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Bundle

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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Article

Key events in developed markets this week

The spotlight is on the Fed meeting next week in developed markets but we don't expect any major changes as officials have clearly stated that negative interest rates are not on the cards



US: The Fed isn't ready to go negative

The US focus will be on Wednesday's FOMC meeting. We do not expect any major new initiatives given the performance of financial markets and the fact credit continues to flow freely. Moreover, officials have made it clear they have no interest in negative rates, feeling it could actually impede credit flows, although they have not completely removed it as an option in the future. Nonetheless, the outlook for the economy remains uncertain. There are certainly bright spots, such as mortgage applications and car sales, but social distancing, consumer caution, high unemployment and political division mean the broader economy is facing many challenges. As Fed Chair Jerome Powell said last month, "the Fed has lending powers, not spending powers". So in an environment where there is a collapse in demand with rising unemployment and state and local governments running out of cash, it requires the Federal government to step in. This means fiscal policy should carry the burden, potentially supported by a Fed QE strategy that would cap government borrowing costs as debt issuance surges. Yield curve targeting is unlikely to be seriously on the agenda at this FOMC meeting with longer-dated yields remaining low, but it could certainly emerge in the Autumn. Data-wise consumer price inflation should continue to ease given the lack of demand in the economy. The food component is likely to see further price pressures though given the dramatic switching away from food services towards grocery and the strains this has placed on supply chains. We will also have the University of Michigan measure of consumer confidence that should rise further given the re-openings and rising asset prices.

Developed Markets Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 8 June					
Japan	0050	1Q F GDP (Annualised, QoQ%)	-	-2.1	-3.4
	0050	1Q F GDP deflator - advance (Q) (YoY%)	-	0.9	0.9
	0050	Apr C/A Balance, adjusted (Yen bn)	-	-	942.3
Germany	0700	Apr Industrial Production (MoM%/YoY%)	-7.0/-16.0	-/-	-9.2/-11.6
Sweden	0830	1Q Current Account Balance (SEKbn)	-	-	38.8
Tuesday 9 June					
US	1100	May NFIB Small Business Optimism	92.0	-	90.9
Japan	0030	Apr Labor cash earnings (YoY%)	-	-	0.1
Eurozone	1000	1Q F GDP (QoQ%/YoY%)	-3.8/-3.2	-/-	-3.8/-3.2
Germany	0700	Apr Trade Balance (€bn)	15.0	-	17.4
Wednesday 10 June					
Global	1000	OECD Publishes Economic Outlook			
US	1330	May CPI (MoM%/YoY%)	0.0/0.3	0.0/0.2	-0.8/0.3
	1330	May CPI ex. food and energy (MoM%/YoY%)	-0.1/1.3	0/1.3	-0.4/1.4
	1900	FOMC Rate Decision (Upper bound)	0.25	0.25	0.25
	1930	Powell Holds Post-FOMC Meeting Press Conference			
Japan	0050	May PPI (MoM%/YoY%)	-/-	-/-	-1.5/-2.3
	0050	Apr Core machine orders (MoM%/YoY%)	-/-	-/-	-0.4/-0.7
Norway	0700	May CPI (MoM%/YoY%)	0.0/0.9	-/-	0.4/0.8
	0700	May CPI - ATE (MoM%/YoY%)	-/-	-/-	1.1/2.8
Sweden	1100	Riksbank's Ingves Gives Speech			
Thursday 11 June					
Japan	0050	2Q BSI - All Industry (QoQ%)	-	-	-10.1
	0050	2Q BSI - Large manufacturing (QoQ%)	-	-	-17.2
Australia	0200	Jun CPI expectations (YoY%)	-	-	3.4
Sweden	0500	May PES Unemployment Rate	-	-	4.8
	0830	May CPI (MoM%/YoY%)	0.1/-0.5	-/-	-0.3/-0.4
	0830	May CPIF (MoM%/YoY%)	0.0/-0.4	-/-	-0.3/-0.4
Friday 12 June					
US	1500	Jun P U. of Mich. Sentiment Index	76.0	75.0	72.3
Japan	0530	Apr F Industrial production - Prel (MoM/YoY%)	-/-	-/-	-9.1/-14.4
Eurozone	1000	Apr Industrial Production (WDA, YoY%)	-19.3	-	-12.9
UK	0700	Apr Industrial Production (MoM%)	-15.0	-	-4.2
	0700	Apr Services Index (MoM%)	-18.0	-	-6.2
	0700	Apr Monthly GDP (MoM%)	-17.0	-	-5.8
Spain	0800	May F HICP (MoM%/YoY%)	-/-	-/-	0.0/-0.9

Source: ING, Bloomberg

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Asia week ahead: At the mercy of weak exports

Big data week in China and Japan next week. The numerous trade releases will be gleaned for Asia's export resilience, which seems to have ended



Export-led slowdown

China's May data flow begins on 7 June, with trade figures, and inflation and monetary indicators over the course of next week. The May Day holidays are expected to instil some slack in economic activity, but otherwise, data should indicate that Asia's biggest economy is on the recovery path, thanks to stimulus policies. However, the recovery remains at the mercy of global demand that's currently getting a pretty strong beating from the Covid-19 pandemic. This imparts a downside risk to our house forecast of only a modest dip in Chinese exports in May, by -1.7% year-on-year. The monetary data will be gleaned for signs the substantial stimulus is trickling down to support domestic demand. It's also a big data week in Japan, crowded by April economic indicators, which should shed some light on GDP growth in the current quarter. No point guessing that it's going to be any better than -0.9% QoQ (seasonally adjusted) in 1Q20, for which the second estimate is also due next week. Like China, Taiwan and the Philippines trade figures are also likely to show accelerating export weakness. The same goes for Malaysia and India's manufacturing releases after these countries saw the worst fall in exports by -24% YoY and 60% respectively in April. For a change, there are no significant policy events scheduled from regional economies next week, though don't be surprised if something suddenly springs up in these uncertain times.

Asia Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Sun 7 June				
China	0300 May Forex Reserves (US\$bn)	3090	-	3091.4
	0400 May Exports (%YoY)	-1.7	-	3.5
	0400 May Imports (%YoY)	-5.7	-	-14.2
	0400 May Trade balance (US\$bn)	47.3	-	45.3
Monday 8 June				
Taiwan	0900 May Exports (YoY%)	-4.8	-	-1.3
	0900 May Imports (YoY%)	3.0	-	0.5
	0900 May Trade balance (US\$bn)	2.5	-	2.3
India	- Current account balance (US\$bn)	-8.1		-1.4
Wednesday 10 June				
China	0230 May PPI (YoY%)	-3.6	-3.2	-3.1
	0230 May CPI (YoY%)	3.0	2.6	3.3
	- May Aggregate finance (Yuan bn)	2500	-	1697.8
	- May Financial institution loans (Yuan bn)	1400	-	3094.1
	- May Money supply (M2) (YoY%)	11.1	11.2	11.1
Philippines	0200 Apr Exports (YoY%)	-	-	-24.9
	0200 Apr Imports (YoY%)	-	-	-26.2
	0200 Apr Trade balance (US\$mn)	-	-	-2380
South Korea	0000 May Unemployment rate (% SA)	4.2	-	3.8
Thursday 11 June				
Malaysia	0500 Apr Industrial production (YoY%)	-25.0	-	-4.9
Friday 12 June				
India	1300 May CPI (YoY%)	5.8	-	5.8
	1300 Apr Industrial production (YoY%)	-33.5	-	-16.7

Source: ING, Bloomberg, *GMT

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Key events in EMEA and Latam next week

A data-heavy week in EMEA and Latam which should show the extent the pandemic has hammered industrial production in the Czech Republic and disrupted the supply-side in Hungary. Also, keep an eye out for Serbia's central bank meeting where we expect a 25bp rate cut

Hungary: Inflation to drop further

For the next week, Hungarian budgetary and trade developments will show how Covid-19 has transformed internal and external balances. The budget might be helped by EU fund transfers, while the lockdown will provide a major negative impact on trade. We see year-on-year inflation dropping further in May on the back of base effects. The single most important factor behind the monthly price increase will be food prices due to supply shocks (weather and coronavirus-related), while a minor fuel price increase in the month will be counterbalanced by other core product groups like durables. Albeit exciting from a macro point of view, we don't see this reading as a market mover or being an immediate game-changer for monetary policy.

Czech: Industrial production affected by shutdowns

With the main carmakers being shut down for almost the entirety of April, the number of cars produced declined by 89% YoY. As such, strong fall of April industrial production is likely, though particular figure might be difficult to estimate and we expect a contraction of around 25%. May CPI will be affected by the reduction in VAT, which is applicable for some services since May.

Together with a high base, we should see a deceleration in YoY price growth towards 2.5%. The unemployment rate was rescheduled for earlier release on Friday the 5th instead of Monday and we expect just a minor increase to 3.6%.

EMEA and Latam Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 8 June				
Czech Rep	0800 Apr Construction Output (YoY%)	-	-	-2.3
	0800 Apr Trade Balance (CZKmn)	-	-	3.1
	0800 Apr Industrial Output (YoY%)	-25.0	-	-10.8
Hungary	1000 May Budget Balance (YTD)	-765.0	-	-727.4
Kazakhstan	1000 Jun 8 Key Policy Rate (%)	-	-	9.5
Serbia	1100 May HPPI (MoM/YoY%)	-/-	-/-	-1.2/-2.4
Tuesday 9 June				
Czech Rep	0900 May International Reserves (US\$bn)	-	-	145.7
Hungary	0800 May CPI (MoM/YoY%)	0.5/2.2	-/-	-0.6/2.4
	0800 Apr P Trade Balance (€mn)	-350.0	-	301.5
Ukraine	- May CPI (MoM/YoY%)	-/-	-/-	0.8/2.1
Romania	0700 1Q P GDP (SA, QoQ/YoY%)	0.3/2.4	-/-	0.3/2.4
	0700 Apr Trade Balance (€m)	-	-	-1855
Kazakhstan	- May International Reserves (US\$bn)	-	-	30.5
Croatia	1000 May PPI (MoM/YoY%)	-/-	-/-	-2.5/-5.9
	1000 Mar Trade Balance (HRK m)	-	-	-6198
Mexico	1200 May CPI (MoM/YoY%)	-0.2/2.2	-/-	-1.01/2.15
Wednesday 10 June				
Turkey	0800 Mar Unemployment Rate (%)	-	-	13.7
Czech Rep	0800 May CPI (MoM/YoY%)	-0.1/2.4	-/-	-0.2/3.2
	0800 Apr Export Price Index (YoY%)	-	-	1.1
	0800 Apr Import Price Index (YoY%)	-	-	-0.3
Croatia	1000 Apr Tourism arrivals (YoY%)	-	-	-76.8
South Africa	1100 2Q BER Business Confidence	-	-	18.0
	- 2Q Consumer Confidence	-	-	-9.0
Brazil	1300 May Inflation (IPCA) (MoM/YoY%)	-0.4/1.9	-/-	-0.3/2.4
Thursday 11 June				
Russia	1400 Apr Trade Balance (US\$bn)	-	6.5	9.3
Ukraine	1200 Key Rate (%)	7.0	-	8.0
Romania	0700 Apr Avg Net Wages (YoY%)	-	-	7.1
Serbia	1100 Repo rate (%)	1.25	-	1.50
South Africa	1030 Apr Mining Production (YoY%)	-	-	7.0
	1030 Apr Mining Gold Production (YoY%)	-	-	11.5
	1200 Apr Manufacturing Production (SA, MoM%)	-	-	-2.3
Israel	1100 May Trade Balance (US\$mn)	-	-	-1950.9
Mexico	1200 Apr Industrial Production (YoY%)	-25.0	-	-5.0
Friday 12 June				
Turkey	0800 Apr C/A (US\$mn)	-	-	-4.9
	0800 Apr Industrial Production (MoM/YoY%)	-/-	-/-	-7.1/-2
Romania	0700 May CPI (MoM/YoY%)	0.1/2.3	-/-	0.3/2.7
	0700 Apr Industrial Production (MoM/YoY%)	-/-	-/-	-12.4/-14.5
	0700 Apr Industrial Sales (MoM/YoY%)	-/-	-/-	-4.3/-8.3
Serbia	1100 May CPI (MoM/YoY%)	0.0/0.8	-/-	0.0/0.6

Source: ING, Bloomberg

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