

Key events in EMEA next week

Multiple data releases from Hungary and Russia, inflation numbers from Turkey, and a National Bank of Poland decision will be in focus next week



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✔ Hungary: A packed week of data will see a range of effects as the pandemic lingers on

The short week ahead will be packed with data. February economic activity releases include retail sales and industrial production. In retail, we expect further weakness amid a third wave of Covid-19. Industrial production will rebound markedly as car manufacturers went back to work after the supply-related issues in January. Along with the expected strong industrial production, we see the Hungarian trade balance surplus expanding significantly. After the government announcement that this year's deficit target needs to move 1ppt higher to 7.5% of GDP, we expect pretty bad March data on the budget balance which led decision makers to that change. The most important data of all will be the March inflation readings. Fuel will push the headline reading to 3.7% YoY, while core elements will show some softening, moving the core CPI down to 3.9% YoY. From here, the direction of travel will be up.

✓ Russia: FX purchases and inflation to edge higher, and a lower than expected current account surplus

On Monday, the Finance Ministry will announce monthly FX purchases for April, which are likely to exceed the March level of \$2.0bn, as oil prices pushed higher. This will most likely be neutral for the rouble but will serve as a reminder to the market of 'oil neutrality' and exposure to capita account risks.

March inflation on Tuesday may still stay at the February level of 5.7% year-on-year, but the chances for that are declining as the weekly data comes in. March readings north of 5.7% will put further upward pressure on our base case of two 25bp rate hikes in April and July.

The 1Q21 balance of payments, to be reported on Friday, will be a gauge of fundamental support to the rouble. We expect a current account surplus of US\$20bn, down from the initial expectations of \$25bn on higher than expected import growth and lower than expected export volumes. The capital account remains the least predictable factor to watch, as in addition to portfolio outflows for OFZ, which reached a monthly rate of around \$1bn in the last couple of months, corporates and households have restarted the accumulation of foreign assets at a rate of \$4-8bn per month, which is a more important constraint to the rouble's appreciation than the foreign policy themes that the market has been following recently.

✓ Turkey: Inflation to continue its uptrend

March inflation will likely keep the annual figure on an uptrend, with a further increase to 16.3% (1.1% MoM change) from 15.6% a month ago, driven by the impact of exchange rate developments and base effects from last year despite the decision to put a ceiling on TRY gasoline prices.

EMEA Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 5 April				
Turkey	0800	Mar CPI (MoM/YoY%)	1.1/16.3	0.91/15.61
Brazil	0900	Mar IPC-Fipe Inflation Idx	-	0.23
Mexico	1530	Mar Markit Mfg PMI	-	44.2
Tuesday 6 April				
Russia	1700	Mar CPI (MoM/YoY%)	0.6/5.7	0.8/5.7
Brazil	1400	Mar Markit Services PMI	-	47.1
	1400	Mar Markit Composite PMI	-	49.6
Wednesday 7 April				
Poland	-	Apr NBP Base Rate	-	0.1
Spain	09:15	Mar Services PM		43.1
Czech Rep	0800	Feb Retail Sales (YoY%)	-	-9.0
	0915	Mar Unemployment Rate	-	4.3
Thursday 8 April				
Czech Rep	0800	Feb Industrial Output (YoY%)	-	0.9
	0800	Feb Trade Balance	-	24.6
Hungary	0800	Feb Industrial Output (YoY%)	0.7	-6.7
Mexico	1300	Mar Headline Inflation	-	0.63
	1300	Mar Core inflation	-	0.39
Friday 9 April				
Hungary	0800	Mar Core CPI (YoY%)	3.9	4.1
	0800	Mar CPI (MoM/YoY%, NSA)	0.8/3.7	0.7/3.1
	0800	Feb Retail Sales (YoY%)	-3.0	-1.8
	1000	Mar Budget Balance	-950	-539.7
Ukraine	-	Mar CPI (MoM%/YoY%)	-/-	1.0/7.5
Brazil	1300	Mar IPCA Inflation Index (MoM/YoY%)	-/-	0.86/5.2
Mexico	1300	Feb Industrial Output (MoM/YoY%)	-	0.2/-4.9
Russia	1400	1Q Current account (US\$bn)	20.0	5.5

Source: ING, Refinitiv

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