

Week of
31 October 2021

Political and Economic Week Ahead

Your insight into the upcoming weeks' geopolitical events.

Day to Day This Week

MONDAY

China hosts a commemorative meeting marking the 50th anniversary of its seat in the UN; NATO Secretary General Jens Stoltenberg visits Sweden and Finland.

TUESDAY

ASEAN and related summits open in Brunei; Turkish President Recep Tayyip Erdogan pays a working visit to Azerbaijan; Russian Foreign Minister Sergei Lavrov visits focused on regional cooperation among European Arctic countries.

WEDNESD

ASEAN and related summits continue in Brunei.

THURSDA

Informal conference of EU economy and finance ministers start in Brussels; ASEAN and related summits open in Brunei.

FRIDAY

A quiet day in politics.

SATURDA

G20 summit takes place in Italy.

SUNDAY

G20 summit continues in Italy; Glasgow in Scotland hosts the COP26 conference; Japan holds a general election

Emerging Markets Economic Pulse

The focus next week will rest on the ECB given global inflation dynamics. Most of the inflation moves this week have been driven by Bank of England commentary and ECB dovishness, aside from U.S. earning commentary weighing on U.S. 5yr breakevens. Of equal importance will be the U.S. 3Q GDP reading, especially as the Atlanta GDPNow fell to its lowest level since July 2020 (0.5%). Beyond that, the UK Chancellor of Exchequer will deliver the autumn Budget on Wednesday, perhaps indicating the same inflationary pressures that the Bank of England's Chief Economist did on Thursday. Elsewhere, China's Manufacturing PMI and industrial production data is due, followed by Hong Kong's trade deficit reading and further scrutiny will be on whether the Bank of Japan cut the country's growth forecast. Rate decisions are due out of Brazil (6.25%), Colombia (2.0%), Egypt (8.25%) and Kazakhstan (9.5%). Then given the 200bp cut in the Turkish policy rate, a significant degree of attention will be on the latest inflation readings on Thursday.



Highlight



ASEAN summits

Brunei is set to host the 38th (postponed last year) and 39th ASEAN emerging economies summits and related events in virtual meetings. The ASEAN Summit – which carries the theme, "We Care, We Prepare, We Prosper" – is expected to discuss a number of agendas such as further strengthening the resilience of the ASEAN community towards regional recovery from the COVID-19 pandemic; enhancing the preparedness of ASEAN in addressing common challenges; seizing new opportunities in pursuit of shared prosperity; and maintaining cooperation towards achieving the region's long-term goals. (Asia Government Affairs in collaboration with Asia PSD has prepared content to be included in a larger submission by US-ASEAN Business Council focusing on pandemic preparedness).



Japan's general election

Japan will hold a general election on October 31, Prime Minister Fumio Kishida said on October 4. Key election issues will be revitalizing the economy and the handling of the coronavirus pandemic. Kishida has promised he will spread the benefits of economic growth more widely, seeking to blunt criticisms of former prime minister Shinzo Abe's economic plan, while prioritizing the handling of the coronavirus response. The opposition has criticized the ruling coalition for failing to improve the livelihoods of people and protect them from the pandemic. (Japan Government Affairs is tracking and will have a post-election analysis of potential policy changes)



Italy holds G20 summit

The formal G20 leaders summit will take place in Rome on October 30-31, which is due to focus on climate change, global economic recovery, tackling malnutrition and the COVID-19 pandemic. Russian President Vladimir Putin, Japanese Prime Minister Fumio Kishida and Mexican President Andres Manuel Lopez Obrador will not be attending the summit. U.S. President Joe Biden has confirmed he will come, with the leaders of Argentina, Australia, Canada, Britain, France, Germany, India, Indonesia, South Korea, South Africa, Saudi Arabia, Turkey and the European Union also all expected to attend.



UK Budget

Chancellor Rishi Sunak will present his autumn budget on 28 October. Higher-than-expected growth forecasts should provide him with somewhat greater leeway to support families in the cost-of-living crisis, as well as helping the national health service (NHS) ahead of what is likely to be yet another critical winter. However, the backdrop of rising inflation and likely higher interest rates complicates the medium-term outlook for the "levelling up" agenda in areas outside London.



South Africa Elections

Municipal elections will take place on 1 November. The ruling ANC's overall vote share may drop to just below 50%. The main opposition, the Democratic Alliance (DA), is unlikely to be the biggest beneficiary of declining ANC support. Instead, smaller parties, not only the Economic Freedom Fighters (EFF) but also newcomer parties like ActionSA will make inroads and could emerge as kingmakers in key cities.



Report of the Week

European Parliament commissioned report [<https://lnkd.in/gYneqYNy>] on EU Auto Industry was released last week. Accounting for over 6% of total EU employment and over 7% of its gross domestic product (GDP), the industry faces the significant challenge of advancing the twin green and digital transitions against increased global competition from both new entrants and existing Asia Pacific and North America companies.