

Key events in EMEA and Latam next week

A data-heavy week expected in EMEA and Latam. Look out for improvements in Czech data and a mixed performance from Hungary and Serbian central bank meetings



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✓ Czech data to strengthen

After somewhat weaker March data, April statistics should come in positive again, partially due to the calendar bias and a low base from April last year. Still, wage dynamics should accelerate further, with real wage growth above 6.5% year on year, the strongest in the previous 15 years. This suggests that household consumption will remain the main growth factor this year.

Taking into account the weak Czech koruna lagging behind the Czech National Bank's expectations, solid data and inflation likely to be above the 2% target in May, a June hike scenario is becoming more and more likely.

✓ Turkish inflation pressures to intensify

We expect May inflation to come in at 1.7% month on month, pulling the annual figure up to 12.2% from 10.85%. This stems from intensifying inflationary pressures with the recent Turkish lira depreciation weighing on the outlook for core goods, energy inflation and the upward pressure from domestic PPI.

For the June MPC, we don't rule out a measured 50bp hike in the 1-week repo rate at 16.5% after the simplification by the central bank.

Serbia: Key rate on hold at 3%

Inflation is likely to have reached its lowest point this year in April at 1.1% YoY, but this was not enough to convince the National Bank of Serbia (NBS) to cut key rate further at the last meeting.

We look for a no-change decision at next week's meeting as going forward inflation should slowly resume its upward trend while the external environment also warrants caution. The Serbian dinar appreciation pressures could be among the few factors calling for a cut, but in our view, this is not enough.

Hungary: Action-packed start to June

We are facing an action-packed start to June with economic activity slightly mixed in April. Retail sales may strengthen further on the back of one-offs and due to the increasing wage bill. Industrial production may slow down further if we believe soft indicators.

The statistical office will release the details behind the surprisingly strong GDP data in 1Q18. We expect consumption and investment to be the main drivers, with more momentum on the consumption side.

The budget balance could deteriorate further. We might even see the bottom in May as the Ministry of Finance recently announced that "Hungary needs deficit cuts in response to market risk". Last but not least, we see headline inflation accelerating on the back of the oil price shock, in line with Europe.

EMEA and Latam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Friday 1 June					
Russia	0700	May Markit Manufacturing PMI	-	51.1	51.3
Turkey	0800	May Markit/ISO Manufacturing PMI	-	-	48.9
Poland	0800	May Markit Manufacturing PMI	-	53.2	53.9
	1300	National Bank of Poland Publishes Minutes of Rate Meeting			
Czech Rep	0800	1Q P GDP (QoQ/YoY%)	0.6/4.6	0.5/4.5	0.5/4.5
	0830	May Markit Manufacturing PMI	56.4	56.2	57.2
	1300	May Budget Balance (CZKbn)	-	-	0.77
Hungary	0800	Mar F Trade Balance (€mn)	558	-	558
	0800	May Manufacturing PMI	53	-	53.3
	-	Hungary Sovereign Debt to Be Rated by Moody's			
Kazakhstan	-	May CPI (MoM/YoY%)	-/-	-/-	0.4/6.5
	-	May PPI (MoM%/YoY%)	-/-	-/-	-0.7/13.5
Bulgaria	-	Bulgaria Sovereign Debt to be rated by S&P and Fitch			
Monday 4 June					
Turkey	0800	May CPI (MoM/YoY%)	1.7/12.2	-/-	1.87/10.9
	0800	May Domestic PPI (MoM/YoY%)	-/-	-/-	2.6/16.4
	0800	May Core CPI (YoY%)	-	-	12.24
Ukraine	-	National Bank of Ukraine Publishes Minutes of Rate Meeting			
Romania	0700	Apr PPI (MoM/YoY%)	-/-	-/-	0.15/3.82
	-	May FX Reserves (€bn, Net)	-	-	37165.2
Kazakhstan	1200	Jun 4 Key Policy Rate (%)	-	9	9.25
Tuesday 5 June					
Russia	-	May CPI (MoM/YoY%)	-/-	-/-	0.4/2.4
Poland	-	Monetary Policy Council Rate Meeting (until 06/06)			
Czech Rep	0800	Apr Retail Sales (YoY%)	7.4	-	-1.8
	0800	Apr Retail Sales Excl. Motor Vehicles (YoY%)	6.7	-	3.7
Hungary	0800	Apr Retail Sales (YoY%)	8.2	-	7.3
	0800	1Q F GDP (SWDA, QoQ/YoY%)	1.2/4.4	-/-	1.2/4.4
Romania	0700	Apr Retail Sales (MoM/YoY%)	-/-	-/-	0.6/5.2
South Africa	1030	1Q GDP (SAAR-QoQ/YoY%)	-/-	-/-	3.1/1.5
Brazil	1300	Apr Industrial Production (YoY%)	1	-	1.3
Wednesday 6 June					
Poland	-	Base Rate (%)	-	-	1.5
Czech Rep	0800	Apr Trade Balance (CZKmn)	16	-	18.731
	0800	Apr Construction Output (YoY%)	-	-	-0.7
	0800	Apr Industrial Output (YoY%)	9.3	-	-1.1
Hungary	0800	Apr Industrial Production (MoM/YoY%)	0.9/1.5	-/-	-0.7/1.9
	1300	Hungarian Central Bank's Minutes			
Thursday 7 June					
Russia	0700	Bank of Russia Governor Nabiullina speaks in St. Petersburg			
Turkey	1200	Benchmark Repurchase Rate	17	-	8
	1200	Overnight Lending Rate	18.5	-	9.25
	1200	Overnight Borrowing Rate	15.5	-	7.25
Poland	1300	May Official Reserves Total	-	-	113227.6
Czech Rep	0900	May International Reserves (US\$bn)	-	-	147
Hungary	1000	May Budget Balance (YTD)	-1325	-	-1081.4
Romania	0700	1Q P GDP (SA, QoQ/YoY%)	-/-	-/-	0/4
Bulgaria	0900	1Q F GDP (QoQ/YoY%)	-/-	-/-	0.8/3.5
Serbia	1100	May HPPI (MoM/YoY%)	-/-	-/-	0.2/-1.2
	1100	Repo rate (%)	3	-	3
Croatia	1000	Mar Trade Balance (HRK m)	-	-	-4792.9
	1000	Apr F Retail Sales (YoY%)	-	-	2.1
South Africa	0700	May Gross Reserves (US\$bn)	-	-	49.54
	0700	May Net Open Foreign Currency Pos. (US\$bn)	-	-	43.1
	1200	Apr Manufacturing Production (SA, MoM%)	-	-	1.3
Israel	-	May Foreign Currency Balance (US\$bn)	-	-	115.4
Mexico	1400	May CPI (MoM/YoY%)	-0.4/4.3	-/-	-0.3/4.6
Friday 8 June					
Poland	-	Poland Sovereign Debt to be rated by Fitch			
Czech Rep	0800	May Unemployment Rate (%)	3	-	3.2
Hungary	0800	May CPI (MoM/YoY%)	0.5/2.6	-/-	0.7/2.3
Ukraine	-	May CPI (MoM/YoY%)	-/-	-/-	0.8/13.1
Kazakhstan	-	May International Reserves (US\$bn)	-	-	31.8
Bulgaria	0900	Apr Industrial Production (MoM/YoY%)	-/-	-/-	2.3/1.7
	0900	Apr Retail Sales (MoM/YoY%)	-/-	-/-	0.1/2.3
Croatia	1000	May PPI (MoM/YoY%)	-/-	-/-	0.5/1.1
Brazil	1300	May Inflation (IPCA) (MoM/YoY%)	0.5/3	-/-	0.2/2.8

Source: ING, Bloomberg

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Authors

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

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