

Key events in EMEA and Latam next week

Retail sales data in EMEA is likely to paint a rather grim picture next week as consumption has been massively suffering due to lockdown measures - although we might see some modest improvement in Czech and Hungarian PMIs while Russian CPI is expected to consolidate expectations of another rate cut



Source: Shutterstock

✓ Czech Republic: PMIs to recover modestly

As some car manufacturers in the Czech Republic remained closed during May, recovery in manufacturing PMI will be modest and we expect a small improvement like Germany towards 40 points.

Retail sales will obviously be hit hard, with almost twice the fall in comparison to March as the lockdowns continued the entire month of April. Wages in 1Q will decelerate slightly as Covid-19 affected just the end of the quarter.

✓ Russia: Inflation to support rate cut expectations

Russian CPI is likely to stabilise around 3.0-3.1% year on year in May, supporting expectations of another policy rate cut from the current 5.5% level in June. But the scope of the cut is unlikely to

exceed 50-100 basis points, contrary to more aggressive expectations by some market participants.

The CPI performance is only partially attributable to [weak demand](#), and we do not exclude that the overall CPI reading may be distorted by lockdown measures, which are still in place in Russia. For now, we agree with Bank of Russia's recent key rate guidance, which is [still dovish but more nuanced](#), suggesting resumed CPI growth in 3Q20.

Hungary: Expect some ugly readings

The April data from Hungary is set to be really ugly, especially when it comes to the retail sector. We see fuel and non-food consumption collapsing but food shops have also been having problems due to the lockdown and curfew measures. The expected 9% year on year collapse in retail turnover would mark the biggest drop on record, ever.

However, industry should provide some respite. April PMI showed some improvement and as car manufacturers and related suppliers reopened factories from the middle of the month, we hope for some rebound.

Nevertheless, the year-on-year drop in industrial production seems unavoidable as we are still far from pre-crisis levels. As producers face low demand and supply chain problems, we expect May PMI to remain in the "negative" territory, albeit showing some further improvement.

Turkish inflation numbers to accelerate

We forecast May inflation to come in at 1.4%, pulling the annual figure up to 11.4% from 10.9% a month ago, given price hikes in tobacco products, recovery in oil prices weighing on transport along with some pressure on food prices. But sluggish demand factors remain the key downside risk to the outlook.

EMEA and Latam Economic Calendar

| Country | Time Data/event | ING | Survey | Prev. |
|-------------------------|--|-----------|--------|-------------|
| Sunday 31 May | | | | |
| Israel | 1100 Mar Industrial Production (SA, MoM%) | - | - | 1.7 |
| Monday 1 June | | | | |
| Russia | 0700 May Markit Manufacturing PMI | - | - | 31.3 |
| Turkey | 0800 May Markit/ISO Manufacturing PMI | - | - | 33.4 |
| Poland | 0800 May Markit Manufacturing PMI | - | - | 31.9 |
| | 1300 National Bank of Poland Publishes Minutes of Rate Meeting | | | |
| Czech Rep | 0830 May Markit Manufacturing PMI | 39.0 | - | 35.1 |
| | 1300 May Budget Balance (CZKbn) | - | - | -93.8 |
| Kazakhstan | - May CPI (MoM/YoY%) | -/- | -/- | 0.9/6.8 |
| | - May PPI (MoM/YoY%) | -/- | -/- | -11/-13.4 |
| Serbia | 1100 1Q GDP (YoY%) | 5 | - | 6.2 |
| South Africa | 1000 May Kagiso PMI | - | - | 46.1 |
| | - May NAAMSA Vehicle Sales (YoY%) | - | - | -98.4 |
| Tuesday 2 June | | | | |
| Poland | - Monetary Policy Council Rate Meeting | | | |
| Czech Rep | 0800 1Q P GDP (QoQ/YoY%) | -3.6/-2.2 | -/- | -3.6/-2.2 |
| Hungary | 0800 May Manufacturing PMI | 42.0 | - | 33.6 |
| | 0800 Apr PPI (MoM/YoY%) | 0.3/3.6 | -/- | 0.5/4.3 |
| | 0800 Mar F Trade Balance (€mn) | 436.5 | - | 436.49 |
| Romania | - May FX Reserves (€bn, Net) | - | - | 38417.4 |
| Wednesday 3 June | | | | |
| Turkey | 0800 May CPI (MoM/YoY%) | 1.4/11.4 | -/- | 0.9/11.0 |
| | 0800 May Domestic PPI (MoM/YoY%) | -/- | -/- | 1.3/6.7 |
| Romania | 0700 Apr Unemployment Rate Total 15 - 74 Years Old SA | - | - | 4.6 |
| | 0700 Apr PPI (MoM/YoY%) | -/- | -/- | -1.2/0.7 |
| South Africa | 0815 May HSBC PMI SA | - | - | 35.1 |
| Brazil | 1300 Apr Industrial Production (YoY%) | -18.0 | - | -3.8 |
| Thursday 4 June | | | | |
| Hungary | 0800 Apr Retail Sales (YoY%) | -9.0 | - | 3.5 |
| Romania | 0700 Apr Retail Sales (MoM/YoY%) | -/- | -/- | -3.6/4.1 |
| Czech Rep | 0800 1Q Real average Wage growth | 1.6 | - | 3.6 |
| Bulgaria | 0900 1Q F GDP (QoQ/YoY%) | 0.3/2.4 | -/- | 0.3/2.4 |
| South Africa | 1200 Apr Electricity Production (YoY%) | - | - | -4.1 |
| | 1200 Apr Electricity Consumption (YoY%) | - | - | -5.1 |
| Friday 5 June | | | | |
| Russia | 1400 May CPI (MoM/YoY%) | 0.3/3.0 | -/- | 0.8/3.1 |
| Poland | 1300 May Official Reserves Total (USD bn) | - | - | 118.2 |
| Czech Rep | 0800 Apr Retail Sales (YoY%) | -30.0 | - | -15.5 |
| | 0800 Apr Retail Sales Excl. Motor Vehicles (YoY%) | -20.0 | - | -8.9 |
| Hungary | 0800 Apr Industrial Production (MoM/YoY%) | 3.3/-5.8 | -/- | -10.4/-10.0 |
| Kazakhstan | - May International Reserves (US\$bn) | - | - | 30.5 |
| South Africa | 0700 May Gross Reserves (US\$bn) | - | - | 53.0 |
| | 0700 May Net Open Foreign Currency Position (US\$bn) | - | - | 45.5 |
| | - May SACCI Business Confidence | - | - | 77.8 |

Source: ING, Bloomberg

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