

Key events in EMEA and Latam next week

A busy week in EMEA next week with lots of growth numbers, all pointing to a slowdown. Hungary and Poland GDP will probably head south but we think Romania should maintain its positive momentum



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✓ Romania: Maintaining the good rhythm

The good economic momentum seems to have been maintained in the second quarter, but not to the extent that of acceleration. Retail sales have been virtually flat in 2Q19 versus 1Q19 while the trade balance continued widening at a constant rate. Some green shoots are visible in the construction sector while confidence indicators have been improving as well. We, therefore, maintain our 0.5% quarter-on-quarter growth forecast (3.7% year-on-year) for 2Q.

✓ Czech Republic: CPI stable with some upside risk

Czech inflation should remain at 2.7% YoY in July (0.2% MoM), taking into account that fuel prices declined slightly in annual terms (-1.2% MoM) and also food prices usually decline during the summer (-0.5% MoM) as the harvest reaches the market. Still, volatility in food and alcoholic beverages poses some risks towards higher price dynamics. The Czech National Bank also estimates 2.7% CPI in July in its latest forecast. Flash 2Q GDP should slow down slightly towards 2.5% after 2.8% in 1Q19, while the central bank expects 2.7%.

✔ Hungary: Weakening growth yet stronger than its neighbors

We see Hungarian GDP growth slowing down in 2Q19. Based on the high-frequency data in the retail sector, industry and construction, all of them closed a weaker period in April-June versus the first quarter. The quarterly growth rate could be the worst in the past two years. However, the annual economic performance at 4.5% is expected to be strong enough to keep Hungary in the top shelf of all EU member states when it comes to GDP growth. The main driver will remain consumption and investment activity.

✔ Poland: Softening growth expected at 4.6%

We expect 2Q GDP growth to slow down modestly from 4.7% to 4.6% YoY, slightly above the market consensus of 4.5%. Private consumption should remain sound (4.6% YoY), while investments are likely to decelerate after a very strong 1Q. Last quarter numbers were distorted by the weak performance in June related to breaks in manufacturing enterprises work after heat-related disruptions.

The final CPI reading should confirm 2.9% YoY dynamics. The major focus will be on the structure of core inflation. After the flash reading, we estimate an increase from 1.9% to 2.1% YoY. The key factor is whether higher dynamics was an effect of tourism-related activities (rather temporary) or a broad-based acceleration. We see recent growth as rather persistent and forecast CPI above 2% in the coming months and close to 2.5% YoY on average in the fourth quarter.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 11 August					
Kazakhstan	-	Jul Industrial Production Yearly	-	-	5.9
Monday 12 August					
Czech Rep	0800	Jul CPI (MoM/YoY%)	0.2/2.7	-/-	0.2/2.7
	0800	Jun Export Price Index (YoY%)	-	-	2.0
	0800	Jun Import Price Index (YoY%)	-	-	2.0
Romania	0700	Jul CPI (MoM/YoY%)	-0.3/4.0	-/-	-0.2/3.8
	0700	Jun Industrial Sales (MoM/YoY%)	-/-	-/-	8.7/7.6
Serbia	1100	Jul CPI (MoM/YoY%)	-0.4/1.4	-/-	-0.3/1.5
Tuesday 13 August					
Poland	1300	Jun C/A (€mn)	198	243	1006.0
	1300	Jun Trade Balance (€mn)	-22.0	-150	96.0
	1300	Jun Exports (€)	19276	18650	19703.0
	1300	Jun Imports (€)	19297	18800	19607.0
Czech Rep	0900	Jun C/A (CZKbn)	-	-	11.2
Romania	-	Jun C/A YTD (€m)	-	-	-3401
Israel	1100	Jul Trade Balance (US\$m)	-	-	-1818.7
Wednesday 14 August					
Poland	0900	2Q P GDP (YoY%)	4.6	4.5	4.7
Czech Rep	0800	2Q A GDP (QoQ/YoY%)	0.5/2.5	-/-	0.6/2.8
Hungary	0800	2Q P GDP (SWDA QoQ, YoY%)	0.8/4.5	-	1.5/5.3
Ukraine	-	2Q P GDP (YoY%)	-	-	2.5
Romania	0700	Jun Industrial Production (MoM/YoY%)	-/-	-/-	-2.0/-1.7
	0700	2Q A GDP (SA QoQ, YoY%)	0.5/3.7	-	1.3/5.0
Bulgaria	0900	2Q P GDP (QoQ/YoY%)	-/-	-/-	1.2/3.5
	0900	Jul CPI (MoM/YoY%)	-/-	-/-	-0.6/2.8
South Africa	1200	Jun Retail Sales (MoM/YoY%)	-/-	-/-	0.1/2.2
Thursday 15 August					
Russia	-	Jul Industrial Production (YoY%)	4.7	2.9	3.3
Turkey	0800	May Unemployment Rate (%)	-	-	13.0
Serbia	-	Jun C/A (€mn)	-	-	-124.2
Israel	1630	Jul CPI (MoM/YoY%)	-/-	-/-	-0.6/0.8
Mexico	1900	Overnight Rate	8.00	8.00	8.25
Friday 16 August					
Russia	-	Jul PPI (MoM/YoY%)	-	0.2/3.4	-0.6/4.1
Turkey	0800	Jun Industrial Production (MoM/YoY%)	-/0.5	-/-	1.3/-1.3
Poland	1300	Jul Core Inflation (YoY%)	2.1	-	1.9
Czech Rep	0800	Jul PPI (Industrial) (MoM/YoY%)	-	-	-0.7/2.5
Kazakhstan	-	2Q P GDP (YTD YoY%)	-	-	3.8

Source: ING, Bloomberg

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