

Key events in EMEA and Latam next week

Inflation readings top the economic agenda in EMEA and Latin America in the week ahead. Here's a look at what else is in store



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Inflation expected to jump above the National Bank of Hungary's target

In Hungary, the highlight of the week is the June CPI reading on Tuesday. We see inflation jumping above the National Bank of Hungary's (NBH) target for the first time since January 2013. The main driver behind this acceleration is the increase in fuel prices. Besides this, we expect recreational services to become more expensive due to high demand. Our base case is a 3.1% YoY reading, but we warn of a possible upside risk to 3.3% YoY. When it comes to monetary policy, we don't see this as a game changer, as the NBH expects inflation to be between 3.2% and 3.4% in the summer based on their latest projections released at the end of June. Moreover, core inflation will remain unchanged and therefore remain well below target.

Romanian inflation to stabilise

We look for a flat CPI reading on a monthly basis, which means that annual inflation will also remain unchanged at 5.4%. This is down to seasonality kicking in for fresh fruit and vegetables offsetting the rise in fuel prices and the inflationary pressure from the weaker leu. Benign monthly inflation during the summer months suggests the National Bank of Romania could delay hiking

rates unless the global worries amplify the depreciating pressures on the Romanian currency.

Serbian rates on hold at 3%

Despite the poor sentiment in emerging markets, the National Bank of Serbia (NBS) has continued to intervene in the FX market by buying EUR to curb dinar firming pressures, drawing a line in the sand at 118 in EUR/RSD. In fact, constant appreciation pressure on the Serbian currency, due to a combination of foreign direct investment and bond inflows, is the only argument for the NBS to cut rates. Otherwise, inflation bouncing back higher and global uncertainties are likely to keep the NBS on hold for some time, with the easing cycle being likely behind us.

A contrasting outlook leaves the week ahead for Czech looking uncertain

Fuel prices accelerated by 3.6% MoM in June, pushing year on year dynamics from 4.8% YoY in May to over 10% in June. Food prices might also slightly accelerate in June as preliminary data suggests. Core inflation should broadly stagnate or increase just slightly in MoM terms, which is the normal pattern for June. These factors should together push headline inflation to 2.5% after 2.2% in May, but in the next few months, slightly weaker readings are expected. The share of unemployed people is likely to be below the 3% level. On the other hand, industrial production might disappoint due to a high base and potential May holidays. We expect industrial production to slightly decline in year on year terms.

The National Bank of Poland's long-term vision could be dampened

The new National Bank of Poland's (NBP) inflation projection should provide another dovish message, supporting the Monetary Policy Committee's rhetoric. We expect a strong downward revision of the CPI forecast for 2018. We expect prices to grow at 1.4% YoY as opposed to 2.1% YoY in the March report. Similarly, the NBP is likely to lower long-term growth prospects. Overall the Bank's forward guidance, rates flat in 2018 and 2019, is safe in our opinion.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 6 July					
Russia	-	Jun CPI (MoM/YoY%)	-/-	-/-	0.4/2.4
	-	Jun Core CPI (YoY%)	-	-	2
Poland	1300	Jun Official Reserves Total	-	-	111762
Hungary	0800	May Industrial Production (MoM/YoY%)	0.8/2.1	1.7/2.05	0.2/2.9
	1000	Jun Budget Balance (YTD)	-1575	-	-1187.5
Romania	0700	1Q F GDP (SA, QoQ/YoY%)	-	-/4	0.04/4
	-	Romania Sovereign Debt to be rated by Fitch			
Serbia	1100	Jun HPPI (MoM/YoY%)	-/-	-/-	0.8/0.5
Croatia	1000	Jun PPI (MoM/YoY%)	-/-	-/-	0.9/2.9
	1000	May F Retail Sales (YoY%)	-	-	4.3
	-	Croatia Sovereign Debt to be rated by Fitch			
South Africa	0700	Jun Gross Reserves (US\$bn)	-	-	51.15
	0700	Jun Net Open Foreign Currency Position (US\$bn)	-	-	42.87
Brazil	1300	Jun Inflation (IPCA) (MoM/YoY%)	1.25/4.4	1.28/4.4	0.4/2.86
Monday 9 July					
Czech Rep	0800	May Trade Balance (CZKmn)	14.5	-	15.777
	0800	May Construction Output (YoY%)	-	-	7.7
	0800	May Industrial Output (YoY%)	-0.5	-	5.5
Ukraine	-	Jun CPI (MoM/YoY%)	-/-	-/-	0/11.7
Romania	0700	May Avg Net Wages (YoY%)	-	-	14.67
Kazakhstan	1200	Jul 9 Key Policy Rate (%)	-	-	9
Bulgaria	0900	May Industrial Production (MoM/YoY%)	-/-	-/-	-2/-0.8
	0900	May Retail Sales (MoM/YoY%)	-/-	-/-	0.9/5
Croatia	1000	Apr Trade Balance (HRK m)	-	-	-7624.7
Mexico	1400	Jun CPI (MoM/YoY%)	0.2/4.46	-/-	-0.2/4.5
Tuesday 10 July					
Russia	1400	2Q P C/A (US\$mn)	-	-	30827
Czech Rep	0900	Jun International Reserves (US\$bn)	-	-	144.9
Hungary	0800	Jun CPI (MoM/YoY%)	0.3/3.1	-/-	0.6/2.8
Romania	0700	May Trade Balance (€m)	-	-	-1011.2
Kazakhstan	-	Jun International Reserves (US\$bn)	-	-	30.7
South Africa	1030	Jun SACCI Business Confidence	-	-	94
	-	2Q Consumer Confidence	-	-	26
Wednesday 11 July					
Turkey	0800	May C/A (US\$mn)	-5.1	-	-5.426
Poland	-	Base Rate (%)	1.5	1.5	1.5
Czech Rep	0800	Jun CPI (MoM/YoY%)	0.3/2.5	-/-	0.5/2.2
	0800	Jun Unemployment Rate (%)	2.9	-	3
Romania	0700	May Industrial Sales (MoM/YoY%)	-/-	-/-	-9.2/15
	0700	Jun CPI (MoM/YoY%)	0.0/5.4	-/-	0.47/5.4
Thursday 12 July					
Russia	1400	May Trade Balance (US\$bn)	-	13.75	15.316
Ukraine	1200	Jul 12 Key Rate (%)	-	-	17
Romania	0700	May Industrial Production (MoM/YoY%)	-/-	-/-	2/5.7
Serbia	1100	Jun CPI (MoM/YoY%)	-/-	-/-	0.6/2.1
	1100	Repo rate (%)	3	-	3
Israel	1100	Jun Trade Balance (US\$mn)	-	-	-2385.6
Brazil	1300	May Retail Sales (YoY%)	-2.2	-	0.6
Mexico	1400	May Industrial Production (YoY%)	0.5	-	3.8
Friday 13 July					
Turkey	-	Turkey Sovereign Debt to be rated by Fitch			
Poland	0900	Jun F CPI (MoM/YoY%)	0.1/1.9	0.1/1.9	0.1/1.9

Source: ING, Bloomberg

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