

Key events in EMEA next week

Energy prices in the Czech Republic remain the main upside risk to inflation, as suppliers follow the market leader's footsteps in hiking prices



Source: Shutterstock

✓ Czech Republic: Inflation in next stage, but not at peak

For June, we expect inflation to slow marginally from 1.8% to 1.7% month-on-month, which translates into a dramatic year-on-year rise from 16% to 17.3%. Like previous months, food prices continue to rise at a high rate of 2.9% MoM. Fuel prices accelerated further in June to almost double (4.1% MoM). On the other hand, no sharp price increases are announced for June from major energy suppliers. Thus, we expect a smaller increase of 3.6% MoM compared to April (4.2%), but larger than in May (1.6%). Nevertheless, energy prices remain the main upside risk and the main question for the coming months, which we believe will be more interesting than the June print.

At the end of May, the main energy supplier announced a dramatic price hike effective from July, and a week ago the price list was changed upwards again effective from August. Other suppliers can be expected to follow in the market leader's footsteps. Some of them have already announced increases from July or August, the month in which we should see the largest contribution of energy price in the CPI. But, given the mix of floating and fixed contracts, energy prices will be written gradually into the CPI until at least January next year. As [we mentioned previously](#), we are

thus more and more sceptical that there will be a slowdown in inflation in the second half of the year as expected by the Czech National Bank. On the contrary, the next prints, including the June one, may push us to levels close to 20% year-on-year.

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 11 July					
Czech Rep	0800	May Retail Sales (YoY%)	-		5.0
Kazakhstan	-	Jun Industrial Production (YoY%)	-		4.4
Tuesday 12 July					
Czech Rep	0900	Jun Unemployment Rate	-		3.2
Romania	0700	Jun CPI (YoY%)	-	15.1	14.5
Serbia	1100	Jun CPI (MoM%/YoY%)	-/-		1.2/10.4
Mexico	1200	May Industrial Output (YoY%)	-		2.7
	1200	May Industrial Output (MoM%)	-		0.6
Wednesday 13 July					
Czech Rep	0800	Jun CPI (MoM%/YoY%)	1.7/17.3		1.8/16.0
South Africa	1200	May Retail Sales (YoY%)	-		3.4
Brazil	1300	May Retail sales (MoM%/YoY%)	-/-		0.9/4.5
Thursday 14 July					
Poland	1300	May Current Account	-3670	-3294	-3924.0
Czech Rep	0900	May Current Account Balance	-		-10.2
Kazakhstan	-	Jun Industrial Production (MoM%)	-		3.8
Friday 15 July					
Poland	0900	Jun CPI (MoM%/YoY%)	-/-		1.5/15.6
Ukraine	-	May Trade Balance YTD	-		-0.03
Croatia	1000	Jun CPI (MoM%) NSA	-		1.4

Source: Refinitiv, ING

Author

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom

this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.