

Key events in EMEA and Latam next week

Data next week will reveal the extent of the decline in Czech GDP during the second quarter. Also watch out for inflation data in Poland and unemployment figures from Hungary



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✓ Hungary: Labour market supported despite misclassification of unemployment data

Soft indicators continue to show a rebound. After an improvement in consumer confidence in July, we see business sector confidence inching closer to pre-crisis levels. We also get the latest update on Hungary's labour market. Misclassification is still affecting the unemployment rate so the expected official 5% rate is more likely to be around 8% in reality. Wage growth should remain quite sound despite the Covid shock as previous wage hikes in manufacturing, an increase in the minimum wage and short-term work schemes continue to support the job market.

✓ Czech Republic: Double-digit decline expected for 2Q GDP

We get the flash GDP estimate for the second quarter next week, and for the first time it will be published 30 days after the end of the quarter, while previously it was 45 days later. As such, we do not have June's monthly statistics yet, which makes estimates less reliable. The Czech National Bank's median estimate of a quarter-on-quarter decline of almost 11% is equivalent to a 13%

year-on-year decline, while its older estimate pencilled in a year-on-year fall of 10%. As such, a double-digit annual decline seems a done deal given the adverse Covid-19 shock. For the whole of 2020, we expect a 7% contraction, though the pace of recovery in the second half will play an important role.

✓ Poland: Inflation expected to remain high

The flash CPI reading will be published on Friday. This shouldn't be a market event, as the central bank is focused on the real economy. CPI should remain elevated throughout the third quarter, given pent-up demand and Poles spending their holidays at home rather than abroad, pushing up prices in tourist regions. However, in the fourth quarter, we expect a fast deceleration in prices.

EMEA Latam Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|--------------------------|------|--|------------|--------|-----------|
| Sunday 26 July | | | | | |
| Hungary | 2300 | Jul Economic Sentiment | -14.3 | - | -20.5 |
| | 2300 | Jul Business Confidence | -9.9 | - | -16.2 |
| Monday 27 July | | | | | |
| Turkey | 0800 | Jul Real Sector Confidence Index SA | - | - | 89.8 |
| | 0800 | Jul Capacity Utilization (%) | - | - | 66.0 |
| Israel | 1100 | May Industrial Production (SA, MoM%) | - | - | 0.1 |
| Mexico | 1200 | Jun Unemployment Rate SA (%) | 4.2 | - | 3.26 |
| Tuesday 28 July | | | | | |
| South Africa | 1030 | 1Q Employees Nonagricultural Industries (QoQ/YoY%) | -/- | -/- | 0.2/0.2 |
| Israel | - | Jun Leading 'S' Indicator (MoM%) | - | - | -1.8 |
| Brazil | 1430 | Jun C/A Balance (\$mn) | 2200 | - | 1326.4 |
| Wednesday 29 July | | | | | |
| Turkey | 0800 | Jun Trade Balance (US\$bn) | -2.8 | - | -3.4 |
| | 0830 | Central Bank Inflation Report | | | |
| | 0900 | Jun Foreign Tourist Arrivals (YoY%) | - | - | -99.3 |
| South Africa | 0700 | Jun M3 Money Supply (YoY%) | - | - | 10.3 |
| | 0700 | Jun Private Sector Credit (YoY%) | - | - | 6.4 |
| | 0900 | Jun CPI (MoM/YoY%) | -/- | -/- | -0.6/3.1 |
| | 0900 | Jun Core CPI (MoM%, NSA) | - | - | -0.2 |
| Brazil | 1300 | Jun Unemployment Rate (%) | 13.2 | - | 12.9 |
| Thursday 30 July | | | | | |
| Romania | 0700 | Jun Unemployment Rate Total 15 - 74 Years Old SA | - | - | 5.2 |
| Croatia | 1000 | Jun Retail Sales (YoY%) | - | - | -7.8 |
| | 1000 | Jun Industrial Production (SA, YoY%) | - | - | -12.4 |
| South Africa | 1030 | Jun PPI (MoM/YoY%) | - | - | -0.75 |
| | 1300 | Jun National Budget Balance (ZARbn) | - | - | -52.4 |
| Israel | 1100 | Jun Monthly Unemployment Rate (%) | - | - | 4.2 |
| Mexico | 1200 | 2Q P GDP (YoY%) | -12.0 | - | -1.37 |
| Friday 31 July | | | | | |
| Poland | 0900 | Jul P CPI (MoM/YoY%) | -/- | -/- | 0.6/3.3 |
| Czech Rep | 0800 | 2Q A GDP (QoQ/YoY%) | -9.2/-11.5 | -/- | -3.4/-2.0 |
| Hungary | 0800 | May Avg Gross Wages (YoY%) | 8.0 | - | 7.8 |
| | 0800 | May F Trade Balance (€mn) | 155.5 | - | 155.5 |
| Serbia | 1100 | Jun Retail Sales (YoY%) | - | - | 4.7 |
| | 1100 | Jun Industrial Production (YoY%) | - | - | -9.3 |
| | 1100 | Jun Trade Balance (€m) | - | - | -348.2 |
| Croatia | - | Jun M1 Money Supply (HRKmn) | - | - | 146188 |
| South Africa | 1300 | Jun Trade Balance (ZARbn) | - | - | 15.9 |

Source: ING, Bloomberg

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