

Article | 4 March 2022

KEY EVENTS

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.

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 7 March					
Czech Rep	0800	Q4 Gross wages (YoY%)	-		1.5
Brazil	1300	Feb Markit Services PMI	-		52.8
	1300	Feb Markit Composite PMI	-		50.9
Tuesday 8 March					
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
Wednesday 9 March					
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
Thursday 10 March					
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
Friday 11 March					
Turkey	0700	Jan Current Account Balance	-7.1		-3.841
Turkey	0700	Jan Industrial Production (MoM/YoY%)	-0.38272		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

Author

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Peter Virovacz

Chief Economist, Hungary

peter.virovacz@ing.com

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.