

Key events in EMEA and Latam next week

In the week ahead, we expect central banks in Romania and Poland to reiterate that their tightening paths are on hold for the remainder of 2018



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National Bank of Romania to stay on hold at 2.50%

With inflation expected to fall towards the target band in the next couple of quarters and a general dovish bias within the National Bank of Romania (NBR), we expect the central bank to stay on hold for the remainder of this year, likely citing the need to assess the impact of both the previous policy tightening as well as incoming data, after recent GDP growth figures surprised to the downside.

At the same time, we are seeing the market consensus, which was tilted towards more aggressive tightening, converging to our long standing call for a lower terminal rate between 3.25-3.50%. It seems the NBR also expects CPI and interest rates to converge, meeting somewhere within this range. Still, our latest reading of NBR rhetoric suggests overconfidence in achieving its inflation goals, which might turn into over-complacency. We expect the key policy rate to converge towards market rates, implying three more hikes from the NBR in 2019, of 25 basis points each. It's unlikely that the NBR will commit to regular open market operations to accommodate the interbank liquidity conditions, keeping more flexibility on liquidity management if needed to fend-off currency depreciation pressures.

✓ **Poland: Don't expect a change in rates anytime soon**

We expect the Monetary Policy Council (MPC) to reiterate that interest rates should remain flat through the end of 2019. The National Bank of Poland's President Adam Glapiński is likely to play down recent increases in oil prices, given the supply-side character of the shock - thus remaining out of the MPC's control.

✓ **Turkey: Inflation trending upwards**

Inflation will remain on an uptrend as the Turkish lira's depreciation feeds through to prices quickly and aggressively. Administrative price hikes, strength in cost-led price pressures and a deterioration in inflation expectations - despite weaker domestic demand- will also push inflation higher. We expect September inflation at 2.2%, which pulls the annual figure up to 19.7% from 17.9%.

✓ **Czech manufacturing PMI to slow further**

The Czech Manufacturing PMI is likely to decelerate further towards 54 points in September, given similar indicators in Germany and the eurozone. This is in line with an expected slowdown in domestic industrial growth this year, so no surprise. Although industrial confidence stagnated in September, based on a survey by the Czech Statistical Office, it still remains below the 2017 average.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 1 October					
Russia	0700	Sep Market Manufacturing PMI	-	-	48.9
Turkey	0800	Sep Market/ISO Manufacturing PMI	-	-	46.4
Poland	0800	Sep Market Manufacturing PMI	52.1	-	51.4
	0900	Sep P CPI (MoM/YoY%)	-/-	-/-	0/2
Czech Rep	0830	Sep Market Manufacturing PMI	54.1	-	54.9
	1300	Sep Budget Balance (CZKbn)	-	-	14.8
Hungary	0800	Sep Manufacturing PMI	56.3	-	56.2
Romania	0700	Aug Unemployment Rate 15 - 74 Yrs Old, SA	-	-	4.2
	-	Sep FX Reserves (€bn, Net)	-	-	34507.8
Tuesday 2 October					
Russia	-	2Q F GDP (YoY%)	-	-	1.9
Poland	-	Monetary Policy Council Rate Meeting			
Czech Rep	0800	2Q F GDP (QoQ/YoY%)	0.7/2.4	-/-	0.7/2.4
Hungary	0800	Jul F Trade Balance (€mn)	373	-	373
Romania	0700	Aug PPI (MoM/YoY%)	-/-	-/-	-0.1/6.0
Kazakhstan	-	Sep CPI (MoM/YoY%)	-/-	-/-	0.2/6
	-	Sep PPI (MoM/YoY%)	-/-	-/-	2.2/24.6
Brazil	1300	Aug Industrial Production (YoY%)	3.5	-	4
Wednesday 3 October					
Turkey	0800	Sep CPI (MoM/YoY%)	2.2/19.7	-/-	2.3/17.9
	0800	Sep Domestic PPI (MoM/YoY%)	-/-	-/-	6.6/32.1
	0800	Sep Core CPI (YoY%)	-	-	17.2
Poland	-	Base Rate (%)	1.5	-	1.5
Hungary	0800	Aug Retail Sales (YoY%)	5.4	-	5.3
	1300	Hungarian Central Bank's Minutes			
Romania	0700	Aug Retail Sales (MoM/YoY%)	-/-	-/-	-0.9/5
	-	Repo Rate (%)	2.5	-	2.5
South Africa	0815	Sep HSBC PMI, SA	-	-	47.2
Israel	-	Sep Foreign Currency Balance (US\$bn)	-	-	116
Thursday 4 October					
Hungary	0800	Hungary Economy Minister Varga and Central Banker Nagy Speak			
Israel	1100	Jul Industrial Production (SA, MoM%)	-	-	0.2
Mexico	1900	Overnight Rate	8	-	7.75
Friday 5 October					
Russia	-	Sep CPI (MoM/YoY%)	-/-	-/-	0.2/3.1
Poland	1300	Sep Official Reserves Total	-	-	113263
Czech Rep	0800	Czech National Bank Publishes Minutes From Board Meeting			
Hungary	0800	Aug Industrial Production (MoM/YoY%)	5.2/4.4	-/-	-2/3.9
Croatia	1000	Aug F Retail Sales (YoY%)	-	-	2.2
South Africa	0700	Sep Gross Reserves (US\$bn)	-	-	49.8
	0700	Sep Net Open Foreign Currency Position (US\$bn)	-	-	42.4
Israel	-	Aug Leading 'S' Indicator (MoM%)	-	-	0.36
Brazil	1300	Sep Inflation (IPCA) (MoM/YoY%)	0.35/4.4	-/-	-0.1/4.2

Source: ING, Bloomberg

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