

## Key events in EMEA and Latam next week

The moment of truth arrives next week as 2Q GDP data across EMEA is released next week. We are bound to see some historic drops, but the real question is how big?



Source: Shutterstock

### Hungary: Expect a large drop in 2Q GDP

Like others in Europe, Hungary won't have much to cheer about next week as second-quarter GDP numbers are released

We expect a 10.5% year-on-year drop in GDP, posting a new record after the collapse in mid-2009. Unfortunately, the preliminary data release won't include details about the structure of the collapse. To see this we must wait another two weeks.

Our best guess is that only government spending might contribute positively to the economic activity while other areas on the final use side (mainly consumption and investments) will provide a huge drag on growth.

Before GDP data, July inflation numbers will be released. Excise duty increased on tobacco, end of free public parking, fuel prices increased, draught and a weaker HUF. These are the factors which we see contributing in accelerating headline and core inflation figures.

## ✓ **Poland: Optimism from CA data may be weakened by negative GDP reading**

This week we expect another stellar current account reading, for June. Polish exporters were relatively resilient to the pandemic, partially down to their lower share of automobiles in the industry compared to CEE counterparts. Also, investment activity is most likely weak, keeping imports subdued. A lasting improvement in trade balance is one of the key reasons behind the zloty remaining stable despite a very dovish central bank.

Next week, we're also expecting a terrible (but close to the local consensus) flash GDP reading for 2Q20: -9% YoY. This largely reflects the lockdown in Poland, affecting consumption and investment.

The ongoing recovery is likely to prove slow due to worsening labour conditions.

## ✓ **Czech Republic: Inflation to slow down**

July CPI is likely to slow down close to 3%, but uncertainty remains elevated. Not only due to food prices, that have developed recently against a typical seasonal path, but also due to many other prices that might have been impacted by the Covid-crisis.

Prices of holiday packages have been increasing substantially during July, and this year might be less pronounced, at least for some types of holidays.

As such, we expect slightly weaker than usual MoM increase this July, leading to some slow-down in YoY CPI, despite the fact that inflation has been surprising on the upside in recent months.

## **EMEALatam Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Sunday 9 August</b>					
Israel	-	Jul Foreign Currency Balance (US\$bn)	-	-	147.3
<b>Monday 10 August</b>					
Turkey	0800	May Unemployment Rate (%)	-	-	12.8
Ukraine	-	Jul CPI (MoM/YoY%)	-0.1/3	-/-	0.2/2.4
Romania	0700	Jun Trade Balance (€m)	-	-	-1251
Kazakhstan	-	2Q E C/A (US\$m)	-	-	2024
Bulgaria	0900	Jun Industrial Production (MoM/YoY%)	-	-	-0.1/-16.13
	0900	Jun Retail Sales (MoM/YoY%)	-/-	-/-	0.0/-20.4
South Africa	-	3Q Consumer Confidence	-	-	-33.0
<b>Tuesday 11 August</b>					
Russia	1400	Jun Trade Balance (US\$bn)	-	4.15	3.673
	1700	2Q A GDP (YoY%)	-7.5	-9.6	1.6
Hungary	0800	Jul CPI (MoM/YoY%)	0.6/3.3	-/-	0.4/2.9
Romania	0700	Jun Avg Net Wages (YoY%)	-	-	2.52
Kazakhstan	-	Jul International Reserves (US\$bn)	-	-	32.9
South Africa	1030	2Q Unemployment Rate (%)	-	-	30.1
	1200	Jun Manufacturing Prod. (MoM%)	-	-	-49.4
	1200	Jun Manufacturing Production (SA, MoM%)	-	-	-44.3
Brazil	1200	Central Bank Meeting Minutes			
Mexico	1200	Jun Industrial Production (YoY%)	-22	-	-30.7
<b>Wednesday 12 August</b>					
Romania	0700	Jul CPI (MoM/YoY%)	-0.1/2.7	-/-	0.08/2.58
	0700	Jun Industrial Production (MoM/YoY%)	-/-	-/-	15.1/-28.0
	0700	Jun Industrial Sales (MoM/YoY%)	-/-	-/-	26.89/-30.93
Serbia	1100	Jul CPI (MoM/YoY%)	-0.2/1.6	-	0.6/1.6
Croatia	1000	Jun Tourism arrivals (YoY%)	-	-	-96.1
South Africa	1200	Jun Retail Sales (YoY%)	-	-	74.2/-12.0
Israel	1100	Jul Trade Balance (US\$m)	-	-	-1529
Brazil	1300	Jun Retail Sales (YoY%)	0	-	-7.2
<b>Thursday 13 August</b>					
Poland	1300	Jun C/A (€m)	1936	1599	2455
Czech Rep	0800	Jul CPI (MoM/YoY%)	0.2/3.1	-/-	0.6/3.3
	0800	Jun Export Price Index (YoY%)	-	-	2.8
	0800	Jun Import Price Index (YoY%)	-	-	-0.7
	0900	Jun C/A (CZKbn)	-	-	4.24
Romania	-	Jun C/A YTD (€m)	-	-	-2881
Serbia	1100	Repo rate (%)	1.25	-	1.25
Mexico	1900	Overnight Rate	4.75	-	5.0
<b>Friday 14 August</b>					
Turkey	0800	Jun C/A (US\$m)	-	-	-3.76
	0800	Jun Industrial Production (MoM/YoY%)	-/-	-/-	17.4/-19.9
Poland	0900	2Q P GDP (QoQ/YoY%)	-9	-8.8	-0.4/2
	0900	Jul F CPI (MoM/YoY%)	-/-	-/-	-0.1/3.1
Czech Rep	0800	CNB minutes			
Hungary	0800	2Q P GDP (SWDA, QoQ%)	-11.6	-	-0.4
	0800	2Q P GDP (NSA, YoY%)	-10.5	-	2.2
Ukraine	-	2Q P GDP (YoY%)	-11	-	-1.3
Romania	0700	2Q A GDP (SA, QoQ%)	-14.6	-	0.3
	0700	2Q A GDP (YoY%)	-12.9	-	2.38
Kazakhstan	-	Jul Industrial Production Yearly	-	-	-5.6
	-	2Q P GDP YTD YoY	-	-	2.7
Bulgaria	0900	2Q P GDP (QoQ/YoY%)	1.12	-	0.29/2.4
Israel	1200	Jul CPI (MoM/YoY%)	-/-	-/-	-0.1/-1.09

Source: ING, Bloomberg

## Authors

### Peter Virovacz

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)

### Piotr Poplawski

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto:piotr.poplawski@ing.pl)

## 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>.