

Key events in EMEA and Latam next week

Policymakers in EMEA find themselves with a tough trade-off. While the global economy looks more uncertain, domestic pressures argue for higher interest rates. The National Bank of Hungary is likely to take its first hawkish step since 2011. And while the Czech National Bank is a little more cautious - we'll probably see the first rate hike arriving in May



Source: Shutterstock

Hungary: Tiptoeing towards hawkish territory

The National Bank of Hungary is set to make its first hawkish step since 2011. We expect the central bank to start its policy normalisation with a ten basis point increase in the overnight deposit rate and a reduction in FX swaps worth HUF 200-300 billion. Due to the rather gloomy outlook in the global environment, we expect the central bank to emphasise the downside risks to domestic inflation in the monetary policy horizon (five to eight quarters) and highlight its cautious and gradual approach. Elsewhere, we see the 4Q18 current account balance posting a deficit for the first time since 2014.

☑ **Poland: March inflation, back on track?**

We expect CPI to return back to the National Bank of Poland's target boundaries in March. Our initial forecasts point towards another increase from 1.2% to 1.6-1.7% YoY, due to food and fuel prices. Core inflation should remain stable - close to 1.0% YoY. The Polish statistical office will only provide information - allowing for a more precise estimate - next Monday, after our calendar release.

☑ **Czech National Bank: De ja vu?**

We could easily copy and paste our Czech National Bank preview from the February meeting. The uncertain global environment remains the main driver for policymakers, pushing the Board towards a more wait-and-see approach. As such, we expect the CNB to stay on hold next Thursday. We expect the board to wait for a new QIR forecast (in May) before any policy reaction. This should outweigh the weaker-than-expected Czech koruna and higher core inflation.

We still see scope for two rate hikes this year with the first being delivered in May, though an improvement in the global economic outlook is now a necessary condition. We don't think the dovish Federal Reserve and European Central Bank takes away the prospects of a hike in 2019. The Bank might be more independent now, given the lower sensitivity of the Czech koruna to interest rates abroad.

EMEA and Latam Economic Calendar

THINK economic and financial analysis

Country	Time	Data/event	ING	Survey	Prev.
Monday 25 March					
Turkey	0700	Mar Real Sector Confidence Index, SA	-	-	96.9
	0700	Mar Industrial Confidence	-	-	97.2
	0700	Mar Capacity Utilization (%)	-	-	74.0
Poland	0900	Feb Unemployment Rate (%)	6.1	-	6.1
	-	Feb Budget Level (YTD)	-	-	6587.5
Czech Rep	0800	Mar Business Confidence	-	-	15.9
	0800	Mar Consumer & Business Confidence	-	-	13.5
	0800	Mar Consumer Confidence	-	-	4.0
Hungary	0730	4Q C/A (€mn)	-111.3	-	155.7
	2300	Mar Economic Sentiment	7.5	-	6.7
	2300	Mar Business Confidence	13.7	-	12.9
	2300	Mar Consumer Confidence	-10.0	-	-11.1
Ukraine	-	National Bank of Ukraine Publishes Minutes of Rate Meeting			
Serbia	1100	Jan Real Wages (YoY%)	-	-	4.4
Israel	1100	Feb Monthly Unemployment Rate (%)	-	-	4.3
Brazil	1330	Feb C/A Balance (\$mn)	-2400.0	-	-6548.4
Tuesday 26 March					
Hungary	1300	Policy Rate (%)	0.9	-	0.9
	1300	Overnight Deposit Rate	-0.05	-	-0.15
South Africa	0700	Jan Leading Indicator	-	-	105.2
Brazil	1100	COPOM Meeting Minutes			
Mexico	1400	Jan Retail Sales (YoY%)	-1.0	-	-1.3
Wednesday 27 March					
Kazakhstan	-	Feb M3 Money Supply (MoM%)	-	-	2.9
Croatia	1000	Feb Unemployment Rate (%)	-	-	10.3
	1000	Jan Real Wages (YoY%)	-	-	4.4
Mexico	1400	Feb Unemployment Rate SA (%)	3.5	-	3.5
Thursday 28 March					
Czech Rep	1200	Repo Rate	1.75	-	1.75
Kazakhstan	-	4Q C/A (US\$m)	-	-	1413.1
South Africa	0930	Feb PPI (MoM/YoY%)	-/-	-/-	-0.8/4.1
	-	Repo Rate (%)	-	-	6.75
Mexico	1900	Overnight Rate	8.25	-	8.25
Friday 29 March					
Russia	1300	4Q F C/A (US\$m)	-	-	38800.0
Turkey	0700	Feb Trade Balance (US\$m)	-2.2	-	-2.5
	1100	Monthly Aggregate Banking Data			
Poland	0900	Mar P CPI (MoM/YoY%)	-1.6	-/-	0.4/1.2
Hungary	0800	Jan Avg Gross Wages (YoY%)	10.0	-	10.2
	0800	Feb PPI (MoM/YoY%)	0.0/3.0	-/-	-0.5/3.8
Serbia	1100	Feb Industrial Production (YoY%)	-	-	-5.5
	1100	Feb Retail Sales (YoY%)	-	-	5.3
	1100	Feb Trade Balance (€m)	-	-	-466.6
Croatia	1000	Feb Industrial Production (YoY%, SA)	-	-	4.7
	1000	Feb Retail Sales (YoY%)	-	-	4.3
	-	4Q C/A balance	-	-	4011.4
	-	Feb M1 Money Supply (HRKmn)	-	-	116652.57
South Africa	0600	Feb M3 Money Supply (YoY%)	-	-	5.1
	0600	Feb Private Sector Credit (YoY%)	-	-	6.5
	1200	Feb National Budget Balance (ZARbn)	-	-	-60.3
	1200	Feb Trade Balance (ZARbn)	-	-	-13.1
	-	Moody's Announcement			
Brazil	1200	Feb Unemployment Rate (%)	12.4	12.4	12.0

Source: ING, Bloomberg

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