

Key events in EMEA and Latam next week

All eyes on EMEA central banks as disinflationary trends bring rate cuts to both Russia and Turkey next week



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✓ Turkey: A cut is coming

The central bank of Turkey was encouraged by the downside surprises in the recent inflation data while the pace of disinflation provides confidence for the timing of a rate cut. Not only a better-than-expected inflation outlook but more accommodative policy signals from global central banks and strengthening of the lira with a contribution of declining geopolitical risk anticipation likely encourage the CBT to start the easing cycle.

We expect a 200bp cut on 25 July, though given the market's increasing concerns about credibility with the appointment of the new Governor, risks are on the downside.

✓ Russia: Sticking to our guns

We maintain our long-standing expectations of a 25bp cut to 7.25% for Bank of Russia's upcoming meeting on 26 July, which has now become a consensus view.

We doubt that a 50bp cut is a plausible scenario for a non-core meeting, but the central bank's commentary maintains the dovish signal, especially given that inflation growth keeps underperforming. Inflation growth decelerated to 4.7% YoY in June and – thanks to low agricultural

prices and the strong rouble – is headed towards 4.0% by year-end 2019, which is lower than the recently updated CBR forecast range of 4.2-4.7%.

We believe the central bank will highlight the reasons for the current slowdown in inflation are not on the demand side, but rather a result of favourable external inputs – to avoid misinterpreting a rate cut as a means to boost activity. For now, we see the terminal key rate at 6.5% to be reached in mid-2020.

[See more details on our views on Russian CPI here](#)

Hungary's central bank: Expect little change

We don't expect anything from the National Bank of Hungary when the rate-setters are going to meet. Last time they highlighted that they are ready to wait-and-see in 2H19 and we don't see any reason why this view should change after just a month. Against this backdrop, we see this meeting as a non-event with unchanged rates and no forward guidance.

| Country | Time | Data/event | ING | Survey | Prev. |
|--------------------------|------|--|-------|--------|---------|
| Sunday 21 July | | | | | |
| Hungary | 2300 | Jul Economic Sentiment | 1.9 | - | 2.4 |
| | 2300 | Jul Business Confidence | 4.9 | - | 5.7 |
| | 2300 | Jul Consumer Confidence | -6.6 | - | -7 |
| Monday 22 July | | | | | |
| Poland | 1300 | Jun M3 Money Supply (MoM/YoY%) | -/- | -/- | 0.9/9.9 |
| Israel | 1100 | May Industrial Production (SA, MoM%) | - | - | 2.9 |
| | - | Bank of Israel Publishes Minutes of Rate Meeting | | | |
| Tuesday 23 July | | | | | |
| Poland | 0900 | Jun Unemployment Rate (%) | - | - | 5.4 |
| Hungary | 1300 | Policy Rate (%) | 0.90 | - | 0.90 |
| | 1300 | Overnight Deposit Rate (%) | -0.05 | - | -0.05 |
| South Africa | 0800 | May Leading Indicator | - | - | 105.5 |
| Israel | - | Jun Leading 'S' Indicator (MoM%) | - | - | 0.1 |
| Wednesday 24 July | | | | | |
| Czech Rep | 0800 | Jul Business Confidence | - | - | 11.9 |
| | 0800 | Jul Consumer & Business Confidence | - | - | 10.1 |
| | 0800 | Jul Consumer Confidence | - | - | 2.8 |
| South Africa | 0900 | Jun CPI (YoY%) | - | - | 4.5 |
| | 0900 | Jun CPI (MoM/YoY%) | -/- | -/- | 0.3/4.1 |
| | 0900 | Jun Core CPI (MoM%, NSA) | - | - | |
| Thursday 25 July | | | | | |
| Turkey | 0800 | Jul Real Sector Confidence Index | - | - | 99.6 |
| | 0800 | Jul Industrial Confidence | - | - | 102.5 |
| | 0800 | Jul Capacity Utilization (%) | - | - | 77.1 |
| | 1200 | Benchmark Repurchase Rate | 22.00 | - | 24.00 |
| Kazakhstan | - | Jun M3 Money Supply (MoM%) | - | - | 2 |
| Serbia | 1100 | May Real Wages (YoY%) | - | - | 11.1 |
| South Africa | 1030 | Jun PPI (MoM/YoY%) | -/- | -/- | 0.5/6.4 |
| Brazil | 1430 | Jun C/A Balance (\$mn) | -2300 | - | 662.4 |
| Mexico | 1200 | May Retail Sales (YoY%) | 1.9 | - | 1.6 |
| Friday 26 July | | | | | |
| Russia | 1130 | Key Rate (%) | 7.25 | 7.25 | 7.5 |

Source: ING, Bloomberg

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