

Key events in EMEA and Latam next week

Hungary and the Czech Republic will likely keep rates on hold next week while Turkey will probably cut rates further



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✓ Turkey: A further rate cut is probable

The Central Bank of Turkey has already cut the policy rate significantly with an extended easing cycle since mid-2019, pulling it markedly below the annual inflation rate. But given its inflation estimate at 7.4% and focus on ex-ante real rate (by relying on its own forecast) to guide its policy decisions, the central bank is likely to ease by a further 50 basis points.

✓ Hungary: Expect a dovish hold

The main event in Hungary next week is the rate-setting meeting. We have downgraded our GDP outlook to -5.1% in 2020 but we think the National Bank of Hungary will still forecast moderate growth in its upcoming Inflation Report. We do expect a dovish tone from the bank next week, showing a readiness to step in, if price stability warrants it. But the NBH might be able to provide some stimulus without cutting rates if it wants to. For example, it could install a hard cap on its one-week deposit tender. The NBH could then easily increase liquidity in the interbank market, pushing short-end Buber gently lower. This cap would add another handy tool to the already complex monetary policy set-up, to micromanage the monetary transmission channel.

✓ Czech Republic: Rates likely to remain on hold

During the last two monetary meetings, the Czech National Bank delivered a larger-than-expected cut of 75 basis points versus the 50 basis points expected by the market. At the last meeting, the CNB board admitted that the cut was bigger than the staff-recommended forecast, as they decided to frontload the decision to avoid cutting again in the second half of the year. This suggests that rates could remain stable for some time, at least into next week. This also confirms the latest comments from CNB Board members, including Governor Jiri Rusnok, who have signalled that rates will stay on hold this month.

✓ Poland: Gradual rebound predicted

We expect a gradual recovery in retail sales from -22.6% to -14% year-on-year. The headline figure should be subdued by the collapse in car and fuel sales, which have fallen 50% and 20% YoY, respectively. In the case of other components, the contraction should be in the single digits.

EMEA and Latam economic calendar

Country	Time	Data/event	ING Survey		Prev.
Sunday 21 June					
Hungary	2300	Jun Economic Sentiment	-24.1	-	-28.1
	2300	Jun Business Confidence	-21.0	-	-24.5
Monday 22 June					
Turkey	0900	May Foreign Tourist Arrivals (YoY%)	-	-	-99.3
Poland	0900	May Retail Sales (YoY%)	-14.0	-12.9	-22.6
Hungary	0730	1Q C/A (€mn)	230	-	-775
Ukraine		- National Bank of Ukraine Publishes Minutes of Rate Meeting			
Israel	1100	Apr Industrial Production (SA, MoM%)	-	-	0.2
	1100	May Monthly Unemployment Rate (%)	-	-	3.3
Tuesday 23 June					
Poland	1300	May M3 Money Supply (YoY%)	14.1	15.0	14.00
		- May Budget Level (YTD PLN mn)	-	-	-18883
Hungary	1300	Policy Rate (%)	0.90	-	0.90
	1300	Overnight Deposit Rate (%)	-0.05	-	-0.05
South Africa	0800	Apr Leading Indicator	-	-	104
	1030	1Q Unemployment Rate (%)	-	29.6	29.1
Israel		- May Leading 'S' Indicator (MoM%)	-	-	-0.3
Wednesday 24 June					
Turkey	0800	Jun Real Sector Confidence Index SA	-	-	73.5
	0800	Jun Capacity Utilization (%)	-	-	62.6
Poland	0900	May Unemployment Rate (%)	6.1	6.1	5.8
Czech Rep	0800	Jun Business Confidence	-	-	-18.6
	0800	Jun Consumer & Business Confidence	-	-	-17.8
	0800	Jun Consumer Confidence	-	-	-14.3
	1200	Repo Rate	0.25	-	0.25
South Africa	0900	Apr CPI (MoM/YoY%)	-/-	-0.5/3.0	0.3/4.1
	0900	Apr Core CPI (MoM/YoY%)	-/-	-0.1/3.5	0.6/3.7
	1200	Mar Retail Sales (MoM%)	-	0.5	-0.4
Brazil	1330	May C/A Balance (\$mn)	3200	-	3840
Thursday 25 June					
Turkey	1200	Benchmark Repurchase Rate	7.75	-	8.25
Kazakhstan		- May M3 Money Supply (MoM%)	-	-	-1.6
Serbia	1100	Apr Real Wages (YoY%)	-	-	8.7
South Africa	1030	Apr PPI (MoM/YoY%)	-/-	-/-	0.1/3.3
Brazil	1200	Central Bank Quarterly Inflation Report			
Mexico	1200	Apr Retail Sales (YoY%)	-18.0	-	-1.3
	1900	Overnight Rate	5.00	-	5.50

Source: ING, Bloomberg

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