

Key events in EMEA and Latam next week

Inflation data dominates EMEA and Latam next week and the common theme is that figures will edge slightly higher in March. However, with the National Bank of Hungary likely to be seen as overly patient and the National Bank of Serbia possibly debating a cut, higher inflation could be met with (what seems) the opposite response



Source: Shutterstock

Serbia: Rates on hold

We expect the National Bank of Serbia (NBS) to decide for the 12th consecutive time to keep the key rate on hold at 3.0%. Headline inflation rose in February to 2.4%, while core inflation inched only marginally higher to 1.3%.

We believe that the NBS could be mulling a cut this year, as the external environment - and in particular, the FED/ECB policy stance seems to be pointing towards a slower pace of policy normalisation. On the internal front, inflation is expected to remain below 3.0% for the rest of the year.

RSD appreciation pressures triggered relatively frequent FX interventions in the past weeks. We tend to believe that the NBS will first leave surplus liquidity unsterilised for some time to lower market rates, before moving ahead with a rate cut. Hence, while not imminent, chances for some

mild easing are on the rise in our view.

☑ **Romania: Higher inflation, hawkish central bank**

We expect March CPI to inch 0.1ppt higher to 3.9% YoY, driven by higher oil prices and weaker RON. This is likely to be the peak for inflation this year, assuming no meaningful supply shocks (including from regulated prices) ahead. The National Bank of Romania (NBR) minutes are likely to be hawkish.

☑ **Czech Republic: Positive production**

Car production improved by 1.2% MoM in February, so after the 1.0% YoY decline in industrial production in January, we believe February's figure should be more positive - slightly above 1.0% YoY.

Moreover, we expect the unemployment rate will decline in March due to typical seasonality and relatively warmer weather increasing construction work. Inflation should accelerate slightly, partially due to higher fuel prices (+0.8 MoM), but also preliminary data has signalled that food prices might pick-up further despite the typical negative seasonality in March. This is quite an uncertain element though. As such, the annual CPI figure might reach 2.9%, but this close-to-3.0% level is short-lived and we expect inflation to start slowing down again come May.

☑ **Russia: Strong current account surplus**

Russia is due to report strong \$32 billion current account surplus for 1Q19, especially after the \$22 billion seen in 2M19. It's likely to have been fully neutralised by the fiscal rule-related FX purchases of \$13 billion in 1Q19, as well as private net capital outflows - which were reported at \$19 billion already for 2M19.

With the likely halving of the current account surplus in 2Q19, RUB is to become increasingly dependent on the portfolio inflows to local state bonds (OFZ). The latter may have reached \$4 billion in 1Q19, thanks to the recovery in the global risk appetite, but further prospects will depend on global growth concerns and persisting sanction-related newsflow around Russia.

☑ **National Bank of Hungary: Overly patient?**

When it comes to Hungary, all eyes will turn to the inflation data. We expect headline inflation to jump by 0.5ppt to 3.6% YoY, mainly on the back of fuel and unprocessed food prices. On the other hand, core inflation should only edge up 0.1ppt to 3.6% YoY. As this outcome would perfectly match the National Bank of Hungary's latest staff projections (released end-March), we hardly see this uptick as a game changer in the eyes of the policymakers. However, for market players, such readings can raise some doubts about the overly patient approach of the central bank.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Saturday 6 April					
South Africa	-	1Q Consumer Confidence	-	-	7.0
Sunday 7 April					
Israel	-	Mar Foreign Currency Balance (US\$bn)	-	-	118.0
Monday 8 April					
Czech Rep	0800	Feb Construction Output (YoY%)	-	-	-13.2
	0800	Feb Trade Balance (CZKmn)	14.5	-	12.1
	0800	Feb Industrial Output (YoY%)	1.5	-	-1.1
	0800	Mar Unemployment Rate (%)	3.0	-	3.2
Hungary	0800	Feb P Trade Balance (€mn)	600.0	-	392.0
	1000	Mar Budget Balance (YTD)	-425.0	-	67.3
Romania	0700	Feb Avg Net Wages (YoY%)	-	-	18.2
	0700	4Q F GDP (QoQ, SA/YoY%)	0.7/4.1	-/-	0.7/4.1
Kazakhstan	-	Mar International Reserves (US\$bn)	-	-	29.1
Serbia	1100	Mar HPI (MoM/YoY%)	-/-	-/-	0.4/1.2
Tuesday 9 April					
Russia	1400	1Q P C/A (US\$m)	32000.0	-	38400.0
Czech Rep	0900	Mar International Reserves (US\$bn)	-	-	143.1
Hungary	0800	Mar CPI (MoM/YoY%)	0.6/3.6	-/-	0.6/3.1
Ukraine	-	Mar CPI (MoM/YoY%)	-/-	-/-	0.5/8.8
Romania	0700	Feb Trade Balance (€m)	-	-	-1259.3
	1300	National Bank of Romania Publishes Minutes of Rate Meeting			
Bulgaria	0900	Feb Industrial Production (MoM/YoY%)	-/-	-/-	3.2/2.8
	0900	Feb Retail Sales (MoM%)	-	-	0.4
Serbia	1100	Repo Rate (%)	3.0	-	3.0
Croatia	1000	Jan Trade Balance (HRK m)	-	-	-4493.4
Brazil	1300	Feb Retail Sales (YoY%)	-	-	1.9
Mexico	1400	Mar CPI (MoM/YoY%)	-/-	-/-	-0.0/3.9
Wednesday 10 April					
Czech Rep	0800	Mar CPI (MoM/YoY%)	0.2/2.9	-/-	0.2/2.7
	0800	Feb Export Price Index (YoY%)	-	-	2.8
	0800	Feb Import Price Index (YoY%)	-	-	2.4
Hungary	1300	Hungarian Central Bank Minutes			
Romania	0700	Mar CPI (MoM/YoY%)	0.4/3.9	-/-	0.8/3.8
Kazakhstan	-	Mar Industrial Production (YoY%)	-	-	3.5
Croatia	1000	Mar PPI (MoM/YoY%)	-/-	-/-	0.3/1.4
South Africa	1030	Mar SACCI Business Confidence	-	-	93.4
Brazil	1300	Mar Inflation (IPCA) (MoM/YoY%)	-	-	0.4/3.9
Thursday 11 April					
Russia	1400	Feb Trade Balance (US\$bn)	-	12.6	13.4
Turkey	0800	Feb C/A (US\$m)	-0.9	-	-0.8
South Africa	1200	Feb Manufacturing Production (MoM%)	-	-	0.3
	1200	Feb Manufacturing Production, SA (MoM%)	-	-	-2.0
Israel	1100	Mar Trade Balance (US\$m)	-	-	-1636.8
Mexico	1400	Feb Industrial Production (YoY%)	-	-	-0.9
	1500	Central Bank Monetary Policy Minutes			
Friday 12 April					
Poland	1300	Feb C/A (€mn)	-502.0	-	2316.0
	1300	Feb Trade Balance (€mn)	-362.0	-	279.0
	1300	Feb Exports (€)	18443.0	-	18493.0
	1300	Feb Imports (€)	18804.0	-	18214.0
Czech Rep	0900	Feb C/A (CZKbn)	-	-	25.0
Romania	0700	Feb Industrial Production (MoM/YoY%)	-2.0/-0.5	-/-	-1.6/0.8
	0700	Feb Industrial Sales (MoM/YoY%)	-/-	-/-	4.0/4.3
	-	Feb C/A YTD (€m)	-	-	-114.0
Serbia	1100	Mar CPI (MoM/YoY%)	-/-	-/-	0.7/2.4

Source: ING, Bloomberg

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