

Key events in EMEA and Latam next week

A data-heavy week in EMEA and Latam which should show the extent the pandemic has hammered industrial production in the Czech Republic and disrupted the supply-side in Hungary. Also, keep an eye out for Serbia's central bank meeting where we expect a 25bp rate cut



Source: Shutterstock

Hungary: Inflation to drop further

For the next week, Hungarian budgetary and trade developments will show how Covid-19 has transformed internal and external balances.

The budget might be helped by EU fund transfers, while the lockdown will provide a major negative impact on trade. We see year-on-year inflation dropping further in May on the back of base effects. The single most important factor behind the monthly price increase will be food prices due to supply shocks (weather and coronavirus-related), while a minor fuel price increase in the month will be counterbalanced by other core product groups like durables.

Albeit exciting from a macro point of view, we don't see this reading as a market mover or being an immediate game-changer for monetary policy.

Czech: Industrial production affected by shutdowns

With the main carmakers being shut down for almost the entirety of April, the number of cars produced declined by 89% YoY.

As such, strong fall of April industrial production is likely, though particular figure might be difficult to estimate and we expect a contraction of around 25%. May CPI will be affected by the reduction in VAT, which is applicable for some services since May. Together with a high base, we should see a deceleration in YoY price growth towards 2.5%.

The unemployment rate was rescheduled for earlier release on Friday the 5th instead of Monday and we expect just a minor increase to 3.6%.

EMEA and Latam Economic Calendar

Country	Time Data/event	ING Survey		Prev.
Monday 8 June				
Czech Rep	0800 Apr Construction Output (YoY%)	-	-	-2.3
	0800 Apr Trade Balance (CZKmn)	-	-	3.1
	0800 Apr Industrial Output (YoY%)	-25.0	-	-10.8
Hungary	1000 May Budget Balance (YTD)	-765.0	-	-727.4
Kazakhstan	1000 Jun 8 Key Policy Rate (%)	-	-	9.5
Serbia	1100 May HPPI (MoM/YoY%)	-/-	-/-	-1.2/-2.4
Tuesday 9 June				
Czech Rep	0900 May International Reserves (US\$bn)	-	-	145.7
Hungary	0800 May CPI (MoM/YoY%)	0.5/2.2	-/-	-0.6/2.4
	0800 Apr P Trade Balance (€mn)	-350.0	-	301.5
Ukraine	- May CPI (MoM/YoY%)	-/-	-/-	0.8/2.1
Romania	0700 1Q P GDP (SA, QoQ/YoY%)	0.3/2.4	-/-	0.3/2.4
	0700 Apr Trade Balance (€m)	-	-	-1855
Kazakhstan	- May International Reserves (US\$bn)	-	-	30.5
Croatia	1000 May PPI (MoM/YoY%)	-/-	-/-	-2.5/-5.9
	1000 Mar Trade Balance (HRK m)	-	-	-6198
Mexico	1200 May CPI (MoM/YoY%)	-0.2/2.2	-/-	-1.01/2.15
Wednesday 10 June				
Turkey	0800 Mar Unemployment Rate (%)	-	-	13.7
Czech Rep	0800 May CPI (MoM/YoY%)	-0.1/2.4	-/-	-0.2/3.2
	0800 Apr Export Price Index (YoY%)	-	-	1.1
	0800 Apr Import Price Index (YoY%)	-	-	-0.3
Croatia	1000 Apr Tourism arrivals (YoY%)	-	-	-76.8
South Africa	1100 2Q BER Business Confidence	-	-	18.0
	- 2Q Consumer Confidence	-	-	-9.0
Brazil	1300 May Inflation (IPCA) (MoM/YoY%)	-0.4/1.9	-/-	-0.3/2.4
Thursday 11 June				
Russia	1400 Apr Trade Balance (US\$bn)	-	6.5	9.3
Ukraine	1200 Key Rate (%)	7.0	-	8.0
Romania	0700 Apr Avg Net Wages (YoY%)	-	-	7.1
Serbia	1100 Repo rate (%)	1.25	-	1.50
South Africa	1030 Apr Mining Production (YoY%)	-	-	7.0
	1030 Apr Mining Gold Production (YoY%)	-	-	11.5
	1200 Apr Manufacturing Production (SA, MoM%)	-	-	-2.3
Israel	1100 May Trade Balance (US\$m)	-	-	-1950.9
Mexico	1200 Apr Industrial Production (YoY%)	-25.0	-	-5.0
Friday 12 June				
Turkey	0800 Apr C/A (US\$m)	-	-	-4.9
	0800 Apr Industrial Production (MoM/YoY%)	-/-	-/-	-7.1/-2
Romania	0700 May CPI (MoM/YoY%)	0.1/2.3	-/-	0.3/2.7
	0700 Apr Industrial Production (MoM/YoY%)	-/-	-/-	-12.4/-14.5
	0700 Apr Industrial Sales (MoM/YoY%)	-/-	-/-	-4.3/-8.3
Serbia	1100 May CPI (MoM/YoY%)	0.0/0.8	-/-	0.0/0.6

Source: ING, Bloomberg

Author

Peter Virovacz

Senior Economist, Hungary

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 <http://www.ing.com>.