

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



Source: Shutterstock

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.
Monday 2 September					
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
Tuesday 3 September					
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
Wednesday 4 September					
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
Thursday 5 September					
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
Friday 6 September					
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

[Click here to download a printer-friendly version of this table](#)

Author

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

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.