

Key events in EMEA next week

Look out for Russia's central bank key rate announcement following upward price pressure on both the demand and supply side. In Poland, employment, wage and retail sales figures are expected to improve



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Russia: Higher than expected CPI likely to prompt rate hikes

The Bank of Russia's monetary policy announcement will be the key focus of the week. The string of higher than expected CPI and economic activity data leaves little room for guesswork in terms of a coming rate hike, and we believe the most likely outcome is a 75-100bp hike to 6.25-6.50%, at the upper border of the previously guided 25-100 bp range. We also continue to believe that the hike will not be the last in the cycle, with the medium terminal rate likely to find itself in the 6.75-7.00% range. Near-term hawkishness should be supported by supply-side constraints in the labour market and continued cost inflation at the producer level as well as elevated credit demand in the economy. On the other hand, some easing in food prices, the reopening of outward tourism to popular destinations, and uncertainty regarding economic growth beyond the post-Covid recovery may gain importance in the medium term. The Bank of Russia's commentary may add some colour to its list of priorities.



Poland: Strong employment and wage growth figures expected from the corporate sector

The coming week in Poland will start with figures from the corporate sector. We estimate that in June, as in May, firms increased employment on a monthly basis, as the economy reopened. As a result, annual employment growth should stabilise at 2.7% despite a less favourable reference base than in May. In our view, wage growth in June slowed to 8.0% year-on-year from 10.1% in May. The market consensus estimates that employment grew by 2.7% and wages by 9.5%. As for industrial production, the low base from last year is slowly fading. Therefore, we expect some deterioration in industrial production growth to 20.0% YoY from 29.8% in May (the consensus is at +19.0%). Our slightly higher forecast compared to the consensus is supported by the record-high PMI reading. Retail sales should continue to benefit from the reopening effect. It's hard to imagine that the seasonally adjusted month-on-month sales growth will remain as high as in May. However, in our view, it should be strong enough to generate 11% YoY growth after 13.9% growth in May (the consensus is at + 8.4%).

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 19 July					
Poland	900	Jun Employment (YoY%)	2.7	2.7	2.7
Poland	900	Jun Wages (YoY%)	8.0	9.5	10.1
Russia	-	Jun GDP (YoY%) Monthly	-	-	10.9
Tuesday 20 July					
Poland	0900	Jun Industrial Output YY	20.0	19.0	29.8
Wednesday 21 July					
Poland	0900	Jun Retail Sales (YoY%)	11.0	8.4	13.9
South Africa	0900	Jun CPI (MoM%/YoY%)	-/-	0.2/4.8	0.1/5.2
	0900	Jun Core inflation (MoM/YoY%)	-/-	0.2/3.1	0/3.1
Thursday 22 July					
Russia	1700	Jun Industrial Output	15.6	10.1	11.8
Poland	1300	Jun M3 Money Supply (YoY%)	7.7	7.8	9.0
Ukraine	1200	2 Central bank interest rate	-	-	7.5
Mexico	1200	Jul 1st Half-Month Core Inflation (MoM%)	-	-	0.35
	1200	Jul 1st Half-Month Inflation (MoM%)	-	-	0.34
Friday 23 July					
Russia	1130	Jul Central bank key rate	6.25	6.00	5.50
Poland	0900	Jun Unemployment Rate	5.9	5.9	6.1
Brazil	1300	Jul IPCA-15 Mid-Month CPI	-	-	0.83
	1300	Jul IPCA-15 Mid-Month CPI (YoY%)	-	-	8.13
Mexico	1200	May Retail Sales (YoY%)	-	-	30.1
	1200	May Retail Sales (MoM%)	-	-	-0.4

Source: Refinitiv, ING, *GMT

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