

Key events in EMEA next week

Turkey and the Czech Republic should keep rates on hold for now. Releases from Hungary will reveal the extent of the damage on retail and industry, and Russian inflation will be a key one to watch



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✓ Turkey: CBT to keep rates on hold

While the Central Bank of Turkey has been sounding more dovish lately, we expect it to remain on hold at the May MPC meeting given the worsening in inflation dynamics and challenging currency outlook. We forecast inflation at 1.7% month-on-month in April, continuing the uptrend to 17.2% year-on-year from 16.2% YoY a month ago. This is due to recent weakness in the lira, higher commodity prices, supply problems driven by tightening pandemic control measures, along with unfavourable base effects.

✓ Czech Republic: CNB to maintain its monetary stance until 2H21

The Czech National Bank is set to stay on hold next Thursday and should reiterate its plan to start normalising policy rates in the second half of the year. The new forecast should signal a weaker pace of rate hikes, as economic developments in the first half of this year should be softer than expected in the February forecast. Still, the CNB is set to point to hikes in 2H21 and we look for two

hikes in the fourth quarter, though the CNB has not excluded the potential start of hiking at the August monetary meeting.

✓ **Russia: Trimming of FX purchases, and inflation data to reinforce hawkish stance**

The Russian Finance Ministry is likely to announce the trimming of its FX purchases from US\$2.4 bn in April to US\$2.0 bn in May, in line with some correction in the oil prices we've seen over the past month. However, the biggest issue for the ruble is not FX purchases but a fast pick up in imports and capital outflows (which are only partially politics-related). In addition, next week, April CPI will be reported, with the annual rate almost certainly decelerating from March's 5.8% YoY peak on a higher base effect, but the April result still looks as though it could overshoot our 5.5% YoY expectations, reinforcing the Bank of Russia's hawkish stance.

✓ **Hungary: Possible stagnant PMI reading and pessimistic retail and industry figures**

With supply chain issues causing stoppages in Hungary and a reopening having begun, the manufacturing PMI will be shaped by both negative and positive forces. The result could be stagnation. We will also see data on industry and retail sales in March and are bracing for a bad outcome. The retail sector's performance was probably held back by a new round of containment measures in March, with non-essential shops being closed. Industry faced supply chain disruptions amid a shortage of microchips and semiconductors and the proverbial icing on the cake was the Suez Canal incident, causing further delays in input shipments.

EMEA Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 3 May				
Turkey	0800 Apr	CPI (MoM/YoY%)	1.7/17.2	1.08/16.19
	0800 Apr	Manufacturing PMI	-	52.6
Czech Rep	0830 Apr	Markit PMI	59	58.0
	1300 Apr	Budget Balance	-	-125.2
Hungary	0800 Apr	Manufacturing PMI	49.8	48.7
Brazil	0900 Apr	IPC-Fipe Inflation Idx	-	0.71
	1400 Apr	Markit Manufacturing PMI	-	52.8
Mexico	1530 Apr	Markit Manufacturing PMI	-	45.6
Tuesday 4 May				
Russia	0700 Apr	Markit Manufacturing PMI	-	51.1
Poland	0800 Apr	Markit Manufacturing PMI	-	54.3
Wednesday 5 May				
Poland	-	May NBP Base Rate	-	0.1
Brazil	1200 Mar	Industrial Output (MoM/YoY%)	-/-	-0.7/0.4
	1400 Apr	Markit Services PMI	-	44.1
	1400 Apr	Markit Composite PMI	-	45.1
	2200	Selic Interest Rate	-	2.75
Thursday 6 May				
Russia	0700 Apr	Markit Services PMI	-	55.8
Turkey	1200 May	CBT Weekly Repo Rate	19.0	19.0
	1200 May	O/N Lending Rate	20.5	20.5
	1200 May	O/N Borrowing Rate	17.5	17.5
Czech Rep	0800 Mar	Retail Sales (YoY%)	-	-5.8
	1330	CNB Repo Rate	0.25	0.25
Hungary	0800 Mar	Industrial Output (YoY%)	13.0	1.9
	0800 Mar	Retail Sales (YoY%)	-5.4	-5.9
Friday 7 May				
Russia	1700 Apr	CPI (MoM/YoY%)	0.6/5.5	0.7/5.8
Czech Rep	0800 Mar	Industrial Output (YoY%)	-	-2.6
	0800 Mar	Trade Balance	-	22.5
Ukraine	-	Apr CPI (MoM/YoY%)	-/-	1.7/8.5
Brazil	1300 Mar	Retail sales (MoM/YoY%)	-/-	0.6/-3.8
Mexico	1300 Apr	Headline Inflation	-	0.83
	1300 Apr	Core inflation	-	0.54

Source: ING, Refinitiv

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