

## Key events in EMEA and Latam next week

Russia's central bank meets next week and we expect a rate cut as a result of shrinking inflation. There will also be some key releases from the Czech Republic, Turkey and Hungary, which will largely be affected by seasonal effects



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### **Russia: Low inflation to trigger rate cut**

We expect the Central Bank of Russia (CBR) to lower its key rate by another 25 basis points to 7.00% on 6 September, as local inflation keeps decelerating and is likely to underperform our 4.5% year-on-year forecast in August. The CBR is also likely to cut its year-end CPI expectations from 4.2-4.7% towards our 4.0% forecast. At the same time, we expect the CBR's rhetoric to be less dovish to account for the deterioration of global market sentiment, which has already contributed to rouble weakness and may hamper improvement in the inflation expectations of households and corporates.

### **Turkey: Inflation and growth down**

Following a temporary increase in July, we expect annual inflation to resume its downtrend and fall to 15.3% (1.2% month-on-month) in August amid a supportive base effect and lower energy prices, despite administrative price adjustments. Inflation will drop very rapidly in September and

reverse thereafter because of large base effects.

Regarding GDP growth, the second quarter will likely be another weak period for consumption, although the contribution from net exports should remain solid. Accordingly, we expect 2Q growth to be -1.6% on a YoY basis, shifting the policy mix towards further loosening. This is supported by an improving global, geopolitical and political backdrop, which should contribute to a recovery in the second half of the year.

### **Hungary: Busy week and mixed feelings**

The first set of data for the third quarter will be revealed next week. Retail sales figures might be affected by an increased savings rate due to the start of a new retail bond, but we still see a sound performance. The biggest question mark is related to industrial production. On the one hand, summer holidays can be a drag on production but overall, the number of working days was unusually high in July, offering a silver lining. Overall, we see a monthly drop in production but an even worse performance a year ago provides a really low base. However, some rebound might come in the next month, as we call for an improving PMI in August.

### **Czech Republic: July industry hot from summer**

While the August Manufacturing PMI is likely to remain close to the previous print, below 45 points, July industry should be strong, affected by traditional summer month volatility. As the preliminary data suggests, the number of manufactured cars increased by more than 30% YoY due to the very low base from last year, affected by holiday shutdowns. As such, value-added of summer statistics is very limited again. Wages for the second quarter should remain strong and keep growing above 7% YoY, given the overheated domestic labour market, which reacts to the global slowdown with a traditional delay.

## **EMEA and Latam Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 2 September</b>					
Russia	0700	Aug Markit Manufacturing PMI	-	-	49.3
Turkey	0700	2Q GDP (YoY%)	-1.6	-	-2.6
	0800	Aug Markit/ISO Manufacturing PMI	-	-	46.7
Poland	0800	Aug Markit Manufacturing PMI	47.5	-	47.4
Czech Rep	0830	Aug Markit Manufacturing PMI	43.3	-	43.1
	1300	Aug Budget Balance (CZKbn)	-	-	-9.7
Hungary	0800	Aug Manufacturing PMI	53.0	-	51.3
	0800	Jul PPI (MoM/YoY%)	0.3/0.2	-/-	-0.6/0.1
Romania	-	Aug FX Reserves (€bn, Net)	-	-	39753
Kazakhstan	-	Aug CPI (MoM/YoY%)	-/-	-/-	0.2/5.4
	-	Aug PPI (MoM/YoY%)	-/-	-/-	-0.8/6
Serbia	1100	2Q GDP (YoY%)	3.5	-	2.5
Croatia	1000	Jul Industrial Production (SA, YoY%)	-	-	-5.6
South Africa	1000	Aug Kagiso PMI	-	-	52.1
	1000	Aug NAAMSA Vehicle Sales (YoY%)	-	-	-3.8
<b>Tuesday 3 September</b>					
Turkey	0800	Aug CPI (MoM/YoY%)	1.2/15.3	1.5/15.7	1.4/16.7
	0800	Aug Core CPI (YoY%)	-	-	16.2
	0800	Aug Domestic PPI (MoM/YoY%)	-/-	-/-	-1.0/21.7
Hungary	0800	Jun F Trade Balance (€mn)	556.2	-	556.2
Romania	0700	Jul PPI (MoM/YoY%)	-/-	-/-	-0.5/4.7
South Africa	1030	2Q GDP (SAAR-QoQ, YoY%)	-/-	-/-	-3.2/0.0
Czech Rep	0800	Average Real Wages (%)	4.4	4.0	4.6
Brazil	1300	Jul Industrial Production (YoY%)	-3.5	-	-5.9
<b>Wednesday 4 September</b>					
Hungary	0800	Jul Retail Sales (YoY%)	5.3	-	5.2
Romania	0700	Jul Retail Sales (MoM/YoY%)	-/-	-/-	1.3/5.7
South Africa	0815	Aug HSBC PMI SA	-	-	48.4
<b>Thursday 5 September</b>					
Russia	-	Aug CPI Core (YoY%)	-	-	4.5
	-	Aug CPI (MoM/YoY%)	-0.1/4.5	-/-	0.2/4.6
Czech Rep	0800	Jul Retail Sales (YoY%)	7.1	-	0.2
	0800	Jul Retail Sales Excl. Motor Vehicles (YoY%)	7.4	-	4.6
Ukraine	1200	Key Rate (%)	-	-	17.00
Bulgaria	0900	2Q F GDP (QoQ/YoY%)	-/-	-/-	0.6/3.3
Israel	-	Aug Foreign Currency Balance (US\$bn)	-	-	120
<b>Friday 6 September</b>					
Russia	1130	Key Rate (%)	7.00	7.00	7.25
Poland	1300	Aug Official Reserves Total	-	-	116529
Czech Rep	0800	Jul Construction Output (YoY%)	-	-	2.4
	0800	Jul Trade Balance (CZKmn)	-	-	18.4
	0800	Jul Industrial Output (YoY%)	-	-	-3.8
Hungary	0800	Jul Industrial Production (MoM/YoY%)	-1.1/5.5	-/-	-1.8/4.1
Romania	0700	2Q P GDP (SA QoQ/ YoY%)	1.0/4.4	-/-	1.0/4.4
Serbia	1100	Aug HPPI (MoM/YoY%)	-/-	-/-	-0.2/0.1
Croatia	1000	Jun Trade Balance (HRK m)	-	-	-7431.6
South Africa	0700	Aug Gross Reserves (US\$bn)	-	-	49.4
	0700	Aug Net Open Foreign Currency Position (US\$bn)	-	-	43.9
Brazil	1300	Aug Inflation (IPCA) (MoM%)	0.1	-	0.2

Source: ING, Bloomberg

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