

Key events in EMEA and Latam next week

Positive manufacturing PMIs will likely reflect the easing of lockdowns in EMEA next week, but this optimism may be overshadowed by a large increase in unemployment numbers



Source: Shutterstock

✓ Czech Republic: Industry remains relatively weak

The June manufacturing PMI is likely to increase towards 45 points, as signalled by earlier-published counterparts from the eurozone and Germany. However, a stronger pick-up above the key 50-level is less likely as confidence from industrial companies fell slightly in June, according to data released by the Czech Statistical Office. As such, despite the reopening of large automakers after the Covid-19 shutdowns, industry remains on a weak footing with very limited signs of a V-shaped recovery.

✓ Turkey: Oil recovery to boost inflation

We expect June inflation to be at 0.2%, pulling the annual figure slightly up to 11.6% from 11.4% in the previous month, due to the impact of the oil recovery on the transportation sector. However, in the second half of the year, we will likely witness some improvement in the outlook amid sluggish demand factors.

✓ Hungary: High unemployment but a boost in wage growth expected

We expect the unemployment rate to reflect the impact of Covid-19, jumping above 6% and reaching a high not seen since early 2016. The bad news on the labour market might be mixed with good news for wages. The double-digit wage growth reflects a composition effect as well as the wage settlements in state-owned companies and large employers in the private sector. Based on the PMI figures in developed economies and knowing that some companies restarted fulfilling their outstanding orders, we see a rebound in Hungary's manufacturing PMI too, but still think the index will remain in contraction territory.

✓ Poland: Positive PMI data may not indicate strong recovery

We expect the PMI manufacturing index to increase following rebound of sentiment in the eurozone, and particularly in Germany. Still, the recovery in the industrial sector should be less pronounced than the index suggests. High frequency data of electrical energy production shows a significant deterioration of demand which implies low activity within energy-intensive sectors. The automotive sector is also working at low capacity while production in the mining sector was halted due to the outbreak of Covid-19 in the Silesia region.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 29 June					
Kazakhstan		- 1Q F GDP YTD YoY	-	-	2.7
		- 1Q F C/A (US\$m)	-	-	1202.6
Hungary	0800	Unemployment rate (%)	6.1	-	3.8
Tuesday 30 June					
Russia	1400	1Q F C/A (US\$m)	22504.9	-	21700.0
Turkey	0800	May Trade Balance (US\$b)	-3.4	-	-4.6
Poland	0900	Jun P CPI (MoM/YoY%)	-/-	-/-	-0.2/2.9
Czech Rep	0800	1Q F GDP (QoQ/YoY%)	-3.3/-2.0	-/-	-3.3/-2
Hungary	0800	Apr Avg Gross Wages (YoY%)	10.0	-	9.0
	0800	May PPI (MoM/YoY%)	1.1/4.3	-/-	0.4/3.7
Serbia	1100	May Retail Sales (YoY%)	-	-	-18.6
	1100	May Industrial Production (YoY%)	-	-	-16.6
	1100	May Trade Balance (€m)	-	-	-408.5
Croatia	1000	May Retail Sales (YoY%)	-	-	-25.5
	1000	May Industrial Production (SA, YoY%)	-	-	-11.0
		- May M1 Money Supply (HRKm)	-	-	141771.3
		- 1Q Current Account balance	-	-	-592.1
South Africa	0700	May M3 Money Supply (YoY%)	-	-	10.5
	0700	May Private Sector Credit (YoY%)	-	-	7.4
	1030	1Q GDP (SAAR-QoQ%)	-	-	-1.4
	1030	1Q GDP (YoY%)	-	-	-0.5
	1300	May Trade Balance (ZARbn)	-	-	-35.0
	1300	May National Budget Balance (ZARbn)	-	-	-51.2
Brazil	1300	May Unemployment Rate (%)	-	13.2	12.6
Wednesday 1 July					
Russia	0700	Jun Markit Manufacturing PMI	-	-	36.2
Turkey	0800	Jun Markit/ISO Manufacturing PMI	-	-	40.9
Poland	0800	Jun Markit Manufacturing PMI	46.0	-	40.6
Czech Rep	0830	Jun Markit Manufacturing PMI	45.0	-	39.6
	1300	Jun Budget Balance (CZKbn)	-	-	-157.4
Hungary	0800	Jun Manufacturing PMI	49.1	-	40.3
Romania		- Jun FX Reserves (€bn, Net)	-	-	40811.9
Kazakhstan		- Jun CPI (MoM/YoY%)	-/-	-/-	0.5/6.7
		- Jun PPI (MoM/YoY%)	-/-	-/-	-7.9/-22.1
South Africa	1000	Jun Kagiso PMI	-	-	50.2
		- Jun NAAMSA Vehicle Sales (YoY%)	-	-	-68.0
Thursday 2 July					
Russia		- 1Q F GDP (YoY%)	1.6	-	1.6
Hungary	0800	Apr F Trade Balance (€m)	-611.2	-	-611.2
Romania	0700	May Unemployment Rate Total 15 - 74 Years Old SA	-	-	4.8
	0700	May PPI (MoM/YoY%)	-/-	-/-	-1.6/-1.6
South Africa	1200	May Electricity Production (YoY%)	-	-	-22.8
	1200	May Electricity Consumption (YoY%)	-	-	-23.3
Brazil	1300	May Industrial Production (YoY%)	-	-	-27.2
Friday 3 July					
Turkey	0800	Jun CPI (YoY%)	11.6	-	11.4
	0800	Jun Core CPI (MoM/YoY%)	0.2/10.0	-/-	1.4/10.3
	0800	Jun Domestic PPI (MoM/YoY%)	-/-	-/-	1.5/5.5
South Africa	0815	Jun HSBC PMI SA	-	-	32.5
Israel		- Jun Foreign Currency Balance (US\$b)	-	-	142.5

Source: ING, Bloomberg

Author

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.