

Key events in EMEA and Latam next week

The National Bank of Hungary is likely to adopt a wait-and-see approach with respect to core inflation, while in the Czech Republic, PMI surveys should reinforce our view that the central bank will adopt a similar approach next month



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National Bank of Hungary: All eyes on core inflation

Speculation about Hungary's next move on interest rates has increased in the wake of comments by central bank Vice Governor Marton Nagy in Vienna, who said the bank could start to tighten policy if core inflation reached or exceeded 3%.

We still expect the National Bank of Hungary to sit on its hands but think the press release could cite Nagy's concern over the risks to core inflation ex-tax and its possible implications. However, the NBH might want to wait for at least a couple of months to gather proof of core CPI ex-tax moving above 3% and announce an upcoming adjustment in monetary policy via FX swaps in March, along with an updated inflation forecast.



Czech National Bank: PMI should reinforce our "on hold" base case

Given a further slight decline in January, industrial confidence and preliminary manufacturing PMI in Germany, we believe that the Czech PMI will stay slightly below the key 50-point level this month. This might be another argument for the Czech National Bank (CNB) to apply a more prudent wait-and-see approach and remain on hold during its meeting on 7 February.

This was suggested by new board member and former CNB Chief Economist Tomas Holub in his interview on 23 January, changing market expectations about the upcoming CNB rate decision in February to "on hold". This is now our baseline scenario, though some board members will very likely vote for a hike due to solid domestic demand, including Vojtech Benda and Ales Michl.

Poland: 2018 GDP to confirm mild fourth quarter deceleration

We expect 2018 GDP growth at 5.1% YoY, confirming only a modest deceleration in the fourth quarter. Last year's growth structure relied on robust private consumption and strong investment.

The PMI manufacturing index should be stable in January given weaker confidence in the eurozone economies, especially Germany. We expect a soft 47.5 reading.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 27 January					
Israel	-	Dec Leading 'S' Indicator (MoM%)	-	-	0.3
Monday 28 January					
Brazil	1230	Dec C/A Balance (\$mn)	-1400.0	-	-795.3
Tuesday 29 January					
Hungary	1300	Policy Rate (%)	0.9	-	0.9
	1300	Overnight Deposit Rate (%)	-0.15	-	-0.15
Croatia	1000	Dec Industrial Production (SA, YoY%)	-	-	-0.8
Wednesday 30 January					
Turkey	0730	Central Bank Inflation Report			
Poland	-	2018 Annual GDP (YoY%)	5.1	-	4.8
Hungary	-	Hungary's Finance Minister Varga Speaks at Conference			
South Africa	0600	Dec M3 Money Supply (YoY%)	-	-	5.7
	0600	Dec Private Sector Credit (YoY%)	-	-	5.6
	1200	Dec National Budget Balance (ZARbn)		-	-16.9
Mexico	1400	4Q P GDP (YoY%)	2.0	-	2.5
Thursday 31 January					
Turkey	0700	Dec Trade Balance (US\$m)	-3.6	-	-0.7
Poland	1300	National Bank of Poland Publishes Minutes of Rate Meeting			
Hungary	0800	Dec PPI (MoM/YoY%)	-0.8/4.3	-/-	-0.2/5.1
Ukraine	1200	Key Rate (%)	-	-	18.0
Romania	0700	Dec Unemployment Rate, 15 - 74 Yrs Old, SA	-	-	3.9
Serbia	1100	Dec Industrial Production (YoY%)	-	-	-1.0
	1100	4Q P GDP (YoY%)	-	-	3.8
	1100	Dec Retail Sales (YoY%)	-	-	6.1
	1100	Dec Trade Balance (€m)	-	-	-504.3
Croatia	-	Dec M1 Money Supply (HRKmn)	-	-	115936.0
South Africa	0930	Dec PPI (MoM/YoY%)	-/-	-/-	0.4/6.8
	1200	Dec Trade Balance (ZARbn)	-	-	3.5
Israel	1100	Dec Monthly Unemployment Rate (%)	-	-	4.1
Brazil	1100	Dec Unemployment Rate (%)	11.4	-	11.6
Friday 1 February					
Russia	0600	Jan Markit Manufacturing PMI	-	-	51.7
Turkey	0700	Jan Markit/ISO Manufacturing PMI	-	-	44.2
Poland	0800	Jan Markit Manufacturing PMI	47.5	-	47.6
Czech Rep	0830	Jan Markit Manufacturing PMI	49.4	-	49.7
	1300	Jan Budget Balance (CZKbn)	-	-	2.9
Hungary	0800	Jan Manufacturing PMI	55.0	-	54.2
	0800	Nov F Trade Balance (€mn)	496.0	-	496.0
Romania	-	Jan FX Reserves (€bn, Net)	-	-	36800.2
Kazakhstan	-	Jan CPI (MoM/YoY%)	-/-	-/-	0.7/6.0
	-	Jan PPI (MoM/YoY%)	-/-	-/-	-6.2/12.4
South Africa	0900	Jan Kagiso PMI	-	-	50.7
Brazil	1100	Dec Industrial Production (YoY%)	-1.5	-	-0.9

Source: ING, Bloomberg

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