

Article | 30 July 2021

KEY EVENTS

Key events in EMEA next week

Look out for increased FX purchases in Russia, signs of strong economic activity in Hungary, and persistent inflation in Turkey



Source: Shutterstock

✓ Russia: Important data releases for FX and rates markets

On Wednesday, the Russian Finance Ministry is likely to announce an increase in monthly FX purchases from US\$4.0 bn in July to US\$4.3-4.5 bn for August, reflecting higher oil prices. Higher FX purchases combined with the possible conversion of corporate dividends, an acceleration of merchandise imports, and the reopening of outward tourism could make August a difficult month for the ruble. At the same time, some support may come from portfolio inflows into the local currency public debt (OFZ) following the [recent Bank of Russia key rate decision](#). Also, the recent discussion on the potential US\$12 bn investment out of the local sovereign wealth fund (NWF) into Gazprom projects in 2021-23, combined with the earlier three-year plans to invest US\$19 bn into other local infrastructure projects could potentially lead to a cut in FX purchases by up to \$10 bn per year, starting in 2021. This could be a potential catalyst for some improvement in the mood towards the ruble in the medium term.

On Thursday, CPI for July will be reported. We expect a slight pickup in the annual rate to 6.6% year-on-year vs. 6.5% YoY a month prior. According to the weekly data, since mid-July, price growth has stopped due to seasonal factors related to deflation in the fruit and vegetable segment, while upward price pressures in gasoline and other important items remain. As a

result, while we do believe that inflation is approaching its peak, the risks of further negative surprises remain for the medium term. For now, the CPI trajectory seems to confirm our expectations of a key rate ceiling in the 6.5-7.0% range, to be reached soon, though upside risks to that view remain.

Hungary: Strong performance expected in retail sales and industrial production

In Hungary, we expect June to show some strong improvement over the previous month in economic activity. On one hand, this is supported by the reopening. On the other hand, the EURO 2020 itself and the fact that Budapest was a host with full stadiums and tourists should provide a huge boost to consumption. We expect this to show up in retail sales, although last year's high base will mask this improvement. Regarding industry, surveys showed improving optimism, so we expect another strong month in production, but yet again the high base will dampen the year-on-year performance. Industry can build on this strong performance, so we see the PMI showing further improvement ahead.

Turkey: Continued uptrend in inflation

July inflation in Turkey should maintain its uptrend, not only because of broad-based pricing pressures in June amid the easing of pandemic control measures, but also because of recent increases in natural gas and electricity prices which will have significant direct and indirect effects. We expect 1.4% growth month-on-month, translating into 18.4% annual inflation, up from 17.5% a month ago.

EMEA Economic Calendar

THINK economic and financial analysis

Country	Time Data/event	ING Survey	Prev.
Monday 2 August			
Russia	0700 Jul Markit Manufacturing PMI	-	49.2
Turkey	0800 Jul Manufacturing PMI	-	51.3
Poland	0800 Jul Markit Manufacturing PMI	-	59.4
Czech Rep	0830 Jul Markit PMI	-	62.7
	1300 Jul Budget Balance	-	-265.1
Hungary	0800 Jul Manufacturing PMI	56.2	54.7
	0800 Jun PPI (MoM%/YoY%)	0.5/11.2	-0.1/11.3
Brazil	1400 Jul Markit Manufacturing PMI	-	56.4
Mexico	1530 Jul Markit Manufacturing PMI	-	48.8
Tuesday 3 August			
Turkey	0800 Jul CPI (MoM%/YoY%)	1.4/18.4	1.94/17.53
Brazil	0900 Jul IPC-Fipe Inflation Index	-	0.81
	1300 Jun Industrial Output (MoM%/YoY%)	-/-	1.4/24.0
Wednesday 4 August			
Russia	0700 Jul Markit Services PMI	-	56.5
Hungary	0800 Jun Retail Sales (YoY%)	4.0	5.8
South Africa	0815 Jul Std Bank Whole Econ PMI	-	51
Brazil	1400 Jul Markit Services PMI	-	53.9
	1400 Jul Markit Composite PMI	-	54.6
	2200 Selic Interest Rate	-	4.25
Thursday 5 August			
Russia	1700 Jul CPI (MoM%/YoY%)	0.4/6.6	0.7/6.5
Turkey	1200 Jun Bank NPL Ratio	-	3.69
Czech Rep	0800 Jun Retail Sales (YoY%)	-	8.1
	1330 CNB Repo Rate	-	0.5
Friday 6 August			
Czech Rep	0800 Jun Industrial Output (YoY%)	-	25.3
	0800 Jun Trade Balance	-	6.3
Hungary	0800 Jun Industrial Output (YoY%)	17.7	39.1
	0800 Jun Trade Balance Prelim (€m)	650	97
Romania	1300 Monetary Policy Rate	-	1.25

Source: Refinitiv, ING, *GMT

Author

Peter Virovacz

Chief Economist, Hungary

peter.virovacz@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

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.