

## Key events in EMEA in Latam next week

Central bank decisions from Romania and Serbia, inflation data from Hungary and unemployment figures from the Czech Republic are among the highlights next week



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### Hungary's industrial production set to show positive signs

In Hungary, we expect industrial production to show some promise despite the start of the holiday season in June. But the real fireworks are likely to come in July, which was when Audi finally started production of electric vehicles. As EU funds are still not coming from the bloc, we expect the budget balance to remain deeply in negative territory. However, the highlight of the week comes on Wednesday, 7 August with the July CPI reading when we'll see another jump in fuel prices and therefore project headline CPI to accelerate to 3.3% year-on-year, a new five-year peak.

### We call for an out-of-consensus hold by the National Bank of Romania at 2.50%

The reasons behind our call for the NBR to stay on hold at the 6 August meeting are:

1. A tighter policy stance is already in place due to higher ROBOR and a stronger Romanian leu

2. The output gap is likely to be revised and we'll then see a subsequent shift lower in the core inflation outlook
3. The dovish NBR Board needs more time to assess mixed-to-weaker soft data
4. More details are needed on the upcoming budget revision
5. There's no sign of a credit-driven asset price bubble.

We attach a 20% probability to a 25 basis point hike, as policymakers could be swayed by the consensus view, which calls for a hike.

### **Romanian CPI to fall on base effects**

Large base effects (such as the hike in electricity prices from July 2017 dropping out, a cut in regulated electricity prices, a stronger Romanian leu and lower fuel prices) are all expected to push July 2018 CPI down by 0.6 percentage points to 4.8% year-on-year. We expect core inflation to be flat at 2.9% YoY.

### **Serbia's key rate on hold at 3%**

The 9 August Executive Board meeting should be a non-event, with headline inflation at 2.3% in June and 2Q18 GDP growth strong at 4.4%. We see inflation expectations as well anchored in the 3%±1.5ppt inflation target band, while economic growth could surprise quite sharply on the upside in 2018.

### **Czech Republic: Unemployment on the rise**

While the unemployment rate will increase slightly due to typical seasonal factors, namely graduates entering the labour market, retail sales (excluding motor vehicles) should remain strong on the back of solid wage growth and the record-high confidence of households. Industrial production will be affected by the working-days bias, a high base and subsequent slowdowns in the automotive segment. We expect a figure of 2% YoY, below the year-to-date average.

In month-on-month terms, food and fuel prices have stagnated, leading us to forecast a deceleration for July's CPI reading after a better-than-expected June CPI result at 2.6% YoY.

## **EMEA and Latam Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Friday 3 August</b>					
Turkey	0800	Jul CPI (MoM/YoY%)	0.9/16.3	1/16.3	2.6/15.4
	0800	Jul Domestic PPI (MoM/YoY%)	-/-	0.9/23.8	3.0/23.7
	0800	Jul Core CPI (YoY%)	-	15	14.6
Czech Rep	-	Czech Sovereign Debt to be Rated by Fitch			
Hungary	0800	Jun Retail Sales (YoY%)	7.4	-	7.7
Romania	0700	Jun Retail Sales (MoM/YoY%)	-/-	-/-	2.1/6.6
South Africa	0815	Jul HSBC PMI SA	-	51	50.9
<b>Monday 6 August</b>					
Russia	-	Jul CPI (MoM/YoY%)	-/-	0.4/2.4	0.5/2.3
Czech Rep	0800	Jun Construction Output (YoY%)	-	-	10.1
	0800	Jun Industrial Output (YoY%)	2	-	1.4
	0800	Jun Retail Sales (YoY%)	2	-	2.1
	0800	Jun Retail Sales Excl. Motor Vehicles (YoY%)	5.4	-	5
Romania	-	Repo Rate (%)	2.5	-	2.5
<b>Tuesday 7 August</b>					
Poland	1300	Jul Official Reserves Total	-	-	108970
Czech Rep	0800	Jun Trade Balance (CZKmn)	15	-	6.86
	0900	Jul International Reserves (US\$bn)	-	-	144.1
Hungary	0800	Jun Industrial Production (MoM/YoY%)	-0.05	-/-	1.9/3.8
	1000	Aug Budget Balance (YTD)	-1370.5	-	-1420.5
Romania	0700	Jun Avg Net Wages (YoY%)	-	-	14.43
Serbia	1100	Jul HPPI (MoM/YoY%)	-/-	-/-	0.3/1.5
Croatia	1000	Jul PPI (MoM/YoY%)	-/-	-/-	-0.1/3.5
	1000	Jun F Retail Sales (YoY%)	-	-	7.9
South Africa	0700	Jul Gross Reserves (US\$bn)	-	-	50.58
	0700	Jul Net Open Foreign Currency Position (US\$bn)	-	-	42.45
	1200	Jun Manufacturing Prod. (MoM%)	-	-	2.3
	1200	Jun Manufacturing Prod. (SA, MoM%)	-	-	1.5
Israel	-	Jul Foreign Currency Balance (US\$bn)	-	-	114.8
Brazil	1200	COPOM Meeting Minutes			
<b>Wednesday 8 August</b>					
Czech Rep	0800	Jul Unemployment Rate (%)	3	-	2.9
Hungary	0800	Jul CPI (MoM/YoY%)	0.2/3.3	-/-	0.3/3.1
Kazakhstan	-	Jul International Reserves (US\$bn)	-	-	30.6
Bulgaria	0900	Jun Industrial Production (MoM/YoY%)	-/-	-/-	1.8/0.02
	0900	Jun Retail Sales (MoM/YoY%)	-/-	-/-	0.6/6.3
South Africa	1130	Jul SACCI Business Confidence	-	-	93.7
Brazil	1300	Jul Inflation (IPCA) (MoM/YoY%)	0.27/4.4	-/-	1.26/4.4
<b>Thursday 9 August</b>					
Czech Rep	0800	Jul CPI (MoM/YoY%)	0.1/2.2	-/-	0.4/2.6
Ukraine	-	Jul CPI (MoM/YoY%)	-/-	-/-	0/9.9
Romania	0700	Jun Trade Balance (€m)	-	-	-1270.3
Serbia	1100	Repo Rate (%)	3	-	3
Croatia	1000	May Trade Balance (HRK m)	-	-	-5179.3
Mexico	1400	Jul CPI (MoM/YoY%)	0.35/4.62	-/-	0.4/4.65
<b>Friday 10 August</b>					
Greece	-	Greece Sovereign Debt to be rated by Fitch			
Russia	1400	Jun Trade Balance (US\$bn)	-	15	15.151
	-	2Q A GDP (YoY%)	-	1.8	1.3
Turkey	0800	Jun C/A (US\$mn)	-2.9	-	-5.885
Romania	0700	Jun Industrial Production (MoM/YoY%)	-/-	-/-	-0.4/3.6
	0700	Jun Industrial Sales (MoM/YoY%)	-/-	-/-	11/11.4
	0700	Jul CPI (MoM/YoY%)	-0.3/4.8	-/-	0.02/5.4
Brazil	1300	Jun Retail Sales (YoY%)	5.8	-	2.7
Mexico	1400	Jun Industrial Production (YoY%)	0.3	-	0.26

Source: ING, Bloomberg

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## Author

### **Peter Virovacz**

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)

### **Ciprian Dascalu**

Chief Economist, Romania

+40 31 406 8990

[ciprian.dascalu@ing.com](mailto:ciprian.dascalu@ing.com)

### **Valentin Tataru**

Chief Economist, Romania

[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

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