

Key events in EMEA and Latam next week

A busy week ahead in EMEA and Latam with two central bank meetings and lots of inflation numbers which seem to be creeping up everywhere



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✓ Czech Republic: Uncertain January inflation

January inflation is usually difficult to estimate as many prices change at the beginning of the year. The uncertainty is even higher this year due to relatively more volatile food prices developing against traditional seasonality and tax changes, which might transmit into the final prices gradually. Still, some preliminary data suggests that fuel prices continued growing in MoM terms around 1%, as well as food prices.

Prices of cigarettes also started to grow gradually, though the tax effect will culminate most likely in March. We assume a 3% MoM increase in January suggested by some data. Together with other prices related to housing, we expect January inflation to increase by 1.2% MoM, reaching 3.4% YoY. On the other hand, 4Q19 GDP growth is expected to slow down to just 0.2 QoQ due to the delay effect of weaker foreign demand, reaching 1.9% YoY GDP dynamics after 2.5% in the previous quarter.

✓ Hungary: Inflation's reality check

The reality check regarding Hungarian inflation will show a significant jump in prices. We see headline CPI moving to 4.5% YoY, mainly on the back of significant fuel price increase combined with an unfavourable base effect. Other than that, price changes in postal services, lottery and tobacco products (due to excise duty hike) will also add to the increasing inflation pressure along with the rising prices of food products.

However, core inflation is expected to come in at 4.0%, while the core ex-tax reading will be at 3.6%. This would also mean, that the upside surprise in headline inflation is mainly a result of temporary and not persistent factors. GDP growth is expected to slow markedly after a really weak Q4 in industry. We see a 4.0% YoY performance, which might still be enough to keep Hungary among the growth leaders in Europe.

✓ Poland: CPI to push higher

CPI should increase further in January towards 4.2%YoY, due to the hike of energy tariffs and statistical effects on food & fuels. Simultaneously, core inflation is expected to accelerate by 0.1pp to 3.2%YoY. We forecast inflation should come in around 1Q at 4.5%YoY. Minimal wage hike should affect prices of services, also hike of excise tax for alcohol and tobacco would add some 0.2pp.

Simultaneously, first reading should confirm that GDP decelerated towards 3%YoY in 4Q. Annual 2019 GDP reading implies deceleration of private consumption and strong negative drag from inventories. On the other hand, it also presents a puzzling rise in investments.

EMEA and Latam Economic Calendar

| Country | Time Data/event | ING | Survey | Prev. |
|------------------------------|---|---------|--------|-----------|
| Monday 10 February | | | | |
| Turkey | 0700 Nov Unemployment Rate (%) | - | - | 13.43 |
| Czech Rep | 0800 Jan Unemployment Rate (%) | 3.1 | - | 2.9 |
| Ukraine | - Jan CPI (MoM/YoY%) | -/- | -/- | -0.2/4.1 |
| | - National Bank of Ukraine Publishes Minutes of Rate Meeting | | | |
| Romania | 0700 Dec Trade Balance (€m) | - | - | -1490.9 |
| Kazakhstan | - Jan Industrial Production Yearly | - | - | 6.4 |
| Croatia | 1000 Dec Tourism arrivals (YoY%) | - | - | 5.0 |
| Tuesday 11 February | | | | |
| Romania | 0700 Dec Avg Net Wages (YoY%) | - | - | 13.9 |
| Kazakhstan | - Jan International Reserves (US\$bn) | - | - | 29.0 |
| South Africa | 0930 4Q Unemployment Rate (%) | - | - | 29.1 |
| | 1100 Dec Manufacturing Production (SA, MoM%) | - | - | -1.5 |
| Mexico | 1200 Dec Industrial Production (YoY%) | -1.5 | - | -2.1 |
| Wednesday 12 February | | | | |
| Russia | 1300 Dec Trade Balance (US\$bn) | - | - | 12.3 |
| Hungary | 1300 Hungarian Central Bank's Minutes | | | |
| Romania | 0700 Dec Industrial Production (MoM/YoY%) | -/- | -/- | -0.2/-7.7 |
| | 0700 Dec Industrial Sales (MoM/YoY%) | -/- | -/- | -6.0/1.2 |
| South Africa | 1100 Dec Retail Sales (MoM/YoY%) | -/- | -/- | 3.1/2.6 |
| Israel | 1100 Jan Trade Balance (US\$mn) | - | - | -2242.8 |
| Brazil | 1200 Dec Retail Sales (YoY%) | 3.5 | - | 2.9 |
| Thursday 13 February | | | | |
| Turkey | 0700 Dec Industrial Production (MoM/YoY%) | -5.6 | -/- | 0.7/5.1 |
| Poland | 1300 Dec C/A (€mn) | 475 | -521 | 1457 |
| | 1300 Dec Trade Balance (€mn) | - | - | 829 |
| | 1300 Dec Exports (€) | - | - | 20238 |
| | 1300 Dec Imports (€) | - | - | 19409 |
| Czech Rep | 0800 Dec Export Price Index (YoY%) | - | - | -1.8 |
| | 0800 Dec Import Price Index (YoY%) | - | - | -2.2 |
| | 0900 Dec C/A (CZKbn) | - | - | -3.19 |
| Hungary | 0800 Jan CPI (MoM/YoY%) | 0.8/4.5 | -/- | 0.3/4.0 |
| Romania | 0700 Jan CPI (MoM/YoY%) | 0.4/3.6 | -/- | 0.4/4.0 |
| | - Dec C/A YTD (€m) | - | - | -9924 |
| Serbia | 1100 Repo rate (%) | 2.25 | - | 2.25 |
| South Africa | 0930 Dec Mining Production (YoY%) | - | - | -3.1 |
| | 0930 Dec Mining Gold Production (YoY%) | - | - | 5.2 |
| Mexico | 1900 Overnight Rate | 7.00 | - | 7.25 |
| Friday 14 February | | | | |
| Turkey | 0700 Dec C/A (US\$bn) | -2.8 | - | -0.5 |
| Poland | 0900 4Q P GDP (QoQ/YoY%) | -3.0 | -3.0 | 1.3/3.9 |
| | 0900 Jan CPI (MoM/YoY%) | -4.2 | -4.2 | 0.8/3.4 |
| Czech Rep | 0800 4Q A GDP (QoQ/YoY%) | 0.2/1.9 | -/- | 0.4/2.5 |
| | 0800 Jan CPI (MoM/YoY%) | 1.2/3.4 | -/- | 0.2/3.2 |
| Hungary | 0800 4Q P GDP (SWDA QoQ/ NSA YoY%) | 0.4/4.0 | -/- | 1.1/5.0 |
| Ukraine | - 4Q P GDP (YoY%) | 4.0 | - | 4.1 |
| Romania | 0700 4Q A GDP (SA, QoQ/ YoY%) | 0.5/2.7 | -/- | 0.5/3.0 |
| | 1300 National Bank of Romania Publishes Minutes of Rate Meeting | | | |
| Kazakhstan | - 4Q P GDP YTD YoY | - | - | 4.3 |
| Bulgaria | 0900 4Q P GDP (QoQ/YoY%) | 0.6/3.3 | -/- | 0.8/3.7 |
| Serbia | - Dec C/A (€mn) | - | - | -259.8 |
| Israel | 1200 Jan CPI (MoM/YoY%) | -/- | -/- | 0.0/0.6 |

Source: ING, Bloomberg

Author

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

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