

## 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.
<b>Monday 3 September</b>					
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
<b>Tuesday 4 September</b>					
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
<b>Wednesday 5 September</b>					
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
<b>Thursday 6 September</b>					
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
<b>Friday 7 September</b>					
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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