

## Key events in EMEA and Latam next week

Central bank meetings take place in Hungary, Russia, Ukraine and Turkey next week but most are expected to stay on hold



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### ✓ Poland: W-shaped growth?

A lacklustre PMI reading suggests downward risk to our forecasts, suggesting the economy is no longer tracking the V-shaped recovery path. However, September figures should have limited market significance. The central bank has convinced investors that current figures will not impact its monetary policy.

The fourth quarter will be the real test for the economy. The mounting number of Covid-19 cases suggests more of a W-shaped growth path.

### ✓ Hungary: HUF underperformance could lead to a rate hike

The highlight in Hungary next week will be the October rate-setting meeting by the central bank, although we see this as a non-event for markets, with no change in rates and no change in tone. The latest downside surprise in inflation gives the National Bank of Hungary some comfort, but the recent underperformance in the forint increases the chances of another hike in the 1-week deposit rate.

## ✓ Russia: Rates should remain unchanged

The Bank of Russia is likely to keep the 4.25% key rate unchanged given the recent pick up in inflationary pressures amid weakness in the rouble, but the medium-term signal should remain dovish.

The softening in demand, which is likely to be confirmed by next week's activity data, signals below-target CPI in 2021 and leaves room for a key rate cut to 3.5-4.0% in 2021 provided market conditions allow.

## ✓ Turkey: Rate hike expected as tightening continues

Following a surprise policy rate hike last month, the central bank has further raised its effective cost of funding rate to above 12%, continuing previous tightening measures to control inflation and support the currency.

In October, the Bank is likely to continue tightening by pulling the policy rate to 11.75%, translating into a 150 basis point hike. Such a move would also provide additional flexibility to further tighten liquidity and to raise the effective funding rate if required.

## EMEALatam Economic Calendar

| Country                     | Time | Data/event   | ING   | Survey | Prev.    |
|-----------------------------|------|--|-------|--------|----------|
| <b>Sunday 18 October</b>    |      |  |       |        |          |
| Israel                      | 1100 | 2Q F GDP (QoQ Annualised %)                              | -     | -      | -29.0    |
| <b>Monday 19 October</b>    |      |  |       |        |          |
| Poland                      | 0900 | Sep Avg Gross Wages (YoY%)                               | 4.6   | 4.3    | 4.1      |
|                             | 0900 | Sep Employment (YoY%)                                    | -1    | -1.1   | -1.5     |
| <b>Tuesday 20 October</b>   |      |  |       |        |          |
| Russia                      | 1700 | Sep Retail Sales (YoY%)                                  | -2.5  | -2.1   | -2.7     |
|                             | 1700 | Aug Real wages (YoY%)                                    | 1.4   | 1.5    | 2.3      |
| Poland                      | 0900 | Sep Industrial Output (YoY%)                             | 3.8   | 3.9    | 1.5      |
|                             | 0900 | Sep PPI (MoM/YoY%)                                       | -1.3  | -1.4   | -1.2     |
| Hungary                     | 1300 | Policy Rate (%)  | 0.6   | -      | 0.6      |
|                             | 1300 | Overnight Deposit Rate (%)                               | -0.05 | -      | -0.05    |
| Serbia                      | -    | Aug C/A (€mn)  | -     | -      | -122.0   |
| Croatia                     | 1000 | Sep Unemployment Rate (%)                                | -     | -      | 9.0      |
|                             | 1000 | Aug Real Wages (YoY%)                                    | -     | -      | 2.9      |
| South Africa                | 0800 | Aug Leading Indicator                                    | -     | -      | 99.9     |
| Israel                      | -    | Oct 12Mth Inflation Forecast (%)                         | -     | -      | 0.4      |
| <b>Wednesday 21 October</b> |      |  |       |        |          |
| Poland                      | 0900 | Sep Retail Sales (MoM/YoY%)                              | 4     | -      | 0.4      |
| Hungary                     | -    | Hungary's Matolcsy Speaks at Conference on Green Finance |       |        |          |
| South Africa                | -    | Medium-Term Budget                                       |       |        |          |
| Israel                      | 1100 | Sep Trade Balance (US\$m)                                | -     | -      | -1884.1  |
| <b>Thursday 22 October</b>  |      |  |       |        |          |
| Turkey                      | 1200 | Benchmark Repurchase Rate                                | 11.75 | -      | 10.25    |
| Poland                      | 1300 | Sep M3 Money Supply (MoM/YoY%)                           | 16    | 16.1   | 16.2     |
| Ukraine                     | 1200 | Key Rate (%)   | 6     | -      | 6.0      |
| <b>Friday 23 October</b>    |      |  |       |        |          |
| Russia                      | 1130 | Key Rate (%)   | 4.25  | 4.25   | 4.25     |
|                             | 1300 | Bank of Russia Governor Nabiullina holds news conference |       |        |          |
| Poland                      | 0900 | Sep Unemployment Rate (%)                                | 6.1   | 6.1    | 6.1      |
|                             | -    | Sep Budget Level (YTD)                                   | -     | -      | -13298.5 |
| Kazakhstan                  | -    | Sep M3 Money Supply (MoM%)                               | -     | -      | 0.1      |
| Brazil                      | 1330 | Sep C/A Balance (\$mn)                                   | -     | -      | 3721.3   |
| Mexico                      | 1200 | Aug Retail Sales (YoY%)                                  | -     | -      | -12.5    |

Source: ING, Bloomberg

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