

## Key events in EMEA and Latam next week

Inflation data from Romania, Hungary and the Czech Republic will likely show some softening while in Russia, we're looking for the current account surplus to increase. This release might also give us some interesting insights on key FX risks



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### ✓ Russia: Current account surplus to increase but key risks remain

Russia is likely to report a \$12 billion current account surplus for 3Q19, which was fully sterilized by FX purchases mandated by the budget rule. In 4Q19, the current account is set to expand to \$25-30 billion on seasonality, meaning that only 40-50% of it will be offset by FX interventions. This, however, doesn't mean that the rouble is out of the woods as a number of risks remain, including a deterioration of non-fuel exports, persistent private capital outflows and a weakening of portfolio inflows into the local public debt market (OFZ). Next week's balance of payments release should be watched for signs of any of the above.

### ✓ Hungary: All eyes on the inflation reading

The most important data release is clearly the September inflation reading. We see the headline indicator dropping below 3% for the first time since January 2019. The main driver behind this is

the base effect in fuel and food prices, so it won't help to drag down the core reading. Core inflation might move up to 3.9% year-on-year, as the weaker forint and higher prices in services kick in. When it comes to industry, we see significant uncertainty in the August reading, but high volatility is expected to remain. We base our pessimistic call on the downward trend in the Purchasing Managers Indices and the usual summer shutdowns.

### **Czech Republic: Beware of the calendar and base effects**

While the July figures were supported by two more working days, August real data will suffer from one less working day in year-on-year terms. As such, we should see much weaker prints compared to the previous month. Industrial production will experience a year-on-year fall, not only due to the calendar bias but also a 10% YoY fall in car production, which followed a more than 20% YoY increase in July. September CPI will remain close to the 3% tolerance band, but as package-holiday prices usually fall after the summer-months season, we expect some deceleration in YoY headline CPI, which is also due to a minor drop in food and fuel prices. Conversely, a public transport discount introduced in September 2018 will fall out of the YoY comparison.

### **Romania: Inflation to inch slightly lower towards 3.6%**

We expect September inflation to inch 0.2 percentage points higher compared to the previous month. This will translate into a 3.6% annual figure versus 3.90% in the previous month, with food and non-food items accelerating MoM. More importantly, core inflation is likely to remain just below the 3.50% central bank upper target.

## **EMEA and Latam Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 7 October</b>					
Russia	-	3Q P C/A (US\$bn)	12.0	-	10.6
Poland	1300	Sep Official Reserves Total	-	-	116609.3
Czech Rep	0800	Aug Construction Output (YoY%)	-	-	3.7
	0800	Aug Trade Balance (CZKbn)	-3	-	0.1
	0800	Aug Industrial Output (YoY%)	-3.9	-	0.1
Hungary	0800	Aug Industrial Production (MoM/YoY%)	0.4/4.9	-/-	1.7/8.7
Serbia	1100	Sep HPPI (MoM/YoY%)	-/-	-/-	-0.1/0.0
South Africa	0700	Sep Gross Reserves (US\$bn)	-	-	50.0
	0700	Sep Net Open Foreign Currency Position (US\$bn)	-	-	44.2
Israel	-	Sep Foreign Currency Balance (US\$bn)	-	-	119.8
<b>Tuesday 8 October</b>					
Czech Rep	0800	Aug Retail Sales (YoY%)	2.3	-	6.2
	0800	Aug Retail Sales Excl. Motor Vehicles (YoY%)	3.9	-	7.0
	0800	Sep Unemployment Rate (%)	2.7	-	2.7
	0900	Sep International Reserves (US\$bn)	-	-	144.9
Hungary	0800	Sep CPI (MoM/YoY%)	0.1/2.9	-/-	-0.1/3.1
	1000	Sep Budget Balance (YTD)	-	-	-510.8
Romania	0700	Aug Avg Net Wages (YoY%)	15.1	-	15.2
Kazakhstan	-	Sep International Reserves (US\$bn)	-	-	28.2
<b>Wednesday 9 October</b>					
Ukraine	-	Sep CPI (MoM/YoY%)	-/-	-/-	-0.3/8.8
Bulgaria	0900	Aug Industrial Production (MoM/YoY%)	-/-	-/-	0.8/-0.9
	0900	Aug Retail Sales (MoM/YoY%)	-/-	-/-	1.0/3.7
Croatia	1000	Jul Trade Balance (HRK m)	-	-	-5274.5
	1000	Sep PPI (MoM/YoY%)	-/-	-/-	-0.4/-0.3
Brazil	1300	Sep Inflation (IPCA) (MoM/YoY%)	0.1/3.05	-/-	0.1/3.4
Mexico	1200	Sep CPI (MoM/YoY%)	0.4/3.2	-/-	-0.0/3.2
<b>Thursday 10 October</b>					
Czech Rep	0800	Sep CPI (MoM/YoY%)	-0.4/2.8	-/-	0.1/2.9
	0800	Aug Export Price Index (YoY%)	-	-	-0.5
	0800	Aug Import Price Index (YoY%)	-	-	-1.7
Romania	0700	2Q F GDP (SA QoQ/ YoY%)	1.0/4.4	-/-	1.0/4.4
	0700	Aug Trade Balance (€m)	-1680	-	-1755.5
	1300	Minutes of Rate Meeting	-	-	-
Kazakhstan	-	Sep Industrial Production Yearly	-	-	6.9
Serbia	1100	Repo rate (%)	2.25	-	2.50
South Africa	1030	Aug Mining Production (MoM/YoY%)	-/-	-/-	2.4/-3.8
	1030	Aug Mining Gold Production (YoY%)	-	-	-13.1
	1200	Aug Manufacturing Production (SA, MoM%)	-	-	0.4
	-	Sep SACCI Business Confidence	-	-	89.1
Brazil	1300	Aug Retail Sales (YoY%)	3.5	-	4.3
Mexico	1500	Central Bank Monetary Policy Minutes	-	-	-
<b>Friday 11 October</b>					
Russia	1400	Aug Trade Balance (US\$bn)	-	11.0	11.2
Turkey	0800	Aug C/A (US\$bn)	2.9	-	1.2
Romania	0700	Sep CPI (MoM/YoY%)	0.2/3.6	-/-	0.1/3.9
	0700	Aug Industrial Sales (MoM/YoY%)	-/-	-/-	5.9/7.1
Serbia	1100	Sep CPI (MoM/YoY%)	-0.3/1.3	-/-	0.0/1.3
Mexico	1200	Aug Industrial Production (YoY%)	-0.5	-	-1.7

Source: ING, Bloomberg

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