

## Key events in EMEA for the rest of 2023

For the rest of 2023, there will be a flurry of data releases in Poland. Elsewhere, we see a continuation of Hungary's 75bp rate cutting cycle, while the Central Bank of Turkey is forecast to raise rates by 250bp at its next meeting



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### Poland: 2024 should be a year of economic rebound driven by household consumption

**Industrial output (November): 1.4% YoY**

In line with our expectations, industrial output turned positive and expanded in annual terms in October. We project further growth in November albeit at a sluggish pace as manufacturing activity remains subdued. Still, a sharp improvement in the manufacturing PMI last month gives ground for cautious optimism with respect to a recovery in the Polish industrial sector in the months ahead.

**PPI (November): -3.7% YoY**

Producer price deflation continued in November, but the PPI is no longer in freefall as prices have stabilised in recent months. We estimate that last month, the PPI went up by 0.1% month-

on-month. Combined with a favourable reference base from last year, this should lift the November PPI to -3.7% year-on-year from -4.1% YoY in October. We still expect PPI deflation to continue in the coming months in annual terms.

#### **Wages (November): 11.2% YoY**

In the absence of large bonus payments, wage growth most likely moderated to 11.2% YoY in November from 12.8% YoY in October, but it remains in double-digit territory. With an expected economic rebound, sharp increase in the minimum wage, and wage hikes in public administration in 2024, we expect upward pressure on wages to continue, especially given the tight labour market.

#### **Employment (November): -0.2% YoY**

Enterprise sector employment has been moderating slightly in recent months, pushing the annual figure into negative territory, but it remains resilient amid softer economic conditions. Demand for labour remains solid and supply is limited. Although there is usually some delay between economic activity and the labour market response, we judge that the job market has coped very well with the recent slowdown.

#### **Retail sales (November): 2.0% YoY**

Falling inflation has lifted real disposable household income, and consumer confidence has been improving for many months, laying the ground for a rebound in private consumption. Still, the improvement in retail sales remains relatively slow so far. Nevertheless, 2024 should be a year of economic recovery driven by household consumption.

#### **Unemployment (November): 5.1%**

We project a slight increase in the number of unemployed and an increase in the registered unemployment rate to 5.1% in November from 5.0% in October. According to the Ministry of Family and Social Policy estimates, the number of unemployed increased, but the unemployment rate remained unchanged. The official figure may still match our forecast unless the activity rate increased last month.

### **Hungary: Continuation of the 75bp rate cutting cycle in December**

As usual, the end of the year in Hungary is not very exciting from an economic calendar point of view. The highlight could be the National Bank of Hungary's interest rate decision on 19 December. However, as the central bank seems pretty set on the pace of easing, we don't expect any major surprises. We see a continuation of the 75bp rate cutting cycle in December. The Monetary Council will tell us about the positive developments in the main macroeconomic indicators while highlighting all the surrounding risks that justify a cautious and gradual approach. If all goes well, the central bank could confirm its previous commitment to continue with interest rate cuts of the same magnitude. The only case in which we would think about forecasting an accelerated pace of easing would be if we saw the Federal Reserve and the European Central Bank openly talking about the upcoming rate cuts in 2024. Apart from the central bank decision, we see some confirmation of an improving external balance, with both the final trade balance in October and the third quarter current account showing significant surpluses. On the labour market side, wage

growth will remain strong enough to see a continuation of the real wage growth that started in September after being in negative territory for 12 months.

## ✓ Turkey: We expect a 250bp hike in December

Last month, the Central Bank of Turkey decided to slow the pace of monetary tightening and complete the tightening cycle in a short period. The bank also signalled its intent not to start cutting earlier and remained committed to keeping its tight stance for longer to ensure sustained price stability. Given this backdrop, we expect it to come up with a 250bp rate hike at the December MPC (vs 500bp a month ago) while remaining vocal about the inflation outlook.

## Key events in EMEA for the rest of 2023

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 18 December</b>					
Poland	1300	Nov Net Inflation (YoY%)	7.3		8
<b>Tuesday 19 December</b>					
Hungary	1300	Dec Hungary Base Rate	10.75		11.50
<b>Wednesday 20 December</b>					
Russia	1600	Nov PPI (MoM%/YoY%)	-/-	/	2/21.6
Poland	0900	Nov Industrial Output (YoY%)	1.4		1.6
Poland	0900	Nov PPI (YoY%)	-3.7	-3.9	-4.1
Poland	0900	Nov Wages (YoY%)	11.2	11.2	12.8
Poland	0900	Nov Employment (YoY%)	-0.2	-0.2	-0.1
<b>Thursday 21 December</b>					
Turkey	1100	Dec CBT Weekly Repo Rate	42.5		40
	1100	Dec O/N Lending Rate	44.0		41.5
	1100	Dec O/N Borrowing Rate	41.0		38.5
Poland	0900	Nov Retail Sales (YoY%)	2.0		2.8
Poland	0900	Construction output (YoY%)	5.1	7.3	9.8
Hungary	0730	Oct Average Gross Wages (YoY%)	13.5		14.1
Czech Rep	1330	2 CNB Repo Rate	-		7
<b>Friday 22 December</b>					
Poland	1300	Nov M3 Money Supply (YoY%)	8.2	8.2	8.2
	1308	Nov Unemployment Rate	5.1		5
Hungary	0730	Q3 C/A Balance (EUR bn)	0.63		0.69
	0730	Oct Trade Balance Final	1037		1037
<b>Wednesday 27 December</b>					
Russia	1600	Nov Industrial Output	4.5	4.4	5.3
	1600	Nov Retail Sales (YoY%)	10.2	11.7	12.7
	1600	Nov Unemployment Rate	2.9	2.9	2.9
	-	Nov GDP (YoY%) Monthly	-	3.6	5
<b>Friday 29 December</b>					
Russia	0600	Dec S&P Global Manufacturing PMI	-		53.8
	0600	Dec S&P Global Services PMI	-		52.2
Turkey	0700	Nov Trade Balance	-5.9		-6.52
	1100	Nov Bank NPL Ratio	-		1.54
South Africa	0600	Nov M3 Money Supply (YoY%)	-		6.08
	0600	Nov Pvt Sector Credit Ext.	-		3.94
	1200	Nov Trade Balance (Incl. Region)	-		-12.7

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