

Key events in EMEA and Latam next week

Key readings on second-quarter GDP take centre stage in EMEA and Latam next week. Poland and the Czech Republic should see good numbers thanks to strong domestic demand while Hungary could see a mild slow down



Source: Shutterstock

✓ Two key events to watch in Hungary

In Hungary, there are only two events to watch out for next week, but they're important. On Tuesday, the Statistical Office releases the advance estimate of 2Q18 GDP. We expect a mild deceleration to 4% year-on-year, as both the industry and retail sectors have shown some sign of softening recently.

On Friday, the rating agency Standard & Poor's will review its sovereign debt ratings. In our view, the potential for an upgrade is 50/50. S&P gave a positive outlook exactly a year ago, and the important metrics are looking good. But recent market turmoil and deficit numbers (the EU-transfer story) could prevent the agency from acting. Neither outcome (confirm or upgrade) would come as a surprise, so we only expect a limited market reaction after the decision.



Double-digit investment growth could boost Polish GDP in 2Q

We expect 2Q18 GDP to grow by 5.3% year on year based on solid consumption and double-digit investment growth. The contribution from net exports should be positive after a -1.2% deficit in the first quarter, which was likely a statistical anomaly. Data on the labour market is expected to confirm a moderation of wage pressures in the enterprise sector - we forecast stable salary growth of 7.4% YoY.

Czech Republic reliant on domestic demand as growth driver

A flash estimate for 2Q Czech GDP should show growth accelerated slightly, in quarterly terms, after the 0.5% reading we saw in the first quarter. However, due to a high base rate and negative net exports, the annual rate should decelerate towards 2.5% - which would be the lowest YoY reading this year.

This shouldn't be taken as negative news as both household consumption and investments are likely to remain solid. As such, domestic demand will be the main driver of overall economic expansion this year, while net exports will detract from growth. This is due to weaker export activity as well as strong imports, predominantly driven by higher domestic demand and import-intensive investments.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 10 August					
Russia	1400	Jun Trade Balance (US\$bn)	-	15.5	15.151
-	-	2Q A GDP (YoY%)	-	1.9	1.3
Turkey	0800	Jun C/A (US\$m)	-2.9	-3	-5.885
Czech Rep	0800	Czech National Bank Publishes Minutes From Board Meeting			
Romania	0700	Jun Industrial Production (MoM/YoY%)	-/-	-/-	-0.4/3.6
	0700	Jun Industrial Sales (MoM/YoY%)	-/-	-/-	11/11.4
	0700	Jul CPI (MoM/YoY%)	-0.3/4.8	-0.1/5.2	0.02/5.4
Brazil	1300	Jun Retail Sales (YoY%)	3.8	2.5	2.7
Mexico	1400	Jun Industrial Production (YoY%)	0.3	0.25	0.26
Monday 13 August					
Poland	1300	Jun C/A (€mn)	-777	-476	42
	1300	Jun Trade Balance (€mn)	-119	-66	98
	1300	Jun Exports (€)	17391	17810	17251
	1300	Jun Imports (€)	17510	17827	17153
Czech Rep	0900	Jun C/A (CZKbn)	-14	-	-2.2
Romania	-	Jun C/A YTD (€mn)	-	-	-3018
	1300	National Bank of Romania Publishes Minutes of Rate Meeting			
Serbia	1100	Jul CPI (MoM/YoY%)	-/-	-/-	0.4/2.3
Israel	1100	Jul Trade Balance (US\$m)	-	-	-2142.5
Tuesday 14 August					
Poland	0900	Jul F CPI (MoM/YoY%)	-0.1/2	-/-	-0.1/2
	0900	2Q P GDP (QoQ/YoY%)	1.2/5.3	1/5	1.6/5.2
Czech Rep	0800	2Q A GDP (QoQ/YoY%)	0.7/2.5	-/-	0.5/4.2
Hungary	0800	2Q P GDP (SWDA, QoQ/NSA, YoY%)	0.7/4.0	-/-	1.2/4.4
Ukraine	-	2Q P GDP (YoY%)	-	-	3.1
Romania	0700	2Q A GDP (SA, QoQ/YoY%)	0.9/3.4	-/-	0.06/4
Bulgaria	0900	2Q P GDP (QoQ/YoY%)	-/-	-/-	0.91/3.2
	0900	Jul CPI (MoM%)	-	-	0.1
South Africa	1030	Jun Mining Production (MoM/YoY%)	-/-	-/-	5/-2.6
Wednesday 15 August					
Russia	-	Jul Industrial Production (YoY%)	-	2.6	2.2
Turkey	0800	May Unemployment Rate (%)	-	-	9.61
Kazakhstan	-	Jul Industrial Production (YoY%)	-	-	4.2
South Africa	1200	Jun Retail Sales (MoM/YoY%)	-/-	-/-	1.1/1.9
Israel	1630	Jul CPI (MoM/YoY%)	-/-	-/-	0.1/1.3
Thursday 16 August					
Turkey	0800	Jun Industrial Production (MoM/YoY%)	-/5.0	-/-	-1.6/6.4
Poland	1300	Jul Core Inflation (MoM/YoY%)	0/0.6	0/0.6	0.1/0.6
Czech Rep	0800	Jul PPI (Industrial) (MoM/YoY%)	0.0/3.1	-/-	0.6/2.9
	0800	Jun Export Price Index (YoY%)	-	-	-1.5
	0800	Jun Import Price Index (YoY%)	-	-	-2.3
Serbia	-	Jun C/A (€mn)	-	-	52.8
Israel	1100	2Q A GDP (QoQ Annualised %)	-	-	4.7
Friday 17 August					
Russia	1400	Jul Retail Sales (YoY%)	-	3	3
	1400	Jul Real wages (YoY%)	-	7	7.2
	-	Jul PPI (MoM/YoY%)	-/-	1.1/17.4	3.4/16.1
	-	Russia Sovereign Debt to be Rated by Fitch			
Turkey	0800	Aug Consumer Confidence	-	-	73.07
	-	Turkey Sovereign Debt to be Rated by S&P			
Poland	0900	Jul Avg Gross Wages (MoM/YoY%)	-0.3/7.4	-0.1/7.7	3.2/7.5
	0900	Jul Employment (MoM/YoY%)	0.1/3.5	0.2/3.6	0.2/3.7
Kazakhstan	-	2Q P GDP YTD YoY	-	-	4.1

Source: ING, Bloomberg

[Click here to download a printer-friendly version of this table](#)

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>.