

Key events in EMEA and Latam next week

The second wave of Covid-19 across the EMEA region is slowing industrial activity and putting some pressure on the labour market. However, central bank policies are fairly mixed with Hungary showing a more dovish tone and Turkey expecting a rate hike



Source: Shutterstock

✓ Russia: Activity data to stall, but will this prompt a rate cut?

Russian activity data for October will likely confirm the stalling recovery amid a second wave of Covid-19 infections and moderation in budget support. The weakness is likely to be more pronounced in the industrial data, which will be amplified by continued restrictions on oil output and the adverse calendar effect. Meanwhile, it remains unclear if this weakness will strengthen the case for additional key rate cuts, as the Central Bank of Russia will also be considering volatility on the financial markets and [accelerating CPI](#).

✓ Poland: Uncertainty over the longevity of the industrial downturn

We expect industrial growth to substantially slow in October. This reflects less supportive calendar effects than the month prior, but also somewhat weaker underlying momentum. The real question though is how strong the downturn will be going further into 4Q. Manufacturing should be

substantially more resilient than services, but limitations imposed on mall activity pose a substantial risk.

Covid-19 has not impacted the labour market significantly so far. But this will start to change in October as the second wave of infections has already gained momentum. For this reason, we expect a modest deceleration in wage growth (from 5.6 to 4.6%YoY) and the recovery of employment in the enterprise sector to pause. These statistics will worsen further in November and December as the second lockdown (introduced on 4 November) takes its toll on economic activity.

Hungary: dovish move incoming?

Inflation is well below the central bank's forecast and the forint is supported by better market sentiment. This opens the door for an early re-evaluation of monetary policy at the November rate setting meeting in Hungary. This could mean a change in tone and some new messages to lay the groundwork for a dovish step in the near future to help the economy amid a 'stop-start' recovery.

Turkey: Significant rate hike incoming

In addition to changes in the economy management team towards more technocratic leaders at the Central Bank and the Finance Ministry, President Erdogan's comments that the new leadership at these institutions would be supported, even if it called for 'bitter-pill policies', have supported expectations of a sizeable policy rate hike and a simplification in the policy framework to provide more transparency and predictability. Accordingly, we expect the Central Bank of Turkey to adjust its policy rate to 15% from 10.25%, and start lending from 1-week repo auctions again.

EMEALatam Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Sunday 15 November					
Israel	1630	Oct CPI (MoM/YoY%)	-/-	0.35/-0.80	-0.10/-0.69
Monday 16 November					
Poland	1300	Oct Core Inflation (MoM/YoY%)	4.2	-/-	0.4/4.3
Czech Rep	0800	Oct PPI (Industrial) (MoM/YoY%)	-	-	0.2/-0.4
Ukraine	1430	3Q P GDP (YoY%)	7.7/-4.8	-	-11.4
Kazakhstan	-	Oct Industrial Production Yearly	-	-	-3.5
	-	3Q P GDP YTD YoY	-	-	-1.8
Bulgaria	0900	Oct CPI (MoM/YoY%)	0.3/0.4	-/-	-0.6/0.9
Israel	1100	3Q A GDP (QoQ Annualised %)	-	-	-28.8
Tuesday 17 November					
Russia	1600	Oct Industrial Production (YoY%)	-6.3	-5.5	-5.0
Hungary	1300	Policy Rate (%)	0.6	-	0.6
	1300	Overnight Deposit Rate (%)	-0.05	-	-0.05
Wednesday 18 November					
Russia	1600	Oct PPI (MoM/YoY%)	-	0.1/-0.1	-0.6/0.0
South Africa	1100	Sep Retail Sales (MoM/YoY%)	-	-	4.0/-4.2
Israel	-	Nov 12Mth Inflation Forecast (%)	-	-	0.3
Thursday 19 November					
Turkey	1100	Benchmark Repurchase Rate	15.00	-	10.25
Poland	0900	Oct Avg Gross Wages (YoY%)	4.6	4.5	5.6
	0900	Oct Employment (YoY%)	-1.1	-1.1	-1.2
Serbia	-	Sep C/A (€mn)	-	-	-143.1
South Africa	-	Repo rate (%)	-	-	3.5
Friday 20 November					
Russia	1600	Oct Retail Sales (YoY%)	-2.5	-3.6	-3.0
	1600	Sep Real wages (YoY%)	0.2	0.2	0.1
Poland	0900	Oct Industrial Output (YoY%)	-1.5	1	5.9
	0900	Oct PPI (MoM/YoY%)	-0.6	-0.9	-1.6
Serbia	1100	Oct Industrial Production (YoY%)	-	-	4.6
Croatia	1000	Oct Unemployment Rate (%)	-	-	8.8
	1000	Sep Real Wages (YoY%)	-	-	2.9

Source: ING, Bloomberg

Author

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

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.