

Key events in EMEA next week

Several releases from Hungary should maintain the optimistic sentiment next week while price pressures in Turkey are likely to remain but GDP data should show strength and Russia is expected to increase FX interventions to US\$2.6bn in June



Source: Shutterstock

✓ Hungary: Upbeat data across the board

Hungarian manufacturing purchasing managers' index will reflect the recent upbeat global sentiment on the economic rebound, suggesting a significant improvement in manufacturing performance going forward. We'll also get April retail sales data, which will be affected by the low base and the gradual reopening process, which started in April.

Finally, we'll see the details behind the astounding first-quarter economic activity, and we think the main surprise will be from the domestic demand side (mainly from investments).

✓ Turkey: Price pressures remain elevated

We expect pricing pressures to remain high with annual inflation standing flat at 17.1% in May (1.3% on monthly basis), in comparison to a month ago.

This is down to the government's decision to pass some of the recent energy price increases to

consumers, continuing cost-push effects and worsening inflation expectations while risks are on the upside given uncertainties in price adjustments with the reopening in the economy. 1Q growth, on the other hand, will likely be strong at 6.2% YoY including base effects, though sequential growth is expected to lose momentum given the impact of pandemic restrictions, and tightening policy framework.

✓ Russia: Increase in FX interventions and positive activity data

On 3 June, the Russian finance ministry is likely to announce an increase in FX interventions from US\$1.7 bn in May to US\$2.6bn in June, following an increase in the average monthly Urals price by US\$4/bbl. Given the stabilisation of oil prices amid Iranian nuclear deal expectations, the temporary [sweet spot](#) for rouble in May, is most likely coming to an end.

In other news, the Russian statistics agency, Rosstat will hopefully release the complete set of activity data for April after the significant delay.

To remind you all, we expect those to be strong, mainly on the back of low base effects, as April - May 2020 were the only two months of strict lockdowns in Russia. We expect retail trade, which may show at least 24% YoY growth, to have benefitted from a lack of foreign tourism and higher leverage, confirmed by the recent banking statistics. Meanwhile, the recently published [industrial output](#) data was even stronger than expected, suggesting an upside risk to the forecasts.

EMEA Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 31 May				
Turkey	0800	Q1 GDP Quarterly (YoY%)	6.2	5.9
Poland	0900	Q1 GDP (QoQ/YoY%)	-/-	0.9/-1.2
Tuesday 1 June				
Russia	0700	May Markit Manufacturin PMI	-	50.4
Turkey	0800	May Manufacturing PMI	-	50.4
Poland	0800	May Markit Manufacturing PMI	-	53.7
Czech Rep	0800	Q1 Final GDP (QoQ/YoY%)	-	-0.3/-2.1
	0830	May Markit PMI	-	58.9
	1300	May Budget Balance	-	-192
Hungary	0800	Q1 GDP Final (YoY%)	-2.3	-2.3
	0800	May Manufacturing PMI	55.1	50.8
	0800	Mar Trade Balance Final	1013	1013
Brazil	1300	Q1 GDP (QoQ/YoY%)	-/-	3.2/-1.1
	1400	May Markit Manufacturing PMI	-	52.3
Mexico	1530	May Markit Manufacturing PMI	-	48.4
Wednesday 2 June				
Brazil	0900	May IPC-Fipe Inflation Idx	-	0.44
	1300	Apr Industrial Output (MoM/YoY%)	-/-	-2.4/10.5
Thursday 3 June				
Turkey	0800	May CPI (MoM/YoY%)	1.3/17.1	1.68/17.14
	1200	Apr Bank NPL Ratio	-	3.79
Friday 4 June				
Russia	1700	Apr Retail Sales (YoY%)	24.0	24.5
Czech Rep	0800	Q1 Gross wages (YoY%)	-	3.8
Hungary	0800	Apr Retail Sales (YoY%)	14.7	-2.0
Brazil	1400	May Markit Services PMI	-	42.9
	1400	May Markit Composite PMI	-	44.5

Source: ING, Refinitiv

Author

Peter Virovacz

Chief Economist, Hungary

peter.virovacz@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

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 www.ing.com.