

## Key events in EMEA next week

There are no rate changes expected at the Czech National Bank meeting next week, but we will get new forecasts as market expectations turn dovish. Annual inflation in Turkey is expected to end its downtrend in July and increase to 45.2%. And June economic activity data is to be released in Hungary



Source: Shutterstock

### Czech Republic: No change in rates and new CNB forecast in the pipeline

The Czech National Bank's monetary policy meeting will take place on Thursday next week and a rate change is not on the table, in our view. However, we think it should be one of the most interesting sessions this year.

This is because rapid disinflation has opened up the question of a first rate cut, while the record weak koruna, in turn, has raised the question of intervention and postponement of rate cuts. The CNB will also release a new forecast that may be the central bank's last attempt to reverse very dovish market expectations.

Since the decision itself does not have much potential to surprise, the main focus will be on the

governor's press conference and the new forecast. While it cannot be ruled out that some members will still vote for a rate hike, our [baseline scenario](#) assumes a unanimous decision to leave rates unchanged.

## ✔ Turkey: Expect annual inflation to end its downtrend in July and increase to 45.2%

Recent lira depreciation (around 30% since end-May), large mid-year wage adjustments (a 34% hike in the minimum wage and 73.5% on average in civil servant salaries) and revenue-raising measures to offset some of the fiscal pressures related to wage hikes and earthquake reconstruction will be inflationary in the period ahead.

Given this backdrop, we expect annual inflation to end its downtrend in July and increase to 45.2% (with a 7.6% month-on-month reading) from 38.2% a month ago, while risks are on the upside.

## ✔ Hungary: June economic activity data

Next week's highlight is the June economic activity data in Hungary. We are going to see whether there is any momentum change. With real wage growth stuck in negative territory, we see the impact of reducing purchasing power negatively affecting consumption and domestic demand-driven subsectors in industry. Hence, the downtrend will continue with month-on-month drops in retail sales and industrial production volumes, in our view. The only thing that will help optically is the base effect. As a result, the year-on-year indexes will show improvements, a false promise of a turnaround.

## Key events in EMEA next week

Country	Time Data/event	ING	Survey	Prev.
<b>Monday 31 July</b>				
Poland	0900 Jul Flash CPI (YoY%)	10.9	10.9	11.5
Russia	- Jun GDP (YoY%) Monthly	-	4.5	5.4
Turkey	1200 Jun Bank NPL Ratio	-		1.75
Czech Rep	0800 Q2 Preliminary GDP (YoY%)	-		-0.5
	0800 Q2 Preliminary GDP (QoQ%)	-		0
South Africa	0700 Jun M3 Money Supply (YoY%)	-	9.85	10.3
	0700 Jun Pvt Sector Credit Ext.	-	6.25	6.85
	1300 Jun Trade Balance (Incl. Region)	-	11.85	10.2
<b>Tuesday 1 August</b>				
Russia	0700 Jul S&P Global Manufacturing PMI	-		52.6
Turkey	0800 Jul Manufacturing PMI	-		51.5
Poland	0800 Jul S&P Global Manufacturing PMI	44.3		45.1
Czech Rep	0830 Jul S&P Global PMI	39.0		40.8
	1300 Jul Budget Balance	-		-215.4
Hungary	0730 May Trade Balance Final	1100		1100
	0800 Jul Manufacturing PMI	48.9		44.2
Brazil	1300 Jun Industrial Output (MoM%/YoY%)	-/-	/	0.3/1.9
	1400 Jul S&P Global Manufacturing PMI	-		46.6
Mexico	1600 Jul S&P Global Manufacturing PMI	-		50.9
<b>Wednesday 2 August</b>				
Russia	1700 Jun Retail Sales (YoY%)	9.5	9.5	9.3
	1700 Jun Unemployment Rate	3.2	3.2	3.2
Brazil	0900 Jul IPC-Fipe Inflation Idx	-		-0.03
	2200 Selic Interest Rate	-		13.75
<b>Thursday 3 August</b>				
Russia	0700 Jul S&P Global Services PMI	-		56.8
Turkey	0800 Jul CPI (MoM%/YoY%)	7.6/45.2	/	3.92/38.21
Czech Rep	1330 CNB Repo Rate	7.00		7.00
South Africa	0815 Jul Std Bank Whole Econ PMI	-		48.7
Brazil	1400 Jul S&P Global Services PMI	-		53.3
	1400 Jul S&P Global Composite PMI	-		51.5
<b>Friday 4 August</b>				
Czech Rep	0800 Jun Retail Sales (YoY%)	-		-7.2
Hungary	0730 Jun Industrial Output (YoY%)	-6.6		-6.9
	0730 Jun Retail Sales (YoY%)	-9.7		-12.3

Source: Refinitiv, ING

## Authors

### Frantisek Taborsky

EMEA FX & FI Strategist

[frantisek.taborsky@ing.com](mailto:frantisek.taborsky@ing.com)

### Muhammet Mercan

Chief Economist, Turkey

[muhammet.mercan@ingbank.com.tr](mailto:muhammet.mercan@ingbank.com.tr)

### Peter Virovacz

Senior Economist, Hungary

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