

Key events in EMEA next week

We expect the National Bank of Poland to keep rates unchanged next week and believe rate cuts are unlikely this year. For Hungary, we see core inflation continuing its slow-paced ascent, while the trade balance should finally switch back into surplus after being in deficit for 18 months



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✓ Poland: NBP expected to keep rates unchanged

Poland's central bank is widely expected to keep interest rates unchanged next week. Although recent CPI readings have been lower than expected, the pace of disinflation is highly uncertain and price growth may turn out to be persistently high (especially core inflation) as seen in the recent data from core markets. At the same time, the NBP will present new forecasts which may show a lower path of inflation due to a more favourable starting point and lower energy price index. Still, in our view, the persistence of core inflation will leave no room for interest rate cuts this year.

✓ Czech Republic: Headline inflation expected to slightly exceed central bank forecast

Czech headline inflation likely moderated slightly in February. Core inflation likely declined further

but should still remain above 10% year-on-year. Weekly surveys suggest food prices remained more or less flat compared to January, while fuel prices started to pick up again. In our view, headline inflation in February slightly exceeded the central bank's estimate at 16.5% YoY. Still, the Bank's board is unlikely to be swayed by such a move given its firm stance on holding rates steady.

✓ Hungary: Headline inflation to show minor deceleration, while core should continue to climb

Next week will also serve up some hard evidence on how the Hungarian economy has started this year. We expect some minor improvement in retail sales activity in year-on-year terms due to base effects in January 2023. On a monthly basis, we still see a retreat in the volume of turnover. The main cause behind this weakening remains negative real wage growth. If we believe in survey indicators (which we take with a pinch of salt), we should see yet another monthly-based increase in the volume of industrial production in January. This will translate into a significant improvement compared to a year ago due to the calendar effect. We see the budget balance posting a monthly deficit roughly in line with historic standards in February. The real fireworks of the week will arrive with the February inflation print, where we see the headline reading showing a minor deceleration, while core inflation should continue its (now slow-paced) climb. The reason for the opposite direction of travel is that energy and fuel prices, which are not part of the core basket, will drag down the headline figure. At the end of the week, we foresee yet more good news: with dropping energy prices, lowering energy demand and improving export activity, we see the monthly trade balance switching back into surplus after being in deficit for 18 months.

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Country	Time	Data/event	ING	Survey	Prev.
Monday 6 March					
Hungary	0730	Jan Retail Sales (YoY%)	-3.5		-3.9
Tuesday 7 March					
Hungary	0730	Jan Industrial Output (YoY%)	5.5		2.0
	0730	Jan Industrial Output (MoM%, swda)	0.9		3.8
South Africa	0930	Q4 GDP (YoY%)	-		4.1
Wednesday 8 March					
Poland	1300	Mar NBP Base Rate	6.75	6.75	6.75
Czech Rep	0800	Feb Unemployment Rate	-		3.9
Hungary	0730	Feb Core CPI (YoY%)	25.6		25.4
	0730	Feb CPI (MoM%/YoY%)	0.9/25.4		2.3/25.7
	1000	Feb Budget Balance	-250		-143.6
Thursday 9 March					
Czech Rep	0800	Jan Trade Balance	-		-1.2
Serbia	1100	Mar Benchmark Interest rate	5.75		5.5
South Africa	0900	Q4 Current Account	-		-18.1
Mexico	1200	Feb Headline Inflation	-		0.68
	1200	Feb Core inflation	-		0.71
Friday 10 March					
Turkey	0700	Jan Unemployment Rate	-		10.4
	0700	Jan Industrial Production (MoM/YoY%)	-		-0.22/1.63
Russia	1600	Feb CPI (MoM%/YoY%)	0.5/11.0		0.8/11.8
Czech Rep	0800	Jan Industrial Output (YoY%)	-		4
	0800	Feb CPI (MoM%/YoY%)	-/-		6/17.5
Hungary	0730	Jan P Trade Balance (EUR mn)	250		-154
Ukraine	1330	Feb CPI (MoM%/YoY%)	-/-		
Brazil	1100	Feb IPCA Inflation Index (MoM%/YoY%)	-/-		0.53/5.77

Source: Refinitiv, ING

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