

## Key events in EMEA next week

In the Czech Republic, we expect the monthly rate of consumer inflation to slow from 1.2% to 0.5%, while in Hungary, we see headline inflation in December of 3.1%, moving the year-on-year reading close to 26%



Source: Shutterstock

### ✓ Czech Republic: Mixed inflation picture

For December, we expect consumer inflation to slow down from 1.2% to 0.5% month-on-month, which translates into an increase from 16.2% to 16.4% year-on-year. Fuel and energy prices will again be the main questions for this print. We estimate that fuel prices fell 10% in December, the biggest month-on-month move since March this year. On the other hand, housing and energy prices slowed from November but still maintained a strong 2.2% MoM growth rate. Food inflation declined for the third month in a row (1.0% MoM) and we can expect seasonal cheapening of clothing in December.

### ✓ Hungary: Sudden phase-out of fuel price cap puts pressure on inflation

We expect the Hungarian industry to show mixed performance in November as smaller subsectors will suffer, while car, electronics and electrical equipment manufacturing (including electric vehicle

batteries) will keep the year-on-year production growth in positive territory. In line with that, we see a significant improvement in the November trade balance. This is not just a result of a more vivid export sector, but also due to the dropping energy consumption hence the lowering import needs.

We see the budget closing 2022 with yet another monthly deficit, although the strong nominal GDP growth will help to meet the 4.9% deficit-to-GDP target (excluding the 1.3% of GDP extraordinary gas purchase). The highlight of the week comes on 13 January, and it won't bring too much joy from an inflationary point of view. We expect headline inflation in December to be at a monthly rate of 3.1%, mainly driven by the sudden phase-out of the fuel price cap, complemented by further food price pressure. This would move the year-on-year headline reading close to 26%, while we forecast a 25.1% YoY core inflation print in the last month of 2022.

### **Romania: Ample liquidity backdrop blurs the relevance of the policy rate**

The Romanian National Bank (NBR) will announce its latest policy rate decision on 10 January. We narrowly favour a last 25 basis points hike to 7.00%, against a no-change decision. Either way, markets might be rather indifferent to the decision as the ample liquidity backdrop significantly blurs the relevance of the policy rate. On the CPI front, we expect the 2022 year-end inflation to have reached 16.6%, though downside surprises cannot be excluded.

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| Country                     | Time | Data/event                           | ING      | Survey | Prev.     |
|-----------------------------|------|--------------------------------------|----------|--------|-----------|
| <b>Monday 9 January</b>     |      |                                      |          |        |           |
| Czech Rep                   | 0800 | Q3 Revised GDP (QoQ%/YoY%)           | -0.2/1.7 |        | -0.2/1.7  |
|                             | 0800 | Dec Unemployment Rate                | -        |        | 3.5       |
| Hungary                     | 0730 | Nov Industrial Output (YoY%)         | 4.1      |        | 5.9       |
|                             | 0730 | Nov P Trade Balance (EUR mn)         | -330     |        | -923      |
| Mexico                      | 1200 | Dec Headline Inflation               | -        |        | 0.58      |
|                             | 1200 | Dec Core inflation                   | -        |        | 0.45      |
| <b>Tuesday 10 January</b>   |      |                                      |          |        |           |
| Turkey                      | 0700 | Nov Unemployment Rate                | -        |        | 9.9       |
|                             | 0700 | Nov Industrial Production (MoM/YoY%) | -        |        | 2.37/2.54 |
| Romania                     | 1300 | 1 Mon Policy Rate                    | 7        |        | 6.75      |
| Kazakhstan                  | 1200 | Dec Industrial Production (YoY%)     | -        |        | 1.4       |
| Brazil                      | -    | Dec IPCA Inflation Index (MoM%/YoY%) | -/-      |        | 0.41/5.9  |
| <b>Wednesday 11 January</b> |      |                                      |          |        |           |
| Russia                      | 1600 | Dec CPI (MoM%/YoY%)                  | 1.0/12.2 | 1/12.2 | 0.4/12    |
| Turkey                      | 0700 | Nov Current Account Balance          | -5.6     |        | -0.359    |
| Czech Rep                   | 0800 | Dec CPI (MoM%/YoY%)                  | 0.5/16.4 |        | 1.2/16.2  |
| Hungary                     | 1000 | Dec Budget Balance (HUF bn)          | -400     |        | -876      |
| Brazil                      | 1200 | Nov Retail sales (MoM%/YoY%)         | -/-      |        | 0.4/2.7   |
| Mexico                      | 1200 | Nov Industrial Output (MoM%/YoY%)    | -        |        | 0.4/3.1   |
| <b>Thursday 12 January</b>  |      |                                      |          |        |           |
| Czech Rep                   | 0800 | Nov Retail Sales (YoY%)              | -        |        | -9.7      |
| Serbia                      | 1100 | Dec CPI (MoM%/YoY%)                  | 14.6     |        | 1/15.1    |
|                             | 1100 | Jan Benchmark Interest rate          | 5.25     |        | 5         |
| <b>Friday 13 January</b>    |      |                                      |          |        |           |
| Turkey                      | 0800 | Dec Budget Balance                   | -        |        | 108.31    |
| Poland                      | 1200 | Nov Current Account                  | -1014    |        | -549      |
|                             | 0900 | Dec CPI (MoM%/YoY%)                  | -/-      |        | -         |
| Czech Rep                   | 0900 | Nov Current Account Balance          | -        |        | -34.76    |
| Hungary                     | 0730 | Dec Core CPI (YoY%)                  | 25.1     |        | 24        |
|                             | 0730 | Dec CPI (MoM%/YoY%)                  | 3.1/25.9 |        | 1.8/22.5  |
| Romania                     | 0700 | Dec CPI (YoY%)                       | 16.6     |        | 16.76     |

Source: Refinitiv, ING

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