

Key events in EMEA and Latam next week

Expect a fair bit of data in EMEA and Latam next week but our main focus will be the Czech central bank



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✓ Czech central bank to hike

Due to a significantly weaker Czech koruna and pro-inflationary risks stemming from strong wage dynamics, we expect the Czech National bank (CNB) to deliver a 25bp hike next week.

The CNB had expected EUR/CZK to be at 25.2 on average in 2Q18; however, in reality, it looks as if it will be 25.6 which means the koruna is more than 1.5% weaker versus the euro. Assuming the Bank's rule of thumb, that 1% Czech koruna appreciation is equal to a 25bp hike, then one-and-a-half to two interest rate hikes seem to be missing at the end of June.

Given its transparent forward guidance to tighten monetary conditions, the weak koruna allows the central bank to deliver a much-needed hike.

The ECB's decision to provide forward guidance on stable deposit rates until summer 2019 is not a game changer for the CNB. The sensitivity of the koruna to rising interest rate differentials has significantly declined due to the one-way positioning after the end of the FX-floor regime, enabling the CNB to make its monetary decision much more independently of the ECB.

✓ Attention on Polish VAT revenues

We expect the central government budget surplus to remain solid in May at approximately PLN 7 billion. The VAT revenues should get a fair bit of attention as the previous month presented only a moderate annual increase.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 24 June					
Hungary	2300	Jun Economic Sentiment	7.9	-	8.3
	2300	Jun Business Confidence	13.5	-	13.8
	2300	Jun Consumer Confidence	-8	-	-7.5
Monday 25 June					
Turkey	1230	Jun Real Sector Confidence Index SA	-	-	106.7
	1230	Jun Industrial Confidence	-	-	109.9
	1230	Jun Capacity Utilization (%)	-	-	77.9
Poland	0900	May Unemployment Rate (%)	6.1	-	6.3
Czech Rep	0800	Jun Consumer & Business Confidence	-	-	14.7
Serbia	1100	Apr Real Wages (YoY%)	-	-	1.5
Brazil	1430	May C/A Balance (\$mn)	-	-	620
Mexico	1400	Apr Retail Sales (YoY%)	-	-	1.2
Tuesday 26 June					
South Africa	0800	Apr Leading Indicator	-	-	107.4
Brazil	1200	COPOM Meeting Minutes	-	-	-
Mexico	1400	May Unemployment Rate SA (%)	-	-	3.36
Wednesday 27 June					
Czech Rep	1200	Repo Rate	1	-	0.75
Croatia	1000	Apr Real Wages (YoY%)	-	-	3.3
Thursday 28 June					
South Africa	1030	May PPI (MoM/YoY%)	-/-	-/-	1/4.4
Israel	1100	May Monthly Unemployment Rate (%)	-	-	3.9
Brazil	1200	Central Bank 2 Inflation Report	-	-	-
Friday 29 June					
Russia	1400	1Q F C/A (US\$m)	-	-	28800
Turkey	0800	May Trade Balance (US\$m)	-7.7	-	-6.69
	0900	May Foreign Tourist Arrivals (YoY%)	-	-	28.3
Czech Rep	0800	1Q F GDP (QoQ/YoY%)	-/-	-/-	0.4/4.4
Hungary	0800	May PPI (MoM/YoY%)	0.2/3.4	-/-	-0.3/2.7
Kazakhstan	-	1Q C/A (US\$m)	-	-	-95
	-	1Q F GDP YTD YoY	-	-	4.1
Serbia	1100	May Industrial Production (YoY%)	-	-	3.1
	1100	May Trade Balance (€m)	-	-	-452.4
	1100	May Retail Sales (YoY%)	-	-	5.1
Croatia	1000	May Industrial Production (SA, YoY%)	-	-	-1.3
	-	1Q C/A balance	-	-	-674.2
	-	May M1 Money Supply (HRKmn)	-	-	101972
South Africa	0700	May M3 Money Supply (YoY%)	-	-	6.39
	0700	May Private Sector Credit (YoY%)	-	-	5.07
	1300	May Trade Balance (ZARbn)	-	-	1.14
	1300	May National Budget Balance (ZARbn)	-	-	-43.71
Brazil	1300	May Unemployment Rate (%)	-	-	12.9

Source: ING, Bloomberg

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