the region, which will offer some insight into the impact of the virus. Within these, March indicators are likely to grab more attention as these complete the picture for the first quarter when infections began to spread rapidly.

Above all, China's data will remain key for markets given that the spread of the virus subsided in March and businesses began to operate again. A return to positive territory for the Purchasing Managers Index heralds a similar outcome for real economic activity, while stimulus continues to trickle down, as likely to be revealed by monetary indicators for March.

➔ **Korea – BoK on hold**

The Bank of Korea announces its policy decision next week (9 April). An outsized emergency rate cut by 50 basis point to 0.75% on 16 March has reduced the scope of another cut just yet. The country has managed to rein in the spread of the disease and economic activity growth has been surprisingly firm (11% surge in industrial production in February).

However, Asia's heavily export-dependent economy still remains at risk from the so far unrestrained global spread of the disease, which is denting exports. We don't think the BoK is done with easing yet. The house view is 50bp of rate cuts in the current quarter.

➔ **Markets – thin liquidity**

The outcome of the US jobs report will set the tone for Asian markets next week while Covid-19 and the policy responses globally continue to rule investor sentiment.

However, a slew of public holidays around the region might result in somewhat reduced market liquidity. China, India, and Thailand are going to be out on Monday, and most regional markets will be closed for Good Friday.

Country	Time Data/event	ING	Survey	Prev.
Monday 6 April				
India	0600 Mar Nikkei Services PMI	-	-	57.5
Tuesday 7 April				
China	- Mar Forex Reserves (US\$bn)	3097.5	-	3106.72
Hong Kong	- Mar Forex Reserves (US\$bn)	-	-	446.1
South Korea	0000 Feb Current account (US\$bn)	4.5	-	1.0
Malaysia	0800 Mar 31 Forex reserves- Month end (US\$bn)	-	-	103
Philippines	0200 Mar CPI (YoY%)	2.3	2.4	2.6
	- Mar Forex reserves (US\$bn)	87.7	-	87606.6
Thailand	0430 Mar CPI (YoY%)	0.0	-	0.74
	0430 Mar Core-CPI (YoY%)	0.5	-	0.58
Wednesday 8 April				
Philippines	0200 Feb Exports (YoY%)	-2.2	-	9.7
	0200 Feb Imports (YoY%)	-4.6	-	1
	0200 Feb Trade balance (US\$mn)	-2488	-	-3499
Taiwan	0900 Mar Exports (YoY%)	-11.2	-	24.9
	0900 Mar Imports (YoY%)	-12.1	-	44.7
	0900 Mar WPI (YoY%)	-5.7	-	-4.47
	0900 Mar CPI (YoY%)	0.9	-	-0.21
Thursday 9 April				
India	1300 Feb Industrial production (YoY%)	2.3	-	2
South Korea	- 7-Day Repo Rate	0.75	-	0.75
Friday 10 April				
China	0230 Mar PPI (YoY%)	-1.5	-1.1	-0.4
	0230 Mar CPI (YoY%)	4.4	4.9	5.2
	- Mar Money supply (M2) (YoY%)	8.8	8.5	8.8
	- Mar Aggregate financing (CNY bn)	1800	2600	855.4
	- Mar New Yuan loans (CNY bn)	2074.6	1775	905.7

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Hungary: As a starter next week, Hungary's Ministry of Finance will release the March budget balance, where we expect a significantly better monthly deficit due to an EU transfer and the expected jump in VAT revenue related to the panic buy. For the main course, we will have February industrial production, which will be partially affected by Covid-19 (via the supply chain channel), so the 3% MoM drop is just the beginning.

Last but not least, the dessert: we see the March CPI reading heavily affected by the drop in fuel prices, but this might be somewhat counterbalanced by the weaker HUF and the demand-driven jump in food prices. If the latter will be weaker than expected and services will be heavily affected by lack of demand, we can see even a drop in prices on a monthly basis, compared to our base case of stagnation.

Czech Republic: Ministry of Labour decided to publish March share of unemployed people earlier and moved data release already to Friday April 3 from the next Wednesday. As such, we got the first tangible data revealing Covid-19 impact on the March labour market. Other releases being published next week are related to February, meaning the data are outdated already now.

Poland: We do not expect MPC to change rates or to introduce new unconventional instruments at

the April meeting. NBP so far is actively intervening on the Polish sovereign bond market. Additionally, market liquidity will be heightened in May by PLN40bn (c. 2%GDP) via strong cut of required reserve ratio.

Further rate cuts are plausible at the next meetings (e.g. in May or June) if economic data show stronger deterioration of activity.

Russia is likely to see its CPI spiking from 2.3% YoY in February to 2.8 - 3.0% YoY in March, as the expectations of quarantine measures and ruble depreciation has pushed Russian to stock up on food, pharmaceuticals, personal hygiene items, and consumer electronics. More acceleration is to come in the coming weeks, amplified by some statistical effects, meaning that the CBR's target of 4.0% will be exceeded in a matter of months instead of previous expectations of early 2021. Meanwhile, unless there's another round of RUB depreciation (which is a risk but not the base case) the fast spike is likely to reverse in 2H20 on the drop in demand. As a result, we continue to expect the key rate to remain unchanged at 6.0% in the foreseeable future.

Country	Time Data/event	ING	Survey	Prev.
Monday 6 April				
Russia	1400 Mar CPI (YoY%)	2.8	2.7	2.3
	1400 Mar CPI (MoM%/YoY%)	0.8/2.8	0.6/2.6	0.3/2.4
Czech Rep	0800 Feb Construction Output (YoY%)	-	-	6
	0800 Feb Trade Balance (CZKmn)	-	-	15.1
	0800 Feb Industrial Output (YoY%)	-	-	-1.4
Hungary	- Mar Budget Balance (YTD)	-250	-	-254.6
Tuesday 7 April				
Poland	1300 Mar Official Reserves Total	-	-	128182.1
Czech Rep	0800 Feb Retail Sales (YoY%)	-	-	2.1
	0800 Feb Retail Sales Excl. Motor Vehicles (YoY%)	-	-	4.9
Hungary	0800 Feb Industrial Production (MoM%/YoY%)	-3.0/-1.8	-/-	4.61/2.74
Romania	0700 4Q F GDP (SA, QoQ%)	1.5	-	1.51
	0700 4Q F GDP (YoY%)	4.3	-	4.27
Serbia	1100 Mar HPIPI (YoY%)	-	-	0.5
	1100 Mar HPIPI (MoM%)	-	-	-0.2
South Africa	0700 Mar Gross Reserves (US\$bn)	-	-	54.7
	0700 Mar Net Open Foreign Currency Position (US\$bn)	-	-	45.4
Brazil	1300 Feb Retail Sales (YoY%)	0.5	-	1.3
Mexico	1200 Mar CPI (MoM%/YoY%)	0.35/3.7	-/-	0.42/3.7
Wednesday 8 April				
Poland	- Base Rate (%)	1	1	1
	0900 Mar International Reserves (US\$bn)	-	-	147.8
Hungary	0800 Mar CPI (MoM%/YoY%)	0.0/3.7	-/-	0.3/4.4
Croatia	1000 Mar PPI (MoM%/YoY%)	-/-	-/-	-0.1/0.9
South Africa	1030 Mar SACCBI Business Confidence	-	-	92.7
Mexico	1200 Feb Industrial Production (YoY%)	-3.2	-	-1.6
Thursday 9 April				
Ukraine	- Mar CPI (MoM%/YoY%)	0.8/2.4	-/-	-0.3/2.4
Romania	0700 Feb Avg Net Wages (YoY%)	-	-	8.62
	0700 Feb Trade Balance (€m)	-	-	-1323
Bulgaria	0900 Feb Industrial Production (YoY%)	-	-	-0.72
	0900 Feb Industrial Production (MoM%)	-	-	1.6
	0900 Feb Retail Sales (MoM%/YoY%)	-/-	-/-	-0.4/3.2
Serbia	1100 Repo rate (%)	1.5	-	1.75
Croatia	1000 Feb Tourism arrivals (YoY%)	-	-	5.82
South Africa	1030 Feb Mining Production (YoY%)	-	-	7.51
	1030 Feb Mining Production MoM	-	-	6.04
	1030 Feb Mining Production Volume Index YoY	-	-	10.17
	1030 Feb Mining Gold Production (YoY%)	-	-	4.88
	1200 Feb Manufacturing Prod. (MoM%)	-	-	-2
	1200 Feb Manufacturing Production (SA, MoM%)	-	-	2.5
Brazil	1300 Mar Inflation (IPCA) (MoM%)	0.15	-	0.25
	1300 Mar Inflation (IPCA) (YoY%)	3.39	-	4.01
Friday 10 April				
Russia	1400 Feb Trade Balance (US\$bn)	-	11.5	12.484
Turkey	0800 Jan Unemployment Rate (%)	-	-	13.71
Romania	0700 Mar CPI (MoM%/YoY%)	0.0/2.6	-/-	0.25/3.05
Kazakhstan	- Mar Industrial Production Yearly	-	-	4.1
Croatia	1000 Jan Trade Balance (HRK m)	-	-	-4147

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Disclaimer

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