

## Key events in EMEA and Latam next week

It's a data-packed week - and not the most cheery one. Expect Purchasing Manager Index (PMI) readings to drop and inflation to decelerate in Poland, Turkey and Russia. On the plus side, we believe wage growth will strengthen in Hungary



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### ✓ Poland: Calm monetary policy meeting

The next MPC meeting should be relatively calm. We do not expect new information regarding either monetary policy or macro-prudential tools related to the potential conversion of Swiss franc mortgages.

The CPI index is likely to decelerate slightly to 2.8% year-on-year. A lower contribution should come from fuel prices, while changes in other components should be marginal.

### ✓ Hungary: Sweet and sour between wage growth and PMI

Wage growth will accelerate on the back of the July pay-raise for health-care workers in the public sector. It has already supported consumption throughout the summer months and we see this trend having continued in August, thus growth in retail sales turnover might accelerate further. Our call is supported by the elevated consumer confidence indicator, which peaked at a 12-month high level in August. However, next week will bring some bad news too as we see the

manufacturing PMI dropping to a level not seen since mid-2016, in line with the bad readings across Europe.

### ✓ Czech Republic: PMI to remain in contraction area

September industrial confidence stagnated for the fourth month in a row at its lowest level in the last six years, while August PMI surprisingly improved to 45 points. Still, given the slump in Manufacturing German PMI in September, Czech PMI is likely to deteriorate again next week close to 43 points.

### ✓ Russia: CPI to decelerate further but not enough to motivate a cut

Russia is likely to see a further deceleration in CPI from 4.3% YoY in August to 4.0-4.1% YoY in September, which some might see as a challenge to the Bank of Russia's year-end target range of 3.8-4.2%. We do not see the slowdown in inflation as an argument for an immediate cut in the key rate, which is currently at 7.0%, as 1) the weekly CPI dynamic suggests that the deflationary pressure from the fruit and vegetable segment is coming to an end; 2) the expected acceleration in the budget spending and persisting uncertainties related to gasoline prices prevent us from improving the mid-term CPI outlook; and 3) Bank of Russia's cautious approach to the key rate lie beyond the near-term CPI trend considerations. Depending on the global risk picture, we do not exclude a cautious 25 basis point cut to follow at the December 2019 core meeting.

### ✓ Turkey: Inflation downtrend to continue

We expect the continuation of the downtrend in inflation on the back of easing in cost-push factors, TRY stabilization and weak demand, while the drop to be more pronounced in September with a large supportive base effect. This should pull the annual figure down to the single-digit level at 9.8% (1.5% month-on-month).

## EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 30 September</b>					
Russia	1400	2Q F C/A (US\$m)	-	-	12100
Turkey	0800	Aug Trade Balance (US\$m)	-2.45	-	-3.2
	0900	Aug Foreign Tourist Arrivals (YoY%)	-	-	16.7
Hungary	0800	Jul Avg Gross Wages (YoY%)	11.8	-	10.6
	0800	Aug PPI (MoM/YoY%)	-/-	-/-	0.3/0.3
Romania	0700	Aug Unemployment Rate Total 15 - 74 Years Old SA	-	-	3.9
Kazakhstan	-	2Q F GDP YTD YoY	-	-	4.1
Serbia	1100	Aug Industrial Production (YoY%)	-	-	3.7
	1100	Aug Retail Sales (YoY%)	-	-	9.3
	1100	Aug Trade Balance (€m)	-	-	-630.3
Croatia	1000	Aug Industrial Production (SA, YoY%)	-	-	3.0
	1000	Aug Retail Sales (YoY%)	-	-	3.6
	-	Aug M1 Money Supply (HRKmn)	-	-	127396
	-	2Q C/A balance	-	-	-2203
South Africa	0700	Aug M3 Money Supply (YoY%)	-	-	8.3
	0700	Aug Private Sector Credit (YoY%)	-	-	7.2
	1300	Aug National Budget Balance (ZARbn)	-	-	-99.1
	1300	Aug Trade Balance (ZARbn)	-	-	-2.9
<b>Tuesday 1 October</b>					
Russia	0700	Sep Markit Manufacturing PMI	-	-	49.1
Turkey	0800	Sep Markit/ISO Manufacturing PMI	-	-	48.0
Poland	0800	Sep Markit Manufacturing PMI	48.8	-	48.8
	0900	Sep P CPI (YoY%)	2.8	-	2.9
	-	Monetary Policy Council Rate Meeting			
Czech Rep	0800	2Q F GDP (QoQ/YoY%)	0.7/2.7	-/-	0.7/2.7
	0830	Sep Markit Manufacturing PMI	43.2	-	44.9
	1300	Sep Budget Balance (CZKbn)	-	-	-15.4
Hungary	0800	Sep Manufacturing PMI	51	-	52.6
Romania	-	Sep FX Reserves (€bn, Net)	-	-	40225.5
Kazakhstan	-	Sep CPI (MoM/YoY%)	-/-	-/-	0.2/5.5
	-	Sep PPI (MoM/YoY%)	-/-	-/-	-0.1/3.6
South Africa	1000	Sep Kagiso PMI	-	-	45.7
Brazil	1300	Aug Industrial Production (YoY%)	-	-	-2.5
<b>Wednesday 2 October</b>					
Russia	1400	2Q F GDP (YoY%)	0.9	0.9	0.9
Poland	-	Base Rate (%)	1.5	1.5	1.5
Hungary	0800	Jul F Trade Balance (€m)	277	-	276.5
Romania	0700	Aug PPI (MoM/YoY%)	-/-	-/-	1.0/6.2
<b>Thursday 3 October</b>					
Turkey	0800	Sep CPI (MoM/YoY%)	1.5/9.8	-/-	0.9/15.0
	0800	Sep Core CPI (YoY%)	-	-	13.6
	0800	Sep Domestic PPI (MoM/YoY%)	-/-	-/-	-0.6/13.5
Hungary	0800	Aug Retail Sales (YoY%)	6.7	-	6.4
Romania	0700	Aug Retail Sales (MoM/YoY%)	-/-	-/-	0.7/7.9
	-	Repo rate (%)	2.5	-	2.5
South Africa	0815	Sep HSBC PMI SA	-	-	49.7
Israel	-	Sep Foreign Currency Balance (US\$bn)	-	-	119.8
<b>Friday 4 October</b>					
Russia	1400	Sep CPI Core (YoY%)	-	-	4.3
	1400	Sep CPI (MoM/YoY%)	-0.1/4.1	-0.1/4.0	-0.2/4.3

Source: ING, Bloomberg

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