

26 June 2020

Bundle

Our view on next week's events

Discover what ING analysts are looking for next week in our global economic calendars

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Article

Key events in developed markets next week

Uncertainty over a continuation of the pandemic means that central bank policy remains unclear in the UK. Meanwhile, a partial recovery in the US labour market may prove insufficient amid a resurgence in Covid-19 cases across the country



US: Improving labour markets may be insufficient for a V-shaped recovery as Covid-19 cases rise

America will be celebrating Independence Day at the end of the week and we are hopeful that the forthcoming data will bring more cheer. The obvious focus will be the jobs report, which will be published on Thursday due to 3 July being a national holiday. With all states now experiencing some form of reopening, we should see another sizeable pick-up in employment, as workers return to their jobs. We look for payrolls to rise by around 3.5 million, but we have to remember that millions more remain out of work, with Google Mobility data suggesting in many states, especially in populous ones like New York, New Jersey and California, consumer and business activity remains far from normal. The unemployment rate should move slightly lower, but we caution that this is not a reliable indicator and understates the true rate of joblessness. To be recorded as unemployed by the Bureau for Labour Statistics you have to be actively job hunting, however, given the dislocating effects of the Covid-19 containment measures you do not have to be actively looking to claim benefits. As such, the "true" unemployment rate is likely still around 20%. Average hourly earnings will fall sharply, but this is a statistical effect caused by lots of relatively low earning workers regaining employment, dragging the "average" level of hourly wages lower. It is meaningless. As for activity, the ISM manufacturing index should bounce sharply, but we must remember that even if it rises to 50, as we expect, that does not suggest growth, as the level of activity is down hugely on where we were at the start of the year. Despite this positive backdrop we remain somewhat cautious on the outlook given the rising number of Covid-19 cases and the potential for states to pause or even roll back some of their phased reopening plans, which could hurt sentiment and activity. Meanwhile, the timely Homebase jobs numbers suggest employment has softened over the past week or so, which perhaps hints that final demand may not be as strong as we would have liked to see, with businesses needing to "right size" their workforce. And with the \$600 Federal boost to weekly unemployment benefit payments scheduled to end in five weeks, we could see a big reduction in household incomes. As such, we expect to hear more talk of additional fiscal support in the coming weeks.



Bank of England speakers in focus as markets mull policy preferences

We've detected a bit of a policy shift at the Bank of England. The BoE's decision to taper its quantitative easing purchases was coupled by a comment from Governor Andrew Bailey that he'd prefer to unwind the balance sheet ahead of raising interest rates – a clear departure from the Carney-era guidance that this process wouldn't occur until the Bank rate hit 2%. While that debate might sound a bit academic at the moment given where we are in the cycle, it does have a couple of more immediate implications. Firstly, it could perhaps sow the odd seed of doubt among some investors about the willingness to significantly ramp up QE again if we were to see another bout of market turmoil (although in the event we suspect policymakers would do so). Secondly, it may help fuel the debate about whether the BoE will adopt negative rates. Policymakers haven't ruled out doing so, although we still suspect it's probably unlikely, at least in the near-term. We mention all of this because we have a series of policy speeches over the next week, including from BoE Chief Economist Andy Haldane, who recently dissented from the decision to expand QE. Look out for further clues on possible shifting policy preferences.

Developed Markets Calendar

Country	Time	Data/event	ING	Survey	Prev.
Saturday 27 June					
Eurozone	1005	ECB's Schnabel Speaks in a Panel			
Monday 29 June					
US	1600	Fed's Daly Takes Part in a Panel on College Attainment			
	2000	Fed's Williams and IMF's Georgieva Speak			
Japan	0050	May Retail trade (MoM/YoY%)	-/-	-/-	-9.9/-13.9
Eurozone	1000	Jun Economic Confidence	88.0	-	67.5
	1000	Jun F Consumer Confidence	-14.7	-	-14.7
Germany	1300	Jun P CPI (MoM/YoY%)	1.0/0.2	-/-	-0.1/0.6
UK	1030	BOE's Bailey, Breeden Speak at Climate Financial Risk Forum			
	1330	BOE's Vlieghe Speaks on Macroeconomic Tail Risk, Asset Prices			
Spain	0800	Jun P HICP (MoM/YoY%)	-/-	-/-	0.1/-0.9
Tuesday 30 June					
US	1500	Jun Consumer Confidence	88.0	90.0	86.6
	1600	Fed's Williams Speaks on Central Banking in the Age of Covid			
Japan	0050	May P Industrial production - Prel (MoM/YoY%)	-/-	-/-	-9.8/-15
Eurozone	1000	Jun P CPI (MoM/YoY%)	0.2/0.0	-/-	-0.1/0.1
	1000	Jun P Core CPI (YoY%)	1.1	-	0.9
	1200	ECB's Schnabel Speaks at IIF event			
UK	0700	1Q F GDP (QoQ/YoY%)	-2.0/-1.6	-/-	-2.0/-1.6
	1500	BOE's Cunliffe Speaks on Central Banking in the Covid-19 Age			
Italy	1000	Jun P HICP (YoY%)	-0.4	-	-0.3
Canada	1330	Apr GDP (MoM/YoY%)	-/-	-10.5/-16	-7.2/-5.8
Australia	0330	RBA's Debelle Speech at Webinar Event			
Norway	0700	May Credit Indicator (YoY%)	-	-	4.6
Wednesday 1 July					
US	1315	Jun ADP Employment Change ('000's)	2800.0	2450.0	-2760.4
	1500	Jun ISM Manufacturing	50.0	48.5	43.1
	1900	Jun FOMC Meeting Minutes	-	-	0.0
Japan	0050	2Q Tankan Manufacturing Index	-	-31.0	-8.0
	0050	2Q Tankan Non-manufacturing Index	-	-20.0	8.0
	0600	Jun Consumer confidence index	-	-	24.0
Eurozone	0900	Jun F Markit Manufacturing PMI	49.6	45	46.9
Germany	0855	Jun Unemployment Change ('000's)	-	-	238.0
	0855	Jun Unemployment Rate (%)	6.5	-	6.3
UK	0930	Jun F Markit/CIPS Manufacturing PMI	50.1	45	50.1
	1200	BOE Policy Maker Haskel Speaks on Webinar			
Norway	0900	Jun DNB/NIMA Manufacturing PMI	-	-	45.9
Sweden	0830	Riksbank Interest Rate	0.00	-	0.00
Thursday 2 July					
US	1330	May Trade Balance (US\$bn)	-54.0	-49.3	-49.4
	1330	Jun Change in Nonfarm Payrolls ('000s)	3500.0	3250.0	2509.0
	1330	Jun Unemployment Rate (%)	12.8	12.1	13.3
	1330	Jun Average Hourly Earnings (MoM/YoY%)	-0.6/-5	-0.2/-	-1.0/6.7
	1330	Jun Participation Rate	60.5	-	60.8
	1330	Jun Initial jobless claims ('000s)	1350.0	1335.0	1508.0
Japan	0050	Jun Monetary base (JPY tr)	-	-	543.4
Eurozone	1000	May Unemployment Rate (%)	7.7	-	7.3
Australia	0230	May Trade balance (A\$m)	-	-	8800.0
Friday 3 July					
Eurozone	0900	Jun F Markit Services PMI	47.3	41.5	47.3
	0900	Jun F Markit Composite PMI	-	43	47.5
	1300	ECB's Knot Speaks at Bloomberg EU Policy Series Event			
UK	0930	Jun F Markit/CIPS Services PMI	47.00	40.00	47.00
	0930	Jun F Markit/CIPS Composite PMI	47.6	41.2	47.6
Australia	0230	May Retail sales (MoM%)	-	-	-17.7
Norway	0900	Jun Unemployment Rate	-	-	6.4
Sweden	0730	Jun Swedbank/Silf Services PMI	-	-	40.9

Source: ING, Bloomberg

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Key events in EMEA and Latam next week

Positive manufacturing PMIs will likely reflect the easing of lockdowns in EMEA next week, but this optimism may be overshadowed by a large increase in unemployment numbers



Czech Republic: Industry remains relatively weak

The June manufacturing PMI is likely to increase towards 45 points, as signalled by earlier-published counterparts from the eurozone and Germany. However, a stronger pick-up above the key 50-level is less likely as confidence from industrial companies fell slightly in June, according to data released by the Czech Statistical Office. As such, despite the reopening of large automakers after the Covid-19 shutdowns, industry remains on a weak footing with very limited signs of a V-shaped recovery.



Turkey: Oil recovery to boost inflation

We expect June inflation to be at 0.2%, pulling the annual figure slightly up to 11.6% from 11.4% in the previous month, due to the impact of the oil recovery on the transportation sector. However, in the second half of the year, we will likely witness some improvement in the outlook amid sluggish demand factors.



Hungary: High unemployment but a boost in wage growth expected

We expect the unemployment rate to reflect the impact of Covid-19, jumping above 6% and reaching a high not seen since early 2016. The bad news on the labour market might be mixed with good news for wages. The double-digit wage growth reflects a composition effect as well as the wage settlements in state-owned companies and large employers in the private sector. Based on the PMI figures in developed economies and knowing that some companies restarted fulfilling their outstanding orders, we see a rebound in Hungary's manufacturing PMI too, but still think the index will remain in contraction territory.



Poland: Positive PMI data may not indicate strong recovery

We expect the PMI manufacturing index to increase following rebound of sentiment in the eurozone, and particularly in Germany. Still, the recovery in the industrial sector should be less pronounced than the index suggests. High frequency data of electrical energy production shows a significant deterioration of demand which implies low activity within energy-intensive sectors. The automotive sector is also working at low capacity while production in the mining sector was halted due to the outbreak of Covid-19 in the Silesia region.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 29 June					
Kazakhstan	-	1Q F GDP YTD YoY	-	-	2.7
	-	1Q F C/A (US\$m)	-	-	1202.6
Hungary	0800	Unemployment rate (%)	6.1	-	3.8
Tuesday 30 June					
Russia	1400	1Q F C/A (US\$m)	22504.9	-	21700.0
Turkey	0800	May Trade Balance (US\$bn)	-3.4	-	-4.6
Poland	0900	Jun P CPI (MoM/YoY%)	-/-	-/-	-0.2/2.9
Czech Rep	0800	1Q F GDP (QoQ/YoY%)	-3.3/-2.0	-/-	-3.3/-2
Hungary	0800	Apr Avg Gross Wages (YoY%)	10.0	-	9.0
	0800	May PPI (MoM/YoY%)	1.1/4.3	-/-	0.4/3.7
Serbia	1100	May Retail Sales (YoY%)	-	-	-18.6
	1100	May Industrial Production (YoY%)	-	-	-16.6
	1100	May Trade Balance (€m)	-	-	-408.5
Croatia	1000	May Retail Sales (YoY%)	-	-	-25.5
	1000	May Industrial Production (SA, YoY%)	-	-	-11.0
	-	May M1 Money Supply (HRKmn)	-	-	141771.3
	-	1Q Current Account balance	-	-	-592.1
South Africa	0700	May M3 Money Supply (YoY%)	-	-	10.5
	0700	May Private Sector Credit (YoY%)	-	-	7.4
	1030	1Q GDP (SAAR-QoQ%)	-	-	-1.4
	1030	1Q GDP (YoY%)	-	-	-0.5
	1300	May Trade Balance (ZARbn)	-	-	-35.0
	1300	May National Budget Balance (ZARbn)	-	-	-51.2
Brazil	1300	May Unemployment Rate (%)	-	13.2	12.6
Wednesday 1 July					
Russia	0700	Jun Markit Manufacturing PMI	-	-	36.2
Turkey	0800	Jun Markit/ISO Manufacturing PMI	-	-	40.9
Poland	0800	Jun Markit Manufacturing PMI	46.0	-	40.6
Czech Rep	0830	Jun Markit Manufacturing PMI	45.0	-	39.6
	1300	Jun Budget Balance (CZKbn)	-	-	-157.4
Hungary	0800	Jun Manufacturing PMI	49.1	-	40.3
Romania	-	Jun FX Reserves (€bn, Net)	-	-	40811.9
Kazakhstan	-	Jun CPI (MoM/YoY%)	-/-	-/-	0.5/6.7
	-	Jun PPI (MoM/YoY%)	-/-	-/-	-7.9/-22.1
South Africa	1000	Jun Kagiso PMI	-	-	50.2
	-	Jun NAAMSA Vehicle Sales (YoY%)	-	-	-68.0
Thursday 2 July					
Russia	-	1Q F GDP (YoY%)	1.6	-	1.6
Hungary	0800	Apr F Trade Balance (€mn)	-611.2	-	-611.2
Romania	0700	May Unemployment Rate Total 15 - 74 Years Old SA	-	-	4.8
	0700	May PPI (MoM/YoY%)	-/-	-/-	-1.6/-1.6
South Africa	1200	May Electricity Production (YoY%)	-	-	-22.8
	1200	May Electricity Consumption (YoY%)	-	-	-23.3
Brazil	1300	May Industrial Production (YoY%)	-	-	-27.2
Friday 3 July					
Turkey	0800	Jun CPI (YoY%)	11.6	-	11.4
	0800	Jun Core CPI (MoM/YoY%)	0.2/10.0	-/-	1.4/10.3
	0800	Jun Domestic PPI (MoM/YoY%)	-/-	-/-	1.5/5.5
South Africa	0815	Jun HSBC PMI SA	-	-	32.5
Israel	-	Jun Foreign Currency Balance (US\$bn)	-	-	142.5

Source: ING, Bloomberg

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Asia week ahead: End of the worst quarter in years

With second Covid-19 waves spreading in some countries and first-wave outbreaks not yet over in others, the economic slump in Asia has a long way to go



Damage assessment continues

The end of lockdowns in most of Asia has markets weighing the activity data for the wreckage left behind by the pandemic. And there's lots of data to wade through next week. Purchasing manager indexes (PMIs) data will take prominence as they usually do at the start of the month. China's PMIs remains the most market-sensitive of all - and the expectation of it staying above the 50 threshold implies improving business conditions which are at risk from renewed Covid-19 spread in Beijing and neighbouring provinces. In most other Asian economies, manufacturing should have continued to slow albeit at a reduced pace than in May. India and Indonesia are likely to remain at the low end of the Asian spectrum, given worsening Covid-19 situations in these countries. PMIs are soft indicators, prone to respondents' sentiment at the time of the survey. The hard data on exports, manufacturing output, retail sales, and inflation -- all should paint a real picture. The calendar is packed with such indicators from around Asia. Korea's exports for June will be the first from the region to reveal the state of global demand this month. Easing of lockdowns in key markets should result in a smaller year-on-year fall. And, with weak exports and domestic spending, manufacturing growth is likely to remain negative as well. May retail sales figures from Hong Kong and Singapore should reflect the extent of the hit to domestic demand in these economies. We expect the worse, around 50% YoY contraction in sales in both economies, as rising job losses depress spending. Weak consumer spending should keep CPI inflation under downward pressure in most reporting countries next week (Korea, Indonesia, and Thailand), with Thailand's continuing to lead the way down. The end of the worst quarter for Asian and global economies may be here. But, with second Covid-19 waves spreading in some countries and first-wave outbreaks not yet over in others, the economic slump has a long way to go.

Asia Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 28 June					
China	0230	May Industrial profits (YTD, YoY%)	-5.0	-	-4.3
Monday 29 June					
Hong Kong	0930	May Exports (YoY%)	-3.5	-	-3.7
	0930	May Imports (YoY%)	-7.0	-	-6.7
	0930	May Trade balance (HK\$ bn)	-20.3	-	-23.3
Thailand	0430	May Manufacturing index (YoY%)	-21.0	-	-17.2
South Korea	2200	Jul BOK Business Survey Index, mfg	-	-	49
	2200	Jul BOK Business Survey Index, non-mfg	-	-	56
Tuesday 30 June					
China	0200	Jun Manufacturing PMI	50.6	50.3	50.6
	0200	Jun Non-manufacturing PMI	53.3	-	53.6
India	-	May Fiscal deficit (INR crore)	-	-	-100850.0
Hong Kong	0930	May Retail sales value (MoM/YoY%)	-45.6/-49.2	-	-36.1/-37.5
South Korea	0000	May Industrial production (MoM/YoY%)	-/-	-/-	-6/-4.5
Thailand	0830	May Current account balance (US\$m)	-1400.0	-	-654
Wednesday 1 July					
China	0245	Jun Caixin Manufacturing PMI	50.7	-	50.7
India	0600	Jun Nikkei Manufacturing PMI	-	-	30.8
Indonesia	0500	Jun CPI core (YoY%)	-	-	2.7
Indonesia	0500	Jun CPI (YoY%)	1.85	-	2.2
Philippines	0130	Jun Nikkei Manufacturing PMI	45.8	-	40.1
Taiwan	0130	Jun Nikkei Manufacturing PMI	42.1	-	41.9
South Korea	0100	Jun Imports (YoY%)	-	-	-21.0
	0100	Jun Exports (YoY%)	-	-	-23.6
	0100	Jun Trade balance (US\$m)	-	-	446.0
	0130	Jun Nikkei Manufacturing PMI	-	-	41.3
Thursday 2 July					
South Korea	0000	Jun CPI (MoM/YoY%)	-/-	-/-	-0.2/-0.3
Friday 3 July					
India	0600	Jun Nikkei Services PMI	-	-	12.6
Malaysia	0500	May Exports (YoY%)	-27.0	-	-23.8
	0500	May Imports (YoY%)	-23.0	-	-8.0
Malaysia	0500	May Trade balance (RM bn)	3.6	-	-3.5
Singapore	0600	May Retail sales value (MoM/YoY%)	-20.0/-52.0	-/-	-31.7/-40.5
	1400	Jun Purchasing Managers Index	-	-	46.8
Thailand	0430	Jun CPI (YoY%)	-3.3	-	-3.4
	0430	Jun Core-CPI (YoY%)	0.00	-	0.01

Source: ING, Bloomberg, *GMT

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