

## Key events in EMEA and Latam next week

Two central bank policy meetings take centre stage in EMEA next week



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### National Bank of Hungary meets for last time this year

The key event next week is undoubtedly the last rate-setting meeting of the National Bank of Hungary (NBH) in 2018. The recent significant drop in headline inflation from 3.8% year-on-year to 3.1% YoY, and the roughly unchanged core inflation at 2.6% YoY, is likely to be interpreted by the central bank as a clear justification they need to maintain loose monetary policy - there is nothing to fear from a price pressure point of view.

We see a possibility that the NBH will up its GDP forecast in its Inflation Report. As for the inflation outlook, the drop in oil prices might result in a downward revision to headline inflation, but as core inflation is still above the previous NBH forecast, we see a slight chance that the central bank will alter its view on the core readings.

### Russian activity data not as stimulating as it seems?

Russian activity data for November to be released next week will be statistically supported by a low base effect. We expect to see 3.5% YoY industrial output growth and a 2.0% YoY increase in retail trade - amid decelerating salaries growth and accelerating inflation.

The surprisingly high current account surplus - \$16 billion reported for November- despite the drop in oil prices, suggests a significant drop in imports, too. The actual activity in Russia remains uninspiring.

### **Czech National Bank on hold but calls for a hike could mount**

We believe the Czech National Bank (CNB) will remain on hold next Thursday. Although the Czech koruna (CZK) remains weaker when compared with the CNB's expectations for 4Q18 - which could lead to a possible debate over rate hikes, the majority of board members are likely to acknowledge some recent data weakness. It's also worth noting that CZK weakness could be put down to the end-of-year bias, and payments into the resolution fund.

Governor Jiří Rusnok in a later interview reported that he would prefer not to hike until next year because of this end-of-year effect that current data may be exposed to. As such, we expect the next rate hike to come at the beginning of February, when the CNB board will have a new forecast in hand.

### **Poland: Fourth quarter growth to be moderate**

We expect industrial output growth of 4% YoY, down from the 7.4% YoY seen previously, though retail sales should still be decent at 7.8% YoY. The overall slowdown of activity in the fourth quarter should be moderate, despite the weaker performance of Western European economies. We forecast 4Q GDP at 4.6% YoY vs. 5.1% a quarter ago.

## **EMEA and Latam Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Sunday 16 December</b>					
Hungary	2300	Dec. Economic Sentiment	8.2	-	7.5
	2300	Dec. Business Confidence	15.0	-	14.4
	2300	Dec. Consumer Confidence	-11.3	-	-12.1
<b>Monday 17 December</b>					
Russia	-	Nov. Industrial Production (YoY%)	3.5	3.5	3.7
Turkey	0700	Oct. Industrial Production (MoM/YoY%)	-/-1.5	-/-	-2.7/-2.7
	0700	Sep. Unemployment Rate (%)	-	-	11.1
Poland	1300	Nov. Core Inflation (MoM/YoY%)	0.0/0.7	-/-	0.3/0.9
	-	Nov. Budget Perf. (YTD)	-	-	2.1
	-	Nov. Budget Level (YTD)	-	-	6476.3
Czech Rep	0800	Nov PPI (Industrial) (MoM/YoY%)	-0.3/3.7	-/-	0.7/3.9
	0800	Oct. Export Price Index (YoY%)	-	-	1.4
	0800	Oct. Import Price Index (YoY%)	-	-	2.4
<b>Tuesday 18 December</b>					
Russia	-	Nov PPI (MoM/YoY%)	-/-	1.0/16.9	3.3/16.9
Poland	0900	Nov. Avg. Gross Wages (MoM/YoY%)	0.4/7.2	-/-	3.1/7.6
	0900	Nov. Employment (MoM/YoY%)	0.1/3.0	-/-	0.0/3.2
Hungary	1300	Policy Rate (%)	0.9	-	0.9
South Africa	0700	Oct. Leading Indicator	-	-	104.7
Brazil	1000	COPOM Meeting Minutes			
<b>Wednesday 19 December</b>					
Russia	1300	Nov. Retail Sales (YoY%)	2.0	2.1	1.9
	1300	Nov. Real Wages (YoY%)	3.4	4.2	4.4
Poland	0900	Nov. Industrial Output (MoM/YoY%)	-4.1/4.0	-/-	9.9/7.4
	0900	Nov. PPI (MoM/YoY%)	-0.1/3.1	-/-	0.5/3.2
Ukraine	-	3Q F GDP (YoY%)	-	-	2.8
Israel	-	Dec. Inflation Forecast (%)	-	-	1.1
<b>Thursday 20 December</b>					
Poland	1300	National Bank of Poland Publishes Minutes of Rate Meeting			
Czech Rep	1200	Repo Rate	1.75	-	1.75
Hungary	0730	3Q C/A (€mn)	171.1	-	772.4
	0800	Oct. Avg Gross Wages (YoY%)	10.0	-	10.4
Serbia	-	Oct. C/A (€mn)	-	-	-212.5
Croatia	-	Nov. Unemployment Rate (%)	-	-	9.1
Israel	1100	Oct. Industrial Production (MoM%, SA)	-	-	-3.3
Brazil	1000	Central Bank 4Q Inflation Report			
Mexico	1400	Oct Retail Sales (YoY%)	4.5	-	4.1
	1900	Overnight Rate	8.25	-	8.0
<b>Friday 21 December</b>					
Turkey	0700	Dec. Consumer Confidence	-	-	59.6
Poland	0900	Nov. Unemployment Rate (%)	-	-	5.7
	0900	Nov. Retail Sales (MoM/YoY%)	-3.0/7.8	-/-	7.4/9.7
Hungary	0800	Oct. F Trade Balance (€mn)	293.0	-	293.0
South Africa	1200	Nov. National Budget Balance (ZARbn)	-	-	-32.7
Brazil	1230	Nov C/A Balance (\$mn)	-1550.0	-	329.1

Source: ING, Bloomberg

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