

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.

Key events in EMEA next week

Country	Time	Data/event	ING Survey	Prev.
Monday 9 January				
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
Tuesday 10 January				
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
Wednesday 11 January				
Russia	1600	Dec CPI (MoM%/YoY%)	1.0/12.2	1/12.2
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
Thursday 12 January				
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
Friday 13 January				
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

Author

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@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.