

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



Source: Shutterstock

✓ 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

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

Author

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@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.