

## Key events in EMEA and Latam next week

The weakness in German business surveys is a troubling sign for central and eastern Europe. PMI data from Poland and the Czech Republic next week will shed light on the depth of the slowdown in manufacturing while in Hungary, the focus turns to the central bank



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### National Bank of Hungary: On hold for one more month

The National Bank of Hungary is expected to leave its policy rate unchanged for another month. We see the central bank waiting for February's inflation data (namely core CPI ex. tax) to overshoot the 3% target before starting monetary policy normalisation, which should be conducted via an adjustment in the FX swaps - providing HUF liquidity - and a hike in the overnight deposit rate.

The central bank might highlight in its press release (once again) that recent developments in the eurozone and the ECB's dovish communication warrants a cautious and gradual approach, but in our opinion, this won't cause a delay in the expected start of normalisation in March.

Other than that, we expect producer prices to increase significantly, which is another signal of inflation strengthening. The statistical office will also release the detailed 4Q18 GDP data, and we expect really strong figures in domestic factors such as consumption and investment activity.

## Czech Republic: 4Q growth under scrutiny

The market and the Czech National Bank will scrutinise details of 4Q18 GDP growth, which surprised on the upside in the flash release (2.9. vs 2.3). Industrial production and services were relatively weak in 4Q18, but some one-off factors are likely, such as strong investment activity by the government.

Moreover, February's manufacturing PMI is likely to remain below the 50-point threshold given the weakness in the German PMI.

## Poland: Recovery in manufacturing PMI? Not likely

The second GDP reading for 4Q18 should confirm growth of 4.9% year-on-year. We expect a moderation of both private consumption expenditure and investment. Revisions to the growth structure in 2018 seem likely - the annual reading suggested a neutral net export contribution, while quarterly indicators so far have signalled a negative drag.

The PMI is unlikely to recover further in February. We expect a reading of 48.4. The weak confidence of German manufacturing businesses suggests a significant downward risk to our forecasts.

## EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Sunday 24 February</b>					
Israel	-	Jan Leading 'S' Indicator (MoM%)	-	-	0.2
<b>Monday 25 February</b>					
Poland	0900	Jan Unemployment Rate (%)	6.1	-	5.8
Czech Rep	0800	Feb Business Confidence	-	-	15.0
	0800	Feb Consumer & Business Confidence	-	-	13.4
	0800	Feb Consumer Confidence	-	-	6.8
	0800	Jan PPI (Industrial) (MoM/YoY%)	0.0/1.9	-	-1.1/2.4
Hungary	2300	Feb Economic Sentiment	5.9	-	7.1
	2300	Feb Business Confidence	12.5	-	13.9
	2300	Feb Consumer Confidence	-13.0	-	-12.1
Kazakhstan	-	Jan M3 Money Supply (MoM%)	-	-	4.6
Serbia	1100	Jan HPPI (MoM/YoY%)	-/-	-/-	-1.1/0.5
	1100	Dec Real Wages (YoY%)	-	-	4.5
Israel	1100	Jan Monthly Unemployment Rate (%)	-	-	4.3
Brazil	1330	Jan C/A Balance (\$mn)	-5800.0	-	-815.2
Mexico	1400	4Q F GDP (YoY%)	1.8	-	1.8
<b>Tuesday 26 February</b>					
Hungary	1300	Policy Rate (%)	0.9	-	0.9
	1300	Overnight Deposit Rate (%)	-0.15	-	-0.15
Croatia	1000	Dec Real Wages (YoY%)	-	-	-0.3
	1000	Jan PPI (MoM/YoY%)	-/-	-/-	-1.1/0.2
	1000	Jan Unemployment Rate (%)	-	-	9.6
South Africa	0700	Dec Leading Indicator	-	-	105.5
Mexico	1400	Dec Retail Sales (YoY%)	2.8	-	3.4
<b>Wednesday 27 February</b>					
Croatia	1000	4Q P GDP (YoY%)	-	-	2.8
Brazil	1200	Jan Unemployment Rate (%)	11.9	-	11.6
Mexico	1400	Jan Unemployment Rate, SA (%)	3.6	-	3.6
	1800	Mexican Central Bank Releases Inflation Report			
<b>Thursday 28 February</b>					
Turkey	0700	Jan Trade Balance (US\$m)	-2.5	-	-2.7
Poland	0900	4Q F GDP (QoQ/YoY%)	0.5/4.9	-/-	0.5/4.9
Hungary	0800	Jan PPI (MoM/YoY%)	0.6/5.3	-/-	-0.4/4.7
Serbia	1100	Jan Industrial Production (YoY%)	-	-	-6.3
	1100	4Q F GDP (YoY%)	-	-	3.5
	1100	Jan Retail Sales (YoY%)	-	-	3.3
Croatia	-	Jan M1 Money Supply (HRKmn)	-	-	119994.8
South Africa	0600	Jan M3 Money Supply (YoY%)	-	5.7	5.6
	0600	Jan Private Sector Credit (YoY%)	-	5.4	5.1
	0930	Jan PPI (MoM/YoY%)	-/-	-/-	-0.9/5.2
	1200	Jan Trade Balance (ZARbn)	-	-	17.2
	1200	Jan National Budget Balance (ZARbn)	-	-	14.5
Brazil	1200	4Q GDP (QoQ/YoY%)	0.2/1.4	-/-	0.8/1.3
<b>Friday 1 March</b>					
Russia	0600	Feb Markit Manufacturing PMI	-	-	50.9
Turkey	0700	Feb Markit/ISO Manufacturing PMI	-	-	44.2
Poland	0800	Feb Markit Manufacturing PMI	48.4	-	48.2
Czech Rep	0800	4Q P GDP (QoQ/YoY%)	0.9/2.8	-/-	1.0/2.9
	0830	Feb Markit Manufacturing PMI	48.7	-	49.0
	1300	Feb Budget Balance (CZKbn)	-	-	8.8
Hungary	0800	Feb Manufacturing PMI	53.5	-	54.0
	0800	4Q F GDP (QoQ, SWDA/YoY%)	1.1/5.0	-/-	1.1/5.0
Romania	0700	Jan Unemployment Rate, 15 - 74 Yrs Old, SA	-	-	3.8
	-	Feb FX Reserves (€bn, Net)	-	-	35764.8
Kazakhstan	-	Feb CPI (MoM/YoY%)	-/-	-/-	0.5/5.2
	-	Feb PPI (MoM/YoY%)	-/-	-/-	-1.2/9.6
South Africa	0900	Feb Kagiso PMI	-	-	49.9

Source: ING, Bloomberg

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