

## Key events in EMEA and Latam next week

A barrage of central bank meetings take place this week and we expect a dovish tone to cushion the Covid-19 impact - though the Russian central bank may go against the tide



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### ✓ Russia's central bank to stand still for now

The main local event for the Russian market will be the central bank's key rate decision on 20 March. While some market participants are expecting a hike from the current rate of 6.0%, we believe that holding rates steady, rather than hiking by 25 basis points, would be tightening enough. The current turmoil on the local market has been triggered primarily by the [oil price shock](#), channelled through a contraction in the current account, while the capital account doesn't seem to require additional protection, as:

- Outflows so far have been seen only on behalf of foreign portfolio investors into local state bonds (OFZ), while local participants, including corporates and private individuals have been selling FX assets at USD/RUB levels of around 70-75.
- The Bank of Russia currently has very limited involvement in the FX market, selling around US\$50 million per day, suggesting a low risk of strong pressure from speculative capital flows.
- This episode of market volatility has not generated any speculation of capital controls, pressure on the central bank to make certain monetary policy decisions, or any other

factors which in the worst case could have increased pressure on the Russian capital account.

- Global central banks are on a downward rate cycle, and Russia's real rates are already at relatively high levels.
- USD/RUB depreciation seen so far could potentially add [0.5-0.7 percentage points](#) to the year-end CPI, which would still mean 4.2-4.5%, fairly close to the 4.0% target.

As a result, we consider a flat key rate as a base-case scenario, however in the event of further USD/RUB depreciation (regardless of the reason) toward a much less comfortable 80-85 range, the potential inflationary impact could potentially require the Bank of Russia to respond with emergency measures, the list of which includes a higher key rate, more intense FX sales and purchases of OFZ.

The set of economic activity data, also to be released next week, is likely to show some weakness in Russian industry (largely on statistical and weather-related effects) and among consumers (mostly as a result of suspended inward tourism), but this is unlikely to have any material impact on market sentiment.

### **Turkey: Central Bank of Turkey set to ease some more**

Better-than-expected February inflation signals relatively contained underlying price pressures, and a significant decline in oil prices should be supportive for the inflation outlook, which would be a relief for the Central Bank of Turkey. Accordingly, the bank is likely to maintain a dovish bias and announce additional easing, though unease in financial markets, elevated inflation levels and low real rate buffer will keep it cautious. We expect a 25 basis point cut this month.

### **Poland: Coronavirus impact isn't in the data yet**

We think February activity releases (industrial production, retail sales) will not be relevant for the market. The impact of the coronavirus epidemic should be visible from next month. The overall scale of disruption is likely to surprise analysts – presently there are no reliable gauges that can track consumer purchases in real time.

## **EMEA and Latam Economic Calendar**

Country	Time Data/event	ING	Survey	Prev.
<b>Sunday 15 March</b>				
Israel	1630 Feb CPI (MoM/YoY%)	-/-	-/-	-0.4/0.3
<b>Monday 16 March</b>				
Poland	1300 Jan C/A (€mn)	2563	2563	990
	1300 Jan Trade Balance (€mn)	1134	935	224
	1300 Jan Exports (€mn)	19563	19411	17220
	1300 Jan Imports (€mn)	18429	18476	16996
	1300 Feb Core Inflation (MoM/YoY%)	3.4	3.4	3.1
Czech Rep	0800 Jan Export Price Index (YoY%)	-	-	-1.5
	0800 Jan Import Price Index (YoY%)	-	-	-1.2
	0800 Feb PPI (Industrial) (MoM/YoY%)	-/-	-/-	1.3/2.4
	0900 Jan C/A (CZKbn)	-	-	-14.4
Romania	- Jan C/A YTD (€m)	-	-	-10478
Kazakhstan	0900 Key Policy Rate (%)	-	-	9.25
Bulgaria	0900 Feb CPI (MoM/YoY%)	0.2/3.9	-/-	0.9/4.2
South Africa	0800 1Q Consumer Confidence	-	-	-7.0
<b>Tuesday 17 March</b>				
Russia	1300 Feb Industrial Production (YoY%)	0.7	1.0	1.1
Croatia	1000 Jan Tourism arrivals (YoY%)	-	-	6.5
<b>Wednesday 18 March</b>				
Russia	1300 Feb PPI (MoM/YoY%)	-/-	0.0/-0.9	0.9/-0.7
Poland	0900 Feb Avg Gross Wages (YoY%)	6.5	6.9	7.1
	0900 Feb Employment (YoY%)	1.1	1.1	1.1
South Africa	0800 Feb CPI (YoY%)	-	-	4.5
	0800 Feb CPI (MoM/YoY%)	-/-	-/-	0.3/3.7
	0800 Feb Core CPI (MoM/YoY%)	-/-	-/-	0.1/-0.4
	1100 Jan Retail Sales (MoM%)	-	-	-3.1
Brazil	- Selic Rate	4.00	-	4.25
<b>Thursday 19 March</b>				
Turkey	1100 Benchmark Repurchase Rate	10.5	-	10.75
Poland	0900 Feb Industrial Output (YoY%)	2.4	2	1.1
	0900 Feb PPI (YoY%)	0.3	0.3	0.8
	1300 National Bank of Poland Publishes Minutes of Rate Meeting			
Serbia	- Jan C/A (€mn)	-	-	-530
South Africa	- Repo rate (%)	-	-	6.25
Israel	- Mar 12Mth Inflation Forecast (%)	-	-	0.9
<b>Friday 20 March</b>				
Russia	1030 Key Rate (%)	6.00	-	6.00
	1300 Feb Retail Sales (YoY%)	2.2	3.0	2.7
	1300 Jan Real wages (YoY%)	3.6	5.2	6.9
Poland	0900 Feb Retail Sales (YoY%)	6.6	-/-	5.7
Ukraine	- 4Q F GDP (YoY%)	1.5	-	1.5
Croatia	1000 Feb Unemployment Rate (%)	-	-	8.4
	1000 Jan Real Wages (YoY%)	-	-	3.4

Source: ING, Bloomberg

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