

## Key events in EMEA and Latam next week

Poland will receive an influx of domestic data next week, and in our view, it looks pretty good. The strong labour market should reinforce solid domestic activity. Although we can't say the same for Russia, as the additional measures to support household income won't translate into wages straight away



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### ✓ Russia: Little reason to hike more

Russia is likely to report higher industrial output growth - thanks to the additional working day in February 2019 vs February 2018, rather than an improvement in sentiment. On the contrary, consumption indicators are set to deteriorate; the acceleration of CPI should have turned real wage growth negative, while the additional measures to support household income, recently announced by President Putin, will take some time to kick in. After the recent VAT hike and weakening income fundamentals, we remain cautious on retail trade.

The central bank of Russia will meet at the end of the week, and there aren't any strong arguments in favour of further hikes from 7.75%, as inflation growth of 5.2% YoY in February - and most likely 5.4-5.5% YoY in March, is comfortably within the central bank's line in the sand' of 6.0%. Also, CPI expectations by households and corporates seem to have moderated in February after several months of growth; economic activity is subdued, and finally, markets conditions

haven't really deteriorated since the previous meeting.

The downward rate cycle seems remote too, as the gasoline price freeze expires at the end of March, leaves the mid-term CPI trend uncertain. Also, RUB retail deposit growth slowed to a 3.5-year low of 7.8% YoY, amid an acceleration of retail loan growth to an almost 5-year high of 23% and finally mid-term market uncertainties related to global and Russia-focused risk-appetite haven't evaporated.

## **Poland: Domestically, things are looking pretty good**

February's labour market data should bring another month of solid wage growth. We expect 7.6% YoY with a very balanced structure, where all major sectors should oscillate in a narrow 7.2-7.9% range. Growth in February is likely to be the highest this year - we expect a benign moderation in the coming months, with lower contributions from construction and services.

Industrial production should decelerate modestly from 6.1% to 5.1% YoY in February, close to local market consensus (4.7%). The contribution from the energy sector should be lower compared to January, where we saw an increase due to frostbite effects. Nevertheless, the export sector remains solid, and producers of domestically orientated non-durable goods should provide a higher input.

Solid domestic demand should also be visible in retail sales data - we anticipate an increase of the headline figure from 6.6% to 7.5% YoY, related to an improvement in car sales after a very weak January.

## **EMEA and Latam Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 18 March</b>					
Russia	-	Feb Industrial Production (YoY%)	1.6	1.5	1.1
Poland	1300	Jan C/A (€mn)	2324.0	-	-1400.0
	1300	Jan Trade Balance (€mn)	49.0	-	-1340.0
	1300	Jan Exports (€)	18521.0	-	16005.0
	1300	Jan Imports (€)	18472.0	-	17345.0
	1300	Feb Core Inflation (MoM/YoY%)	0.0/1.0	-/-	0.0/0.6
Czech Rep	0800	Feb PPI (Industrial) (MoM/YoY%)	0.3/3.7	-/-	1.0/2.9
	0900	Jan C/A (CZKbn)	25.0	-	0.5
Romania	-	Jan C/A YTD (€m)	-	-	-9416.0
<b>Tuesday 19 March</b>					
Russia	-	Feb PPI (MoM/YoY%)	-/-	0.5/8.9	-3.3/9.5
Poland	0900	Feb Avg Gross Wages (MoM/YoY%)	0.4/7.6	-/-	-6.5/7.5
	0900	Feb Employment (MoM/YoY%)	0.0/2.8	-/-	2.2/2.9
Serbia	-	Jan C/A (€mn)	-	-	-349.7
Israel	-	Mar 12Mth Inflation Forecast (%)	-	-	1.2
<b>Wednesday 20 March</b>					
Russia	1300	Feb Real Wages (YoY%)	-0.3	0.0	0.2
	1300	Feb Retail Sales (YoY%)	1.0	1.6	1.6
Poland	0900	Feb Industrial Output (MoM/YoY%)	-3.2/5.1	-/-	7.4/6.1
	0900	Feb PPI (MoM/YoY%)	0.4/2.8	-/-	0.2/2.2
South Africa	0800	Feb CPI (MoM/YoY%)	-/-	-/-	-0.2/4.0
	0800	Feb Core CPI (MoM/YoY%)	-/-	-/-	0.2/-1.4
	1100	Jan Retail Sales (MoM%)	-	-	-4.8
Israel	1100	Jan Industrial Production (MoM%, SA)	-	-	-0.4
Brazil	-	Selic Rate	6.5	-	6.5
<b>Thursday 21 March</b>					
Poland	0900	Feb Retail Sales (MoM/YoY%)	-2.1/7.5	-/-	-19.1/6.6
	1300	National Bank of Poland Publishes Minutes of Rate Meeting			
Ukraine	-	4Q F GDP (YoY%)	-	-	3.4
<b>Friday 22 March</b>					
Russia	1030	Key Rate (%)	7.75	7.75	7.75
Poland	1300	Feb M3 Money Supply (MoM/YoY%)	0.4/8.8	-/-	-1.4/8.8

Source: ING, Bloomberg

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