

Key events in EMEA and Latam next week

Twist and turns in EMEA and Latam this week. Poland and Serbia's central banks look to keep their policy rates on hold while Czech data points to more reasons why we should expect a rate hike in September



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More reasons for the Czech National Bank to hike in September

A surprise in both directions might be expected from July's statistics, related to holidays and the summer months. We expect both retail sales and industrial production to accelerate above this year's average driven by the calendar bias and a relatively low base rate. However, industrial production shutdowns are somewhat difficult to estimate, so the chances of a surprise in the upcoming release are relatively high.

Wage growth in the second quarter should also see a slight acceleration, predominantly driven by growth within the market segment, although public sector wages are likely to slow down, albeit only moderately, after a strong 12% YoY growth in 1Q18. Still, wage growth shouldn't disappoint central bank expectations and will add another argument for hiking in September.

✔ Hungarian industrial data could be the best in 2018 yet

When it comes to Hungary, next week's calendar is particularly busy. We expect good readings both in the retail and industry sectors. The latter could produce the best year-on-year figure in 2018, mainly down to base effects.

The government balance should remain around recent levels, showing the significant deficit as long as Brussels doesn't transfer the money related to EU projects. When it comes to the detailed GDP release, we expect a particularly strong figure showing in gross fixed capital formation.

✔ National Bank of Poland to maintain their dovish stance

We expect the Monetary Policy Committee to continue its dovish rhetoric, as more evidence suggests wage pressures have stopped rising and CPI is likely to (temporarily) undershoot the central bank's target boundaries in 4Q18, significantly dropping below 1.5% YoY.

The National Bank of Poland's governor, Adam Glapiński, is expected to repeat that rates should remain flat until the end of 2020.

✔ Serbia's key rate on hold at 3%

There's little reason for the National Bank of Serbia (NBS) to change its policy stance with only a minor uptick in July inflation to 2.4%, from 2.3% in June, and core inflation muted at 0.9%, versus the 0.8% in June. The downside pressures on EUR/RSD also seem to have diminished in recent weeks, which removes our main motivation for an eventual dovish stance of the central bank.

EMEA and Latam Economic Calendar

| Country | Time | Data/event | ING | Survey | Prev. |
|------------------------------|------|---|----------|--------|----------|
| Monday 3 September | | | | | |
| Russia | 0700 | Aug Market Manufacturing PMI | - | - | 48.1 |
| Turkey | 0800 | Aug Market/ISO Manufacturing PMI | - | - | 49 |
| | 0800 | Aug CPI (MoM/YoY%) | -/- | -/- | 0.6/15.9 |
| | 0800 | Aug Domestic PPI (MoM/YoY%) | -/- | -/- | 1.8/25 |
| | 0800 | Aug Core CPI (YoY%) | - | - | 15.1 |
| Poland | 0800 | Aug Market Manufacturing PMI | 52.5 | - | 52.9 |
| Czech Rep | 0830 | Aug Market Manufacturing PMI | 55.2 | - | 55.4 |
| | 1300 | Aug Budget Balance (CZKbn) | - | - | 16.58 |
| Hungary | 0800 | Aug Manufacturing PMI | 52.8 | - | 53.1 |
| Romania | - | Aug FX Reserves (€bn, Net) | - | - | 34845.2 |
| Kazakhstan | 1200 | Key Policy Rate (%) | - | - | 9 |
| | - | Aug CPI (MoM/YoY%) | -/- | -/- | 0.1/5.9 |
| | - | Aug PPI (MoM/YoY%) | -/- | -/- | 1.2/24.3 |
| Croatia | 1000 | Jul Industrial Production (SA, YoY%) | - | - | 3.1 |
| Tuesday 4 September | | | | | |
| Romania | 0700 | Jul Retail Sales (MoM/YoY%) | -/- | -/- | -0.1/7.9 |
| | 0700 | Jul PPI (MoM/YoY%) | -/- | -/- | 0.6/6.1 |
| Czech Rep | - | Real Wages (YoY%) | 6.7 | - | 6.6 |
| South Africa | 1030 | 2Q GDP (SAAR-QoQ/YoY%) | -/- | -/- | -2.2/0.8 |
| Brazil | 1300 | Jul Industrial Production (YoY%) | 3.8 | - | 3.5 |
| Wednesday 5 September | | | | | |
| Russia | - | Aug CPI (MoM/YoY%) | -/- | -/- | 0.3/2.5 |
| Poland | - | Base Rate (%) | 1.5 | - | 1.5 |
| Czech Rep | 0800 | Jul Retail Sales (YoY%) | 10 | - | 1.4 |
| | 0800 | Jul Retail Sales Excl. Motor Vehicles (YoY%) | 8.8 | - | 2 |
| Hungary | 0800 | Jul Retail Sales (YoY%) | 7.6 | - | 6.4 |
| | 0800 | 2Q F GDP (SWDA, QoQ/NSA, YoY%) | 0.9/4.6 | -/- | 0.9/4.6 |
| | 1300 | Hungarian Central Bank's Minutes | | | |
| South Africa | 0815 | Aug HSBC PMI, SA | - | - | 49.3 |
| Thursday 6 September | | | | | |
| Czech Rep | 0800 | Jul Trade Balance (CZKmn) | 0 | - | 15.78 |
| | 0800 | Jul Industrial Output (YoY%) | 8.3 | - | 3.4 |
| Hungary | 0800 | Jul Industrial Production (MoM/YoY%) | 1.0/9.0 | -/- | -1.2/3.1 |
| | - | Hungarian Central Bankers Speak at Economics Conference | | | |
| Ukraine | 1200 | Key Rate (%) | - | - | 17.5 |
| Serbia | 1100 | Repo Rate (%) | 3 | - | 3 |
| Croatia | 1000 | Jul F Retail Sales (YoY%) | - | - | 1.8 |
| Israel | - | Aug Foreign Currency Balance (US\$bn) | - | - | 115.8 |
| Brazil | 1300 | Aug Inflation (IPCA) (MoM/YoY%) | 0.1/4.39 | -/- | 0.3/4.5 |
| Friday 7 September | | | | | |
| Poland | 1300 | Aug Official Reserves Total | - | - | 112146 |
| Czech Rep | 0900 | Aug International Reserves (US\$bn) | - | - | 144.6 |
| Hungary | 1000 | Aug Budget Balance (YTD) | -1505 | - | -1491 |
| Romania | 0700 | Jul Avg Net Wages (YoY%) | - | - | 14.33 |
| | 0700 | 2Q P GDP (SA, QoQ/YoY%) | 1.4/4.1 | -/- | 1.4/4.1 |
| Bulgaria | 0900 | 2Q F GDP (QoQ/YoY%) | -/- | -/- | 0.8/3.4 |
| Serbia | 1100 | Aug HPPI (MoM/YoY%) | -/- | -/- | 0.3/2.7 |
| Croatia | 1000 | Jun Trade Balance (HRK m) | - | - | -5777.1 |
| | 1000 | Aug PPI (MoM/YoY%) | -/- | -/- | 0.5/4 |
| South Africa | 0700 | Aug Gross Reserves (US\$bn) | - | - | 50.51 |
| Mexico | 1400 | Aug CPI (MoM/YoY%) | 0.36/4.7 | -/- | 0.54/4.8 |

Source: ING, Bloomberg

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