

## Key events in EMEA next week

Expect a 50 basis-point rate hike in Poland given the potential for even higher inflation rates over the coming months as a result of the war in Ukraine. Hungarian inflation will also be a key thing to watch next week



The war in Ukraine will have a significant impact on the Polish economy. Pictured: Warsaw

### National Bank of Poland to hike 50bp next week

The war in Ukraine will have a significant impact on the Polish economy, primarily via international trade, subtracting some 1.3pp from 2022 GDP. However this is unlikely to deter the National Bank of Poland (NBP) from hikes, given the conflict will also result in even higher inflation, stemming from commodity prices and a weak Polish zloty (PLN).

That means the central bank is set to continue its tightening cycle in March, most likely with another 50bp rate hike. A less aggressive move would very likely affect the zloty, undermining NBP FX interventions. In fact, policymakers could employ mildly hawkish language to support the FX interventions already taken.

Looking ahead, and as a result of a slightly weaker growth outlook, even with persistently higher CPI, we no longer feel there's upside risk to our 4.5% forecast for the NBP's terminal rate. Getting there could also take longer.

## ✔ Hungary: Sharp increase in budget deficit expected

February's monthly budget deficit could be close to HUF 1.5 trillion due to several one-off transfers to families (tax refund), pensioners (13th-month pension) and armed forces (salary bonus) among others. On top of that, we believe that the humanitarian aid to help refugees from Ukraine will unexpectedly also factor in. But a way bigger question mark is related to the February inflation data.

We've seen upside surprises all across Europe, so we don't expect a drop in the year-on-year headline reading despite the inflation shield measures that are in place, affecting utility costs, fuel prices and some basic foods. The central bank has already signalled that annual inflation could move above 8%, so we can say that our forecast is rather conservative.

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Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 7 March</b>					
Czech Rep	0800	Q4 Gross wages (YoY%)	-		1.5
Brazil	1300	Feb Markit Services PMI	-		52.8
	1300	Feb Markit Composite PMI	-		50.9
<b>Tuesday 8 March</b>					
Poland	-	Mar NBP Base Rate	3.25		2.75
Czech Rep	0900	Feb Unemployment Rate	-		3.6
Hungary	1000	Feb Budget Balance	-1400		151.3
Romania	0700	Q1 GDP Flash (YoY%)	2.2		-
South Africa	0930	Q4 GDP (YoY%)	-		2.9
<b>Wednesday 9 March</b>					
Russia	1600	Feb CPI (MoM%/YoY%)	-/-		1/8.7
Czech Rep	0800	Jan Trade Balance	-		-15
Hungary	0800	Feb Core CPI (YoY%)	7.8		7.4
	0800	Feb CPI (MoM%/YoY%)	0.7/7.9		1.4/7.9
Brazil	1200	Jan Industrial Output (MoM%/YoY%)	-/-		2.9/-5.0
Mexico	1200	Feb Headline Inflation	-		0.59
	1200	Feb Core inflation	-		0.62
<b>Thursday 10 March</b>					
Turkey	0800	Jan Unemployment Rate (%)	-		11.3
Russia	-	Jun Budget Fulfilment	-		0.7
Czech Rep	0800	Feb CPI (MoM%/YoY%)	-/-		4.4/9.9
Ukraine	-	Feb CPI (MoM%/YoY%)	-/-		1.3/10
Kazakhstan	-	Feb Industrial Production (YoY%)	-		2.9
Serbia	1100	Mar Benchmark Interest rate	1.0		1.0
South Africa	0900	Q4 Current Account	-		226.4
Brazil	1200	Jan Retail Sales (MoM%/YoY%)	-/-		-0.1/-2.9
<b>Friday 11 March</b>					
Turkey	0700	Jan Current Account Balance	-7.1		-3.841
Turkey	0700	Jan Industrial Production (MoM/YoY%)	-0.38/2.72		1.6/14.4
Czech Rep	0800	Jan Industrial Output (YoY%)	-		-2.1
Serbia	1100	Feb CPI (MoM%/YoY%)	-/-		0.8/8.2
Brazil	-	Feb IPCA Inflation Index (MoM%/YoY%)	-/-		0.54/10.38
Mexico	1200	Jan Industrial Output (YoY%)	-		3.0
	1200	Jan Industrial Output (MoM%)	-		1.2

Source: Refinitiv, ING

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