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Bundle

Our view on next week's key events

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Article

Key events in developed markets and EMEA next week

Next week we will get US jobs figures. We remain nervous about the outlook for jobs, but this will take time to be reflected in payroll numbers. In Hungary, we expect the fall in energy prices to affect the trade balance positively



US: If there's a May hike, it will be the last

Financial markets remain split on whether the Federal Reserve will hike interest rates one last time at the 3 May Federal Open Market Committee meeting. Officials have been non-committal so far, preferring to wait for the data and evidence on how the threat to financial stability from recent banking sector turmoil unfolds.

The key numbers coming up are next Friday's US jobs figures and the 12 April CPI report. While we remain nervous about the outlook for jobs given the rise in job lay-off announcements and the inevitable tightening of lending conditions resulting from banking stresses that will be a major headwind for struggling businesses, this will take time to be reflected in payroll numbers. Anything over 200,000 in terms of March payroll growth will likely boost expectations for a 25bp rate hike. We will also be watching car sales numbers and the ISM business surveys on the activity side, while comments from individual Fed officials will also be worthy of attention.

We are currently expecting a 25bp rate hike on 3 May, but think this will mark the top for the policy rate. Tighter lending conditions, a deteriorating housing market and pessimism amongst American business leaders were already a concern for us. Banking troubles will only intensify the downside risk for all three of these. With the risk of a hard landing for the economy on the

rise, this increases the chances that inflation will fall more quickly and allow the Fed to respond with interest rate cuts before the end of this year.

Poland: No room for monetary easing this year

The Polish Monetary Policy Council is broadly expected to keep rates unchanged on Wednesday (the main policy rate is still at 6.75%). Even though the flash estimate pointed to the decline in annual CPI inflation in March, the momentum remained solid (1.1% month-on-month) and core inflation most likely increased further (12.3% year-on-year vs. 12.0% in February).

On Thursday, National Bank of Poland governor Adam Glapinski will deliver the monthly speech on economic developments in Poland. In the wake of the March CPI figure, the NBP governor's narrative of inflation rapidly falling from the plateau and declining to around 6% at the end of 2023 will be more difficult to defend. The market is pricing-in rate cuts before the end of 2023, but given prospects of sticky core inflation we see no room for monetary easing this year.

Turkey: Risk outlook still on the upside

Cumulative inflation in the first two months of the year reached 10%, showing a continuation of the broad-based deterioration in price dynamics despite currency stability in recent months. Given this backdrop, we expect March inflation to be 2.5% month-on-month, leading to a further decline in the annual figure down to 50.8% from 55.2% a month ago due to the supportive base. Given deeply negative real interest rates, disinflation would be quite challenging, while risks to the outlook are on the upside given the significant deterioration in pricing behaviour, higher trend inflation and still elevated levels of cost-push pressures.

Hungary: February puts an end to a 19-month series of monthly deficits

Next week brings a lot of economic activity data in Hungary. We don't want to waste too much time on PMI figures, as recently these have been extremely unreliable in forecasting industrial production. This puts us in a difficult position when estimating the February performance of industry. We think that the trend-like slide will continue in production, while seasonality will help somewhat. As a result, we see only a moderate decline on a yearly basis in the Hungarian industry. Despite this weak-ish performance, we believe in the positive effect of falling energy prices affecting the trade balance. Thus we expect a monthly surplus in February, ending a 19-month series of monthly deficits.

The volume of turnover in the retail sector will continue to shrink, in our view, reflecting the major reduction in purchasing power of households due to high-flying inflation. A positive surprise can't be ruled out based on dropping fuel prices, which might boost fuel consumption yet again.

Romania: on hold at 7.00%

The Romanian National Bank (NBR) will announce its latest policy rate decision on 4 April. We believe the NBR will stay on course and keep the key rate unchanged at 7.00% both on 4 April and for the rest of 2023. However, with the 3-month Robor below the policy rate and apparent upside pressures for the EUR/RON, a mildly hawkish tone could be employed. Given the recent developments in the FX market, we believe that there is a preference for tighter liquidity management. This could lead to a mild reversal in the current downside trend in market rates and a repositioning of the curve up to 1-year closer to the policy rate.

Key events in the developed markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 3 April					
US	1500	Mar ISM Manufacturing PMI	48.4	47.1	47.7
	1500	Mar ISM Manufacturing Prices Paid	51		51.3
Germany	0855	Mar S&P Global/BME Manufacturing PMI	44.4		44.4
UK	0930	Mar S&P Global/CIPS Manufacturing PMI Final	48		48
Italy	0845	Mar S&P Global/IHS Manufacturing PMI	52		52
Canada	1330	Mar Unemployment Rate	5		5
Switzerland	0730	Mar CPI (MoM%/YoY%)	-/-		0.7/3.4
Eurozone	0900	Mar S&P Global Manufacturing Final PMI	48.8		47.1
Tuesday 4 April					
US	1500	Feb Factory Orders (MoM%)	-1	-0.5	-1.6
Germany	0700	Feb Imports/Exports	1,0/-0,5		-3.4/2.1
	0700	Feb Trade Balance	14		16.7
Canada	1330	Feb Trade Balance (CAD bn)	-		1.92
Wednesday 5 April					
US	1315	Mar ADP National Employment	220	200	242
	1330	Feb International Trade (USD bn)	-69	-68.6	-68.3
	1445	Mar S&P Global Composite Final PMI	-		53.3
	1445	Mar S&P Global Services PMI Final	-		53.8
	1500	Mar ISM N-Manufacturing PMI	54.4	54.6	55.1
Germany	0700	Feb Industrial Orders (MoM%)	-0.5		1
	0855	Mar S&P Global Services PMI	53.8		53.9
	0855	Mar S&P Global Composite Final PMI	52.6		52.6
France	0745	Feb Industrial Output (MoM%)	-		-1.9
	0850	Mar S&P Global Composite PMI	-		54
UK	0930	Mar S&P Global/CIPS Services PMI Final	-		52.8
	0930	Mar Composite PMI Final	-		52.2
Italy	0845	Mar Composite PMI	-		52.2
Spain	0815	Mar Services PMI	-		56.7
Eurozone	0900	Mar S&P Global Services Final PMI	52.2		55.6
	0900	Mar S&P Global Composite Final PMI	51.9		54.1
Thursday 6 April					
US	1330	Initial Jobless Claim 000s	205		198
	1330	Continue Jobless Claim 000s	1700		1689
Germany	0700	Feb Industrial Output (MoM%/YoY%)	1.5		3.5/-1.2
UK	0930	Mar All-Sector PMI	-		53.2
	0930	Mar S&P Global/CIPS Cons PMI	-		54.6
Switzerland	0645	Mar Unemployment Rate Adjusted	-		1.9
Friday 7 April					
US	1330	Mar Non-Farm Payrolls	260	238	311
	1330	Mar Private Payrolls	240	213	265
	1330	Mar Unemployment Rate	3.6	3.6	3.6
	2000	Feb Consumer Credit	15		14.8
France	0745	Mar Reserve Assets Total	-		209146
	0745	Feb Trade Balance	-		-12.94
Netherlands	0530	Feb Manufacturing Output (MoM%)	-		-3.3

Source: Refinitiv, ING

Key events in EMEA next week

Country	Time	Data/event	ING Survey	Prev.
Monday 3 April				
Russia	0700	Mar S&P Global Manufacturing PMI	-	53.6
Turkey	0800	Mar CPI (MoM%/YoY%)	2.5/50.8	3.15/55.18
	0800	Mar Manufacturing PMI	-	50.1
Poland	0800	Mar S&P Global Manufacturing PMI	-	48.5
Czech Rep	0830	Mar S&P Global PMI	-	44.3
	1400	Mar Budget Balance	-	-119.7
Hungary	0800	Mar Manufacturing PMI	56.9	56.5
Brazil	1400	Mar S&P Global Manufacturing PMI	-	49.2
Mexico	1600	Mar S&P Global Manufacturing PMI	-	51
Tuesday 4 April				
Romania	1400	Monetary Policy Rate	-	7
Brazil	0900	Mar IPC-Fipe Inflation Index	-	0.43
Wednesday 5 April				
Russia	0700	Mar S&P Global Services PMI	-	53.1
Poland	1300	Apr NBP Base Rate	6.75	6.75
Czech Rep	0800	Feb Retail Sales (YoY%)	-	-6.5
Hungary	0730	Feb Industrial Output (YoY%)	-0.6	-0.2
South Africa	0815	Mar Std Bank Whole Econ PMI	-	50.5
Brazil	1400	Mar S&P Global Services PMI	-	49.8
	1400	Mar S&P Global Composite PMI	-	49.7
Mexico	1200	Mar Headline Inflation	-	0.56
	1200	Mar Core inflation	-	0.61
Thursday 6 April				
Czech Rep	0800	Feb Industrial Output (YoY%)	-	-1.4
	0900	Feb Trade Balance	-	9.5
Hungary	0730	Feb Retail Sales (YoY%)	-8.6	-4.5
	0730	Feb P Trade Balance (EUR mn)	175	-165
Serbia	1100	Apr Benchmark Interest rate	-	5.75
Friday 7 April				
Russia	1700	Q4 GDP (YoY% quarterly revised)	-	
Kazakhstan	1000	Mar Base Interest Rate	-	16.75

Source: Refinitiv, ING

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Asia week ahead: Policy rate decisions from Australia and India

Next week's data calendar features policy rate decisions from Australia and India, inflation numbers from Korea, Indonesia and the Philippines plus activity data from China and Singapore



Source: Shutterstock

The end of rate hikes in Australia?

Following softer-than-expected inflation numbers for February, we believe the Reserve Bank of Australia (RBA) will leave the cash rate target unchanged at 3.6% next week. The RBA hinted at its most recent rate-setting meeting that it was looking at a possible pause in rates, and these inflation numbers provide the perfect excuse. We are reserving judgement on whether this marks the peak for cash rates in this cycle. Other data, including from the labour market, could swing this decision one way or the other. Markets are, however, currently betting that 3.6% marks the peak.

Inflationary pressures persist in India

We expect the Reserve Bank of India to hike rates a further 25bp at its April meeting, taking the repo rate to 6.75% as inflation remains above the top of the upper target band (6%) and core rates of inflation also remain elevated. We do, however, think that this might be the last hike in this cycle as we expect inflation to drop sharply in March.

Upcoming trade and inflation data from Korea

March trade data will confirm that global semiconductor demand remains weak and China's reopening story has yet to boost Korea's exports. We expect the trade deficit to narrow in

March due to a sharp decline in imports rather than a rebound in exports.

Meanwhile, consumer inflation is expected to slow further in March. Utilities and food prices should show a rise, yet mostly be offset by falling in oil prices. Since we expect the CPI to head to 3% in the coming months, we maintain a long-standing Bank of Korea (BoK) forecast that the BoK's hikes are done for this cycle.

Diverging pace of recovery for China's manufacturing and services sector

As Caixin's PMI survey respondents are smaller companies compared to the official PMI survey, we expect Caixin's manufacturing PMI to record a slower monthly growth as small exporters would be the first in the economy to suffer from weakness in US and Europe economies. However, Caixin services PMI respondents should enjoy more growth from retail sales than the respondents of the official PMI survey, which includes companies in the real estate sector.

China's foreign exchange reserves to provide insights on capital flows

China will announce foreign exchange reserves for March on 7 April. This data is important to gauge the direction of cross-border capital flows when US and Europe are at the core of the financial market turmoil. We expect a slight inflow into China in March as China is away from the sources of the turmoil and its economy is recovering.

Singapore retail sales to rebound on year-over-year basis

Singapore retail sales for the month of February could jump 20.7% from the previous year, benefiting from a favourable base. Sales however will likely be in contraction from the previous month as elevated inflation keeps a lid on economic activity. Soft retail sales alongside contracting industrial production and falling non-oil domestic exports point to a subdued GDP report for the first quarter.

Upcoming inflation data from Indonesia and Philippines

Price pressures remain evident in both Indonesia and the Philippines, although both economies should see the headline readings moderate as base effects filter through the data. Indonesia's headline inflation could slow further to 5.2% year-on-year (from 5.5% previously) although core inflation may likely be unchanged at 3.1%. With core inflation very close to the central bank's inflation target of 3%, Bank Indonesia Governor Perry Warjiyo has opted to keep rates untouched at two consecutive meetings.

Meanwhile, in the Philippines, headline inflation likely dipped to 8%YoY from 8.6% in the previous month. Slowing inflation in the Philippines could allow the Bangko Sentral ng Pilipinas to pause at its May policy meeting. Governor Felipe Medalla hinted that his most recent rate hike could be the last for this episode should inflation continue to trend lower.

Key events in Asia next week

Country	Time	Data/event	ING Survey	Prev.
Saturday 1 April				
Korea	0100	Mar Exports/Imports (YoY%)	-15.3/-7.5	-7.5/3.6
		Mar trade balance (USD mn)	-5000	-5300
Monday 3 April				
Japan	0130	Mar Jibun Bank Manufacturing PMI	48.6	48.6
	0050	Mar Monetary Base (YoY%)	-	-1.71
China	0245	Mar Caixin Manufacturing PMI Final	51	51.6
India	0600	Mar IHS S&P Global Manufacturing PMI	-	54.9
Indonesia	0130	Mar IHS S&P Global PMI	51.5	51.2
	0500	Mar Core Inflation (YoY%)	3.1	3.09
	0500	Mar Inflation (MoM%/YoY%)	0.22/5.2	0.16/5.47
Philippines	0130	Mar Manufacturing PMI SA	52.4	52.7
Singapore	1400	Mar Manufacturing PMI	50.2	50
South Korea	0130	Mar IHS S&P Global Manufacturing PMI	49	48.5
	0000	Mar CPI Growth (MoM%/YoY%)	0.2/4.3	0.3/4.8
Tuesday 4 April				
Australia	0530	Apr RBA Cash Rate	-	3.6
Wednesday 5 April				
Japan	0130	Mar Services PMI	54.2	54.2
India	0600	Mar IHS S&P Global Services PMI	-	58.5
Philippines	-	Mar Forex Reserves USD	-	99.3
	0200	Mar CPI (MoM%/YoY%)	-0.1/8.0	0/8.6
	0200	Mar Core CPI (YoY%)	7.6	7.8
Singapore	0600	Feb Retail Sales (MoM%/YoY%)	-6.4/20.7	-9.4/-0.8
Thursday 6 April				
Japan	0030	Feb All Household Spending (MoM%/YoY%)	-	2.7/-0.3
Australia	0130	Feb Trade Balance (AUD bn)	-	11688
China	0245	Mar Caixin Services PMI	55	55
India	0530	Repo Rate	-	6.5
	0530	Reverse Repo Rate	-	3.35
	0530	Cash Reserve Ratio	-	4.5
South Korea	0000	Feb Current Account Balance NSA	-	-4.52
Friday 7 April				
China	-	Mar FX Reserves (Monthly)	3.140	3.133
Indonesia	0500	Mar Forex Reserves	-	140.3
Singapore	1000	Mar Foreign Reserves (USD bn)	-	294.1

Source: Refinitiv, ING

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