

## Key events in EMEA next week

Annual inflation in Turkey will likely decline further in May due to the policy promised by Tayyip Erdogan of making gas free for Turkish households in May. For Hungary's May inflation print, we expect core inflation to remain strong, coming in at around 0.8% on a monthly basis, while headline inflation is around 0.1%



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### Turkey: Inflation trending downwards due to election policy

Annual inflation, which maintained its downtrend to 43.7% in April with large base effects, is likely to decline further in May to 39.3% (-0.1% on a monthly basis). This is because the Turkish Statistical Institute (TurkStat) said it would reflect the impact of the government's decision to provide natural gas free of charge to households in May in its inflation calculations. TurkStat's practice is in line with Eurostat guidelines, according to its statement.

However, the outlook is quite uncertain for the rest of 2023, as a lira adjustment post-election and potential adjustments in wages and administered prices are likely to weigh on the inflation momentum.

## ✔ Hungary: Annual headline and core readings flirting with 22% and 23% levels

Next week is set to be a busy one in Hungary. We are going to see the first set of hard data regarding second-quarter economic activity. We expect both retail sales and industrial production to contract on a yearly basis as high inflation and high interest rates are suffocating domestic demand. The only silver lining in industry is the export-oriented sectors like car and battery manufacturing.

We see some better budgetary figures in May as the heating season has ended and this might reduce the expenditure side pressure arising from energy bills. The relatively small monthly deficit would mean that this year's budget moves roughly in parallel with last year's deficit accumulation. The even better news could be if the trade balance posts yet another monthly surplus in April, as we expect.

The highlight of the busy week will be the May inflation print. Seeing the downside surprises across Europe, we wouldn't be shocked to see something similar in Hungary. We expect the month-on-month headline inflation to come in at around 0.1% mainly on easing price pressures in food, fuel and durables. Services inflation, however, will remain strong, thus core inflation on a monthly basis will stay high around 0.8%. But thanks to base effects, the headline and core readings will flirt with 22% and 23% levels, respectively, a significant detachment from the peak reached in the first quarter.

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Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 5 June</b>					
Russia	0700	May S&P Global Services PMI	-		55.9
Turkey	0800	May CPI (MoM%/YoY%)	-0.1/39.3		2.39/43.68
South Africa	0815	May Std Bank Whole Econ PMI	-		49.6
Brazil	1400	May S&P Global Services PMI	-		54.5
	1400	May S&P Global Composite PMI	-		51.8
<b>Tuesday 6 June</b>					
Poland	1300	Jun NBP Base Rate	6.75		6.75
Czech Rep	0800	Apr Industrial Output (YoY%)	-		2.2
	0800	Apr Trade Balance	-		15.9
Hungary	0730	Apr Retail Sales (YoY%)	-11.8		-13.1
South Africa	1030	Q1 GDP (YoY%)	-		0.9
<b>Wednesday 7 June</b>					
Czech Rep	0800	Apr Retail Sales (YoY%)	-		-7.8
Hungary	0730	Apr Industrial Output (MoM%/YoY%)	-2.2/-6.5		0,2/-4,1
Brazil	1300	May IPCA Inflation Index (MoM%/YoY%)	-/-		0.61/4.18
<b>Thursday 8 June</b>					
Czech Rep	0800	May Unemployment Rate	-		3.6
Hungary	0730	May Core CPI (YoY%)	23.3		24.8
	0730	May CPI (MoM%/YoY%)	0.1/22.1		0.7/24.0
	0730	Apr P Trade Balance (EUR mn)	500		886
	1000	May Budget Balance	-100		-620
Serbia	1100	Jun Benchmark Interest rate	6		6
South Africa	1000	Q1 Current Account	-		-174
Mexico	1300	May Headline Inflation	-		-0.02
	1300	May Core inflation	-		0.39
<b>Friday 9 June</b>					
Russia	1130	May Central bank key rate	7.5		7.5
	1700	May CPI (MoM%/YoY%)	0.2/2.4		0.4/2.3
Ukraine	1430	May CPI (MoM%/YoY%)	-/-		0.2/17.9
Mexico	1300	Apr Industrial Output (MoM%/YoY%)	-		-0.9/1.6

Source: Refinitiv, ING

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