

Key events in EMEA and Latam next week

Inflation data will be in focus in both Hungary and the Czech Republic next week, which should point towards some stabilisation now that economies have been open for a while



Source: Shutterstock

Hungary: Inflation to stabilise

The key data in Hungary next week will be the August inflation reading.

After causing a significant upside surprise in July, inflation is more than likely to stabilise. On a monthly basis, we expect inflation to remain unchanged. Given that, one-off factors were behind the acceleration last month, this time we should see the underlying processes stabilising inflation.

This means a 3.9% year-on-year CPI reading with 4.4% YoY core inflation. In the months ahead, we expect significant deceleration, which should provide monetary policy a break. However, the fiscal story continues to deteriorate but the August deficit will be in line with the updated 7-9% deficit range forecast by the Ministry of Finance.

Czech Republic: Inflation to stay moderate

Czech August CPI should slightly moderate to 3.2% amid weaker food prices though fuel prices slightly improved and core prices were surprising on the upside in recent months despite

Covid-19. Still, the central bank should remain on hold for some time as signalled by recent central bank communication.

July industrial production is likely to remain modestly in contraction territory but summer months are usually affected by company holidays, and thus less reliable.

Russia: Current account & GDP data, political talks and monetary policy guidance

- August balance of payments should show if the current account remains close to zero and whether there is any improvement in the resident capital flows.
- The structure of the 2Q20 GDP drop could affect expectations about recovery. The recent macro statistics for July suggested stronger than expected consumer trend.
- The meeting between the president of Russia and Belarus may hint at the role Russia is willing to take in resolving the political crisis in Belarus. The development of the chemical warfare story would also bring more clarity as to whether it will result in new EU/US sanctions, and if so, whether they would be personal or sectoral, and if it could endanger the Nord Stream 2 gas pipeline project.
- Updated three-year monetary policy guidelines to be released on 10 September, are likely to shed more light on the central bank's take on the recent change in the global monetary policy rhetoric and the increase in market volatility. Currently, the combination of accelerating inflation, faster than expected consumer recovery, and market volatility in July-September are all pointing towards a likely pause in the key rate cut cycle.

EMEALatam Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 7 September				
Poland	1300 Aug Official Reserves Total	-	-	137674
Czech Rep	0800 Jul Construction Output (YoY%)	-	-	-11.5
	0800 Jul Trade Balance (CZKmn)	-	-	34.1
	0800 Jul Industrial Output (YoY%)	-5.5	-	-7.0
Hungary	1400 Opus CEO, OTP Bank Deputy CEO Speak at Online Conference			
Kazakhstan	1000 Key Policy Rate (%)	-	-	9.0
	- Aug International Reserves (US\$bn)	-	-	35.3
Serbia	1100 Aug HPPI (MoM/YoY%)	-	-	0.7/-1.4
South Africa	0700 Aug Gross Reserves (US\$bn)	-	-	57.9
	0700 Aug Net Open Foreign Currency Position (US\$bn)	-	-	48.1
Israel	- Aug Foreign Currency Balance (US\$bn)	-	-	157.7
Tuesday 8 September				
Czech Rep	0800 Aug Unemployment Rate (%)	3.8	-	3.8
Hungary	0800 Jul P Trade Balance (€mn)	225	-	655
	0700 Jul Avg Net Wages (YoY%)	-	-	5.0
	0700 2Q P GDP (SA, QoQ%)	-	-	-12.3
	0700 2Q P GDP (YoY%)	-	-	-10.5
	Croatia	1000 Aug PPI (MoM/YoY%)	-/-	-/-
	1000 Jun Trade Balance (HRK m)	-	-	-4855
South Africa	1030 2Q GDP (SAAR-QoQ%)	-	-	-2.0
	1030 2Q GDP (YoY%)	-	-	-0.1
Israel	- Bank of Israel Publishes Minutes of Rate Meeting			
Wednesday 9 September				
Russia	1700 2Q P GDP (YoY%)	-8.5	-8.5	-8.5
Czech Rep	0900 Aug International Reserves (US\$bn)	-	-	157.8
Hungary	0800 Aug CPI (MoM/YoY%)	0.0/3.9	-/-	1.1/3.8
	1000 Aug Budget Balance (YTD)	-2450	-	-2165
	1300 Hungarian Central Bank's Minutes			
Ukraine	- Aug CPI (MoM/YoY%)	-/-	-/-	-0.6/2.4
Romania	0700 Jul Trade Balance (€m)	-	-	-1321
Brazil	1300 Aug Inflation (IPCA) (MoM/YoY%)	0.23/2.43	0.18/2.38	0.36/2.31
Mexico	1200 Aug CPI (MoM/YoY%)	0.3/3.95	-	0.66/3.62
Thursday 10 September				
Turkey	0800 Jun Unemployment Rate (%)	-	-	12.9
Czech Rep	0800 Aug CPI (MoM/YoY%)	-0.2/3.2	-/-	0.4/3.4
	0800 Jul Export Price Index (YoY%)	-	-	2.0
	0800 Jul Import Price Index (YoY%)	-	-	-1.5
Romania	0700 Aug CPI (MoM/YoY%)	-/-	-/-	0.0/2.8
Bulgaria	0900 Jul Industrial Production (MoM/YoY%)	-	-	5.8/-7.8
	0900 Jul Retail Sales (MoM/YoY%)	-/-	-/-	0.9/-18.1
Serbia	1100 Repo rate (%)	-	-	1.25
South Africa	1200 Jul Manufacturing Prod. (MoM%)	-	-	-16.3
	1200 Jul Manufacturing Production (SA, MoM%)	-	-	16.8
	- 3Q BER Business Confidence	-	-	5.0
Brazil	1300 Jul Retail Sales (YoY%)	3.0	-	0.5
Friday 11 September				
Russia	1400 Jul Trade Balance (US\$bn)	-	6.0	5.3
Turkey	0800 Jul C/A (US\$m)	-1.1	-	-2.93
Serbia	1100 Aug CPI (MoM/YoY%)	-	-	0.2/2.0
Croatia	1000 Jul Tourism arrivals (YoY%)	-	-	-72.7
Mexico	1200 Jul Industrial Production (YoY%)	-10.0	-	-16.7

Source: ING, Bloomberg

Authors

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.