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Bundle

Our view on next week's events

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Key events in developed markets next week

The economic rebound will be reflected in positive data releases next week. However, what happens next will depend on policymakers as government support in the labour market begins to unwind and EU recovery fund discussions continue



US: Data will reflect further reopening, but oil and gas prices continue to hold industry back

The US data should again reflect the reopening story with manufacturing activity and retail sales posting another decent increase. With in-store shopping now broadly permitted in all states we should see a subtle shift away from online to physical retail within the details. We already know car sales were healthy while gasoline prices should boost the value of spending. Incomes, of course, continue to be boosted by the extended unemployment benefits including the extra \$600 per week provided by the Federal government with 68% of recipients actually now having higher incomes than when they were working, according to a recent paper by the University of Chicago. This fact should also be supportive of a decent retail sales figure for June. Meanwhile, manufacturing activity continues to recover with the ISM report pointing to a robust number, but broader industrial activity will be held back somewhat due to lower oil and gas output caused by the plunge in prices earlier in the year and the credit strains in the sector making drilling less viable. Housing starts should also be healthy given the rise in mortgage applications and home builder sentiment while inflation is likely to remain muted.



UK: Three data releases to watch next week

GDP figures for May are likely to show a rebound from April's low, although the size of the economy was (and still is today) significantly lower than pre-virus levels. Google's mobility data points to only around a 4% rebound after March and April's combined 25% GDP decline. However both construction and manufacturing contributed a fair chunk to that fall, and as both were allowed to reopen in May, the overall recovery that month might have been slightly faster. Headline inflation should stay at around half a percent, and is likely to stay around that level over the summer. This is obviously down to the slump in oil prices, but the wider economic downturn means inflation is unlikely to be a major medium-term by-product of the pandemic. The unemployment rate may tick marginally higher, but the impact of the crisis on these figures has thus far been very limited. That's because furloughed employees, as well as affected self-employed workers, are still classified as employed in these official figures (instead the impact is registered by fewer hours worked). Still, this masks some fairly depressing announcements in the jobs market over the past couple of weeks, as firms prepare to make adjustments to their workforces ahead of a phased unwinding of the Job Retention Scheme. Unemployment will undoubtedly tick higher over the next few months - the question is whether Chancellor Rishi Sunak's latest pledges can help reduce the scale.



Eurozone: Recovery fund discussions looking optimistic

Next week's focus for the eurozone will be mainly on the EU Recovery Fund again. After weeks of tête-à-têtes, European leaders will once again sit around the virtual table to discuss a possible fund. It is now down to the discussion on whether grants or loans should be disbursed and whether there should be a conditionality on the disbursement. What is perhaps more relevant is what is not on the table anymore. The details are fiercely debated, but the fact that the EU will borrow from the market for funding seems to be getting very little pushback anymore. This means that large hurdles have already been overcome and adds to optimism about a fund seeing the light of day. Whether that will be next week already remains to be seen of course, it usually takes a good few summits for something large to be decided in Brussels.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 13 July					
Japan	0530	May Tertiary industry index (MoM%)	-	-	-6.0
UK	1630	BOE Governor Bailey Speaks on Libor			
Sweden	0500	Jun PES Unemployment Rate	-	-	5.1
Tuesday 14 July					
US	1100	Jun NFIB Small Business Optimism	98.0	97.0	94.4
	1330	Jun CPI (MoM%)	0.5/0.6	0.6	-0.1
	1330	Jun CPI ex. food and energy (MoM/YoY%)	0.1/1.0	0.1/1.1	-0.1/1.2
	1930	Fed's Bullard Discusses Economy and Monetary Policy			
Japan	0530	May F Industrial production - Prel (MoM/YoY%)	-/-	-/-	-8.4/-25.9
Eurozone	1000	May Industrial Production (WDA, YoY%)	-22.0	-	-28.0
Germany	0700	Jun F CPI (MoM/YoY%)	0.6/0.9	-/-	0.6/0.9
	1000	Jul ZEW Current Situation Index	-55.0	-	-83.1
UK	0700	May Industrial Production (MoM/YoY%)	-/-	-/-	20.3/-24.4
	0700	May UK Services Index (MoM%)	-	-	-19.0
	0700	May Monthly GDP (MoM%)	5.0	-	-20.4
Spain	0800	Jun F HICP (MoM/YoY%)	-/-	-/-	0.4/-0.3
Australia	0230	Weekly Payroll Jobs and Wages in Australia (for June 27)			
Sweden	0830	Jun CPI (MoM/YoY%)	-/-	-/-	0.6/0.0
	0830	Jun CPIF (MoM/YoY%)	-/-	-/-	0.6/0.0
Wednesday 15 July					
US	1415	Jun Industrial Production (MoM%)	4.8	4.4	1.4
	1700	Fed's Harker Discusses Economic Outlook			
	1900	U.S. Federal Reserve Releases Beige Book			
Japan	-	Policy Rate	-0.1	-	-0.1
Japan	-	Jul 15 BoJ 10-year yield target (%)	-	-	0.0
UK	0700	Jun CPI (MoM/YoY%)	0.0/0.5	-/-	0/0.5
	0700	Jun Core CPI (YoY%)	1.2	-	1.2
	0900	BOE's Teneyro Speaks on Covid-9 and the Economy			
Italy	0900	Jun F HICP (YoY%)	-	-	-0.4
Canada	1500	Bank of Canada Policy Rate	-	0.25	0.25
New Zealand	2345	2Q CPI (Q) (QoQ%)	-	-	0.8
	2345	2Q CPI (Q) (YoY%)	-	-	2.5
Thursday 16 July					
US	1330	Jun Advance Retail Sales (MoM%)	6.0	5.6	17.7
	1330	Jun Retail Sales ex. Auto and Gas (MoM%)	5.8	5.5	12.4
	1600	Fed's Evans Takes Part in Rocky Mountain Economic Summit			
Eurozone	1000	May Trade Balance (€bn)	5.1	-	1231.1
	1245	ECB Main Refinancing Rate	0.0	-	0.0
	1245	ECB Marginal Lending Facility	0.3	-	0.25
	1245	ECB Deposit Facility Rate	-0.5	-	-0.5
UK	0700	May Weekly Earnings (3M avg)	-0.4	-	1
	0700	May Weekly Earnings ex Bonus (3M avg)	0.6	-	1.7
	0700	May ILO Unemployment Rate (3M avg)	4.0	-	3.9
	0700	May Employment Change (3M/3M)	-115.0	-	6
	1145	BOE's Haldane Speaks About Financial Services			
Australia	0200	Jun Employment change ('000)	104.0	-	-227.7
	0230	Jun Unemployment rate (%)	6.6	-	7.1
	0230	Jun Participation rate (%)	62.9	-	62.9
Friday 17 July					
US	1500	Jul P U. of Mich. Sentiment Index	78.0	80.0	78.1
Eurozone	1000	Jun F CPI (YoY%)	0.3	-	0.3
	1000	Jun F Core CPI (YoY%)	0.8	-/-	0.8
UK	1100	BOE Governor Bailey Speaks on Webinar			
Italy	1400	Bank of Italy Releases the Quarterly Economic Bulletin			

Source: ING, Bloomberg

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Asia week ahead: 2Q GDP season kicks off

Central bank meetings in Japan Indonesia and Korea next week and second-quarter 2020 GDP releases make it an interesting week in Asia. We think GDP downturn might have bottomed by now as well as the central bank easing cycle



China and Singapore GDP report card

China and Singapore are the first Asian countries to release their second-quarter GDP figures next week. Consistent with their Covid-19 journeys, expectations are of a moderating slump in China but an accelerated downturn in Singapore. However, the consensus view of a sharp positive swing in China's growth (+2.5% YoY vs. -6.8%) is optimistic given the lingering impact of the disease on both domestic demand and exports amid the renewed spread in Beijing and surrounding provinces. Our house view is another quarter of contraction by 3.1% YoY. In addition, trade, retail sales, fixed-asset investment, industrial production, and home prices numbers will be released too – all likely highlighting a rather weak state of the economy. Our house view is another quarter of Chinese GDP contraction by 3.1% YoY. In Singapore, the Covid-19 circuit-breaker started in early April and spanned over almost the entire second quarter, which has resulted in a significant hit to domestic demand, judging from the 46% YoY retail sales crash in the first two months of the quarter. External demand was firm though. Non-oil domestic exports eked out about 2% growth in April-May (look out for June data next week, ING forecast +1.5% YoY), and by virtue of that manufacturing held ground. This leaves construction and services as the industry-side sources of GDP slump, which will probably be the steepest ever and our forecast is -9.2% YoY while the consensus is -10.5%.



Central bank meetings

The central banks of Indonesia, Japan and Korea hold their monetary policy meetings. The worst of the Covid-19-induced GDP contraction might be over, and we think so is much of the Asian central bank easing cycle – the view that's likely to gain support from all three central banks reviewing their policies. We don't see any of them changing policy next week, however, the easing bias will prevail for a long time to come. Still, Bank Indonesia meeting may attract some interest as steadily falling inflation and the strong currency could tip the central bank towards more rate cuts, while growth is taking a beating from the increasing spread of the pandemic. If not next week, we still have pencilled in one 25 basis point rate cut by Indonesia's central bank by the end of this quarter.



What else?

We noted earlier China will be reporting its trade figures for June along with India and Indonesia – both likely to show large export declines of the order of 23% YoY. India's CPI release for June will be worth watching, provided the national statistics agency releases the data, as it didn't release CPI figures for April and May on the basis that Covid-19 lockdown distorted the data. Anyhow, we see inflation staying above 5%, as food prices remain a key force behind high inflation and the retail fuel price hike in June was an added whammy.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 13 July					
India	1300	Jun CPI (YoY%)	5.3	5.3	5.8
Tuesday 14 July					
China		- Jun Exports (YoY%)	-0.3	-1.4	-3.3
		- Jun Imports (YoY%)	-19.0	-8.6	-16.7
		- Jun Trade Balance (US\$bn)	79.9	58.4	62.9
India	0730	Jun WPI (YoY%)	-2.3	-2.4	-3.2
Singapore	0100	2Q A GDP (Q) (YoY%)	-9.2	-10.3	-0.7
	0100	2Q A GDP (QoQ Annualised %)	-30.6	-34.8	-4.7
Wednesday 15 July					
India		- Jun Trade deficit (US\$bn)	-4.5	-	-3.2
		- Jun Exports (YoY%)	-23.0	-	-36.5
		- Jun Imports (YoY%)	-42.0	-	-51.1
Indonesia	0500	Jun Exports (YoY%)	-22.7	-	-29.0
	0500	Jun Trade balance (US\$m)	789.1	-	2091.7
	0500	Jun Imports (YoY%)	-18.7	-	-42.2
Philippines		- May OCW remittances (YoY%)	-	-	-4.7
		- May OCW remittances (YoY%)	-	-	-4.7
South Korea	0000	Jun Unemployment rate (% SA)	4.6	-	4.5
Thursday 16 July					
China	0230	Jun New home prices (YoY%)	4.8	-	4.9
	0300	Jun Industrial Production (YoY%)	4.6	4.8	4.4
	0300	2Q GDP (YoY%)	-3.1	2.5	-6.8
	0300	2Q GDP (Q) (QoQ% SA)	-	9.6	-9.8
	0300	Jun Retail Sales (YoY%)	0.5	0.4	-2.8
	0300	Jun Fixed asset investment (YTD, YoY%)	-6.1	-3.4	-6.3
Indonesia	0820	Jul 16 BI policy decision (7-day reverse repo, %)	4.25	-	4.25
South Korea		- 7-Day Repo Rate	0.50	-	0.50
Friday 17 July					
Singapore	0130	Jun Non-oil domestic exports (MoM/YoY%)	-6.0/1.5	-/-	-4.5/-4.5

Source: ING, Bloomberg, *GMT

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Key events in EMEA and Latam next week

Poland's central bank is likely to keep rates on hold next week, but the spotlight will be on presidential elections. Elsewhere in EMEA and Latam, the focus will be on June CPI inflation data



Poland: Inflation to be high, but don't expect a rate change yet

This week domestic macro events will be overshadowed by presidential elections result. During the week we'll learn Jun CPI details – likely showing persistently high core inflation (as implied by the flash reading). This shouldn't be a market mover though – the MPC successfully convinced markets that rate changes are unlikely anytime soon. Labour market figures should be more important, underpinning our call for only a gradual post-pandemic recovery.

EMEA Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 13 July					
Turkey	0800	May C/A (US\$m)	-3.3	-	-5.06
	0800	May Industrial Production (MoM/YoY%)	-/-14.0	-/-	-30.4/-31.4
Serbia	1100	Jun CPI (MoM%)	0.2	-	-0.2
Israel	1100	Jun Trade Balance (US\$m)	-	-	-1090.9
Tuesday 14 July					
Poland	1300	May C/A (€mn)	-1153.0	1030.0	1163.0
		- Base Rate (%)	0.1	0.1	0.1
		- Monetary Policy Council Rate Meeting			
Czech Rep	0900	May C/A (CZKbn)	-	-	-9.2
Romania	0700	May Industrial Production (MoM/YoY%)	-/-	-/-	-27.7/-38.6
	0700	May Industrial Sales (MoM/YoY%)	-/-	-/-	-38.37/-40.72
		- May C/A YTD (€m)	-	-	-1782.0
Wednesday 15 July					
Russia	1700	Jun Industrial Production (YoY%)	-6.2	-7.1	-9.6
Poland	0900	Jun F CPI (MoM/YoY%)	-/-	-/-	0.7/3.3
Kazakhstan		- Jun Industrial Production Yearly	-	-	0.5
Bulgaria	0900	Jun CPI (MoM/YoY%)	-0.2/1.7	-/-	-0.3/1.3
South Africa	0900	May CPI (YoY%)	-	3.2	3.0
	0900	May CPI (MoM%)	-/-	-0.3	-0.5
	0900	May Core CPI (MoM%, NSA)	-	0.1	-0.2
Israel	1630	Jun CPI (MoM/YoY%)	-/-	-/-	-0.3/-1.57
Thursday 16 July					
Russia	1700	Jun PPI (YoY%)	-	-11.7	-14.1
	1700	Jun PPI (MoM%)	-	1.9	2.8
Poland	1300	Jun Core Inflation (MoM/YoY%)	-/-	-/-	-0.1/3.8
	1300	National Bank of Poland Publishes Minutes of Rate Meeting			
Israel	1100	1Q F GDP (QoQ Annualised %)	-	-	-6.8
Friday 17 July					
Poland	0900	Jun Avg Gross Wages (YoY%)	0.8	1.2	-3.1/1.2
	0900	Jun Employment (YoY%)	-3.8	-3.9	-1.4/-3.2
	0800	National Bank of Poland Publishes Inflation Report			
Czech Rep	0800	Jun PPI (Industrial) (MoM%)	-	-	0.4
	0800	Jun PPI (Industrial) (YoY%)	-	-	-0.9

Source: ING, Bloomberg

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