

## Key events in EMEA and Latam

Next week will see three central bank meetings in EMEA/Latam. While we expect the Hungarian and the Czech central bank to stay on hold, the latter will have to face an unpleasant dilemma between higher inflation and weakening activity



Source: Shutterstock

### Czech National Bank facing an unpleasant dilemma

The Czech national bank will have to deal with an unpleasant dilemma next Wednesday, as foreign uncertainty persists and weakening activity is becoming more visible in the domestic economy, while inflation hit the upper tolerance band in November. But inflation above the 3% border should be relatively short-lived, as current estimates suggest.

Also, some tightening was delivered by the koruna, which was stronger than the central bank expected by around 0.5% in 4Q19 (EUR/CZK 25.6 vs. 25.7).

We believe that an on-hold decision is more likely next week, which also reflects the latest public statements from some Board members, though two hands for a hike should remain in place like last time.

## ☑ Hungary: Hardly any change in the monetary setup for the last meeting

Taking into consideration the latest GDP and CPI figures, we hardly see any major change in the monetary policy setup by the National Bank of Hungary at its latest meeting in 2019. The only change we can see is a small adjustment to the targeted amount of crowded out liquidity. The central bank might cut it back (again) to the HUF 200-400bn range, which will provide an opportunity to phase out some FX swaps and push 3-m BUBOR a touch higher, back to the 20-25bp range.

As we expect the NBH to review the 2020 GDP forecast for an upward revision, the risk assessment is subject to change. So far, the NBH has signalled asymmetric risk to inflation as downside risks strengthened. With a stronger-than-anticipated domestic GDP growth, the central bank might point out that the balance of risks has now shifted back to symmetric.

## ☑ Poland: Focus on labour market data

We expect both employment and wages to stabilise in the enterprise sector in November. The next impulse for the labour market is expected in January due to an increase in the minimum wage by 15.6% year-on-year. This decision should result in an increase in average wage by 1.5 percentage points. The impact on employment is ambiguous – change of dynamics in January will be rather related to a rebalancing of the surveyed firms.

The changes in dynamics in industrial production and retail sales should be moderate after seasonal and working day adjustment. So far, there is no evidence of a further slowdown in the case of both aggregates.

## EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Sunday 15 December</b>					
Israel	1630	Nov CPI (MoM/YoY%)	-/-	-0.3/0.4	0.4/0.4
<b>Monday 16 December</b>					
Russia	1300	Nov Industrial Production (YoY%)	2.5	2.6	2.6
Turkey	0700	Sep Unemployment Rate (%)	-	-	14.02
Poland	1300	Oct C/A (€mn)	442	250	171
	1300	Oct Trade Balance (€mn)	587	364	468
	1300	Oct Exports (€mn)	21569	21591	19279
	1300	Oct Imports (€mn)	20982	21227	18811
	1300	Nov Core Inflation (YoY%)	2.5	2.5	2.4
Czech Rep	0800	Nov PPI (Industrial) (MoM/YoY%)	-/-	-/-	-0.3/0.9
	0900	Oct C/A (CZKbn)	-	-	7.66
Romania	-	Oct C/A YTD (€m)	-	-	-8103
Bulgaria	0900	Nov CPI (MoM/YoY%)	-/-	-/-	0.8/2.4
<b>Tuesday 17 December</b>					
Russia	1300	Nov PPI (MoM%/YoY%)	-/-	0/-5.8	-0.2/-4.9
Hungary	1300	Policy Rate (%)	0.90	-	0.9
	1300	Overnight Deposit Rate (%)	-0.05	-	-0.05
South Africa	0700	Oct Leading Indicator	-	-	103.2
<b>Wednesday 18 December</b>					
Russia	1300	Oct Real wages (YoY%)	4.1	3.4	3.1
	1300	Nov Retail Sales (YoY%)	1	1.4	1.6
Poland	0900	Nov Avg Gross Wages (YoY%)	6.0	5.9	5.9
	0900	Nov Employment (YoY%)	2.5	2.5	2.5
Czech Rep	1200	Repo Rate	2.00	-	2.00
Israel	-	Dec 12Mth Inflation Forecast (%)	-	-	1.1
<b>Thursday 19 December</b>					
Poland	0900	Nov Industrial Output (YoY%)	0.9	0.9	3.5
	0900	Nov PPI (YoY%)	0.2	0.3	-0.1
	1300	National Bank of Poland Publishes Minutes of Rate Meeting			
Ukraine	-	3Q F GDP (YoY%)	-	-	4.2
Brazil	1300	Central Bank Q4 Inflation Report			
Mexico	1900	Overnight Rate	7.25	7.25	7.5
<b>Friday 20 December</b>					
Poland	0900	Nov Retail Sales (YoY%)	5.3	-/-	5.4
	-	Nov Budget Level (YTD)	-	-	-3192.1
Serbia	-	Oct C/A (€mn)	-	-	-164.7
Croatia	1000	Nov Unemployment Rate (%)	-	-	7.2
	1000	Oct Real Wages (YoY%)	-	-	3.2
South Africa	1200	Nov National Budget Balance (ZARbn)	-	-	-42.34
Brazil	1230	Nov C/A Balance (\$mn)	-6000	-	-7874
Mexico	1200	Oct Retail Sales (YoY%)	2.2	-	2.4
Hungary	0730	3Q C/A (€mn)	-129.6	-	-121.5
	2300	Dec Economic Sentiment	3.9	-	2.8
	2300	Dec Business Confidence	8.1	-	7
	2300	Dec Consumer Confidence	-8	-	-9.2

Source: ING, Bloomberg

## Author

### Peter Virovacz

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)

## 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 [www.ing.com](http://www.ing.com).