

Key events in EMEA and Latam this week

An exciting week ahead in EMEA and Latam with central bank meetings in Poland, Brazil and Russia. Expect a rate cut from Russia on the back of subdued inflation and weak local demand



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✓ A rate cut from the Bank of Russia

The Bank of Russia is expected to cut the key rate (currently at 5.50%) on 19 June, and we are on the conservative side of the 50-100bp consensus range.

Acknowledging the below-expected CPI growth of [3.0-3.1% YoY](#) and weakness in local demand, the central bank is still quite wary of risks to the Russian capital account. In fact, most central bank decisions in the last 7-8 years could be easily interpreted through the prism of strengthening the capital account.

In practical terms, with net private capital outflows [accelerating](#) from a monthly US\$4-7bn in the first four months of the year to US\$10bn in May, and foreign portfolio inflows to the local public debt stagnating at +US\$0.7bn per month in April-May, the central bank may opt to keep the road to the rate floor, which we see at 4.0% in 2021, more gradual.

Additional arguments against a large-scale cut (even though the CBR mentioned the 100bp cut as one of the options on the table) include the activity data for May, the second and final month of

the nationwide Covid-19 lockdown, also to be released next week.

- First, the drop in industrial production is likely to deepen from -6.6% YoY in April to -7-8% YoY in May, however, this deterioration will be driven by Russia's 96-99% compliance with OPEC++ oil production cuts.
- Second, based on high-frequency data, retail trade should somewhat recover from the -23.4% YoY drop in April to -16-17% in May.

In any case, as the central bank's representatives have indicated that in Russia monetary easing would be more efficient when secondary effects kick in, rather than during or immediately after the lockdown. We believe that regardless of the scope of 19 June rate cut, the CBR is likely to maintain a generally dovish tone.

EMEA and Latam Economic Calendar

Country	Time Data/event	ING	Survey	Prev.
Monday 15 June				
Poland	0900 May F CPI (MoM%/YoY%)	-/-	-/-	-0.2/2.9
	1300 Apr C/A (€mn)	-	-	2438
	1300 Apr Trade Balance (€mn)	-	-	-69.0
	1300 Apr Exports (€)	-	-	18763
	1300 Apr Imports (€)	-	-	18832
Czech Rep	0900 Apr C/A (CZKbn)	-	-	-0.49
Romania	- Apr C/A YTD (€m)	-	-	-1365
Kazakhstan	- May Industrial Production Yearly	-	-	6.2
Bulgaria	0900 May CPI (MoM/YoY%)	0.0/1.7	-/-	-0.6/1.8
Israel	1630 May CPI (MoM/YoY%)	-/-	-/-	-0.3/-0.6
Tuesday 16 June				
Russia	1700 May Industrial Production (YoY%)	-7.0	-8.3	-6.6
Poland	1300 May Core Inflation (MoM/YoY%)	-/-	-/-	0.8/3.6
	- Base Rate (%)	-	0.10	0.10
Czech Rep	0800 May PPI (Industrial) (MoM/YoY%)	-/-	-/-	-0.5/-0.8
Israel	1100 1Q P GDP (QoQ Annualised %)	-	-	-7.1
Brazil	1300 Apr Retail Sales (YoY%)	-20.0	-	-1.2
Wednesday 17 June				
Russia	1700 1Q P GDP (YoY%)	1.6	1.6	1.6
South Africa	0900 May CPI (MoM%/YoY%)	-/-	-0.3/3.2	0.3/4.1
	0900 May Core CPI (MoM/YoY%)	-/-	0.1/-	0.6/2
	1200 Apr Retail Sales (MoM%)	-	-	-0.4
Brazil	- Selic Rate	2.25	2.25	3.00
Thursday 18 June				
Russia	1700 May PPI (MoM/YoY%)	-/-	-4.4/-15.4	-7.2/-10.4
Poland	0900 May Avg Gross Wages (MoM%/YoY%)	-/-	-/1.4	-3.7/1.9
	0900 May Employment (MoM/YoY%)	-/-	-/-2.8	-2.4/-2.1
	1300 National Bank of Poland Publishes Minutes of Rate Meeting			
Israel	- Jun 12Mth Inflation Forecast (%)	-	-	0.6
Friday 19 June				
Russia	1130 Key Rate (%)	5.00	4.75	5.50
	1700 May Retail Sales (YoY%)	-16.0	-16.6	-23.4
	1700 Apr Real wages (YoY%)	-8.1	-3.0	5.9
Poland	0900 May Industrial Output (MoM/YoY%)	-/-	-/-18.0	-25.5/-24.6
	0900 May PPI (MoM/YoY%)	-/-	-/-1.5	-0.6/-1.3
Ukraine	- 1Q F GDP (YoY%)	-1.5	-	-1.5
Serbia	- Apr C/A (€mn)	-	-	-462.6
Croatia	1000 May Unemployment Rate (%)	-	-	9.4
	1000 Apr Real Wages (YoY%)	-	-	0.7

Source: ING, Bloomberg

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