

## Key events in EMEA and Latam

A busy week in EMEA. The focus will be on inflation numbers, which are expected to follow an upward trend in December as a result of higher energy prices, among other factors



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### Hungary: CPI to jump on the back of energy prices

Hungary will join the trend in terms of what we've seen lately in the main inflation readings across Europe.

We expect headline CPI to jump to 3.9% year on year, matching the highest level seen in 2019. The main reason behind the significant acceleration is the change in energy prices, namely the combination of the recent rise and the lowering base from a year ago. In the meantime, the non-volatile elements might show only moderate inflation, especially the durables, dragging the core CPI reading a touch below 4% again. If our forecast proves to be correct, it would also mean that incoming data is lower than the central bank's forecast, so there won't be any reason to even start thinking about a hawkish turn in the near future.



## Turkey: Benchmark rate on hold but risks are tilted to the downside

The decline in (ex-post) real interest rate with large rate reductions and the recent rise in inflation entails a risk to TRY stability while geopolitical developments are likely to make the central bank more cautious in the near term. But risks are on the downside, depending on the performance of the TRY, further easing cannot be ruled out given the central bank's ongoing easing bias.

### Poland: Final CPI data to explain the rise in core inflation

The final CPI release for December (likely 3.4%YoY) should shed more light on the drivers of a surprising core inflation increase from 2.6% to 3.2% YoY. Still, even in case of a demand-driven shock related to the minimum wage hike, we expect the central bank to continue communicating an unwillingness to change rates.

### Czech inflation to follow the upward trend

December inflation will be the most watched release after the previous print surprised on the upside and exceeded the 3% upper tolerance band of the inflation target. So far the December CPIs that have been released in the region have also accelerated above expectations. The main uncertainty is concentrated in food prices again, which was the main factor behind the November CPI acceleration.

However, some preliminary figures suggest that food prices might grow just slightly in December (+0.4% month on month), while fuel prices fell by 0.5%. As such, we expect stagnation of CPI at 3.1%. Retail sales will be affected by the working day bias, so unadjusted figures will be weaker compared to the year-to-day average growth, though we expect some slowdown beyond the calendar effect due to weaker consumer confidence and Black-Friday timing, which partially shifted to December.

### Romania: Inflation to move above target

We expect monthly inflation to have advanced by 0.3% in December mainly due to higher food prices for which we estimate a 0.6% monthly advance. This will push the year-end inflation to 3.90%, above central bank's 3.50% upper band of the inflation target corridor which in fact means another year of missing the 2.5%  $\pm$ 1ppt inflation target corridor.

\* Updated on 13/01/2020

## EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 13 January</b>					
Turkey	0700	Nov C/A (US\$bn)	-	-	1.5
	-	Dec Foreign Tourist Arrivals (YoY%)	-	-	11.4
Poland	1300	Nov C/A (€mn)	369	250	529
	1300	Nov Trade Balance (€mn)	473	200	440
	1300	Nov Exports (€)	20962	20675	21791
	1300	Nov Imports (€)	20488	20505	21351
Czech Rep	0800	Nov Retail Sales (YoY%)	1.0	-	2.4
	0800	Nov Retail Sales Excl. Motor Vehicles (YoY%)	1.8	-	3.4
	0800	Dec CPI (MoM/YoY%)	0.0/3.1	-/-	0.3/3.1
	0800	Nov Export Price Index (YoY%)	-	-	-0.8
	0800	Nov Import Price Index (YoY%)	-	-	-1.9
	0900	Nov C/A (CZKbn)	-6.0	-	-2.6
Romania	0700	Nov Avg Net Wages (YoY%)	14.5	-	14.6
	-	Nov C/A YTD (€m)	-	-	-9201
Kazakhstan	-	Dec International Reserves (US\$bn)	-	-	28.7
Serbia	1100	Dec CPI (MoM/YoY%)	0.0/1.2	-/-	0.2/1.5
Croatia	1000	Nov Tourism arrivals (YoY%)	-	-	11.71
Israel	1100	Dec Trade Balance (US\$m)	-	-	-1669
<b>Tuesday 14 January</b>					
Turkey	0700	Nov Industrial Production (MoM/YoY%)	-/-	-/-	-0.9/3.8
Hungary	0800	Dec CPI (MoM/YoY%)	0.2/3.9	-/-	0.1/3.4
Romania	0700	Dec CPI (MoM/YoY%)	0.3/3.9	-/-	0.2/3.8
	0700	Nov Industrial Sales (MoM%/YoY%)	-/-	-/-	7.0/3.3
	0700	3Q F GDP (QoQ SA/ YoY%)	0.6/3.0	-/-	0.6/3.1
South Africa	0800	4Q Consumer Confidence	-	-	-7
<b>Wednesday 15 January</b>					
Romania	0700	Nov Industrial Production (MoM%/YoY%)	-/-	-/-	-2.1/-7.7
Bulgaria	0900	Dec CPI (MoM/YoY%)	-/3.2	-/-	0.5/3.0
South Africa	1100	Nov Retail Sales (MoM/YoY%)	-/-	-/-	-0.2/0.3
Israel	1630	Dec CPI (MoM/YoY%)	-/-	-/-	-0.4/0.3
<b>Thursday 16 January</b>					
Turkey	1100	Benchmark Repurchase Rate	-	-	12
Poland	1300	Dec Core Inflation (MoM/YoY%)	3.2	3.2	2.6
Czech Rep	0800	Dec PPI (Industrial) (MoM/YoY%)	0.0/2.0	-/-	-0.1/0.9
South Africa	0930	Nov Mining Production (YoY%)	-	-	-2.9
	0930	Nov Mining Gold Production (YoY%)	-	-	-1.2
	0930	Nov Mining Production Volume Index YoY	-	-	-4.8
	-	Repo rate (%)	-	-	6.5
Israel	1100	3Q F GDP (QoQ Annualised %)	-	-	4.0
<b>Friday 17 January</b>					
Russia	1300	Nov Trade Balance (US\$bn)	-	12.2	12.4
	1300	4Q P C/A (US\$m)	-	-	10581
Serbia	-	Nov C/A (€mn)	-	-	-297.1

Source: ING, Bloomberg

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