

Key events in EMEA next week

Inflation data is in focus next week, with a substantial increase expected in Poland. In Hungary, the Ministry of Finance will release the preliminary budget balance for September



Source: Shutterstock

✓ Poland: Current account widen to 5% of GDP and Sep CPI expected at 17.2%

Current account (Aug): EUR-1573mn

Weakening domestic demand and somewhat lower pressure from commodity prices eased pressure on Poland's trade balance, but the scale of the external imbalance remains substantial. We forecast that in August exports in EUR went up by 14.7% YoY, while imports rose by 16.3% YoY. According to our forecasts, the cumulative 12-month current account will widen towards 5% of GDP by the end of the year.

CPI (Sep, final): 17.2%YoY

We expect the StatOffice to confirm its flash estimate of September consumer inflation at 17.2% YoY. The substantial upswing (from 16.1%YoY in August) was linked to rising prices of food and energy (mainly coal), but the scale of increase in core inflation is also shocking. According to our estimates, core inflation excluding food and energy prices jumped from 9.9% YoY in August to

10.7% YoY in September. Core prices increased by some 1.4% MoM, confirming that another wave of higher costs (mainly energy and transport) is being passed onto the prices of final products. Upward pressure on prices remains substantial and inflation is becoming stubbornly persistent. Deeply negative real interest rates and expansionary fiscal policy do not give much hope for significant disinflation anytime soon.

Czech Republic: Unchanged year-on-year pace of inflation

According to our estimates, inflation slowed again to 0.2% in September from 0.4% in August, which would be the slowest pace since November last year. In annual terms, this implies a stable rate at 17.2%. Compared to the previous month, we see higher prices for food (1.6%), clothing (1.8%) due to the start of the winter season and education (1.4%) due to the start of the school year. On the other hand, prices fell in transport (-1.5%) due to a drop in fuel prices (-4.1%) and tourism (-4.4%) due to the end of the summer season. For energy prices, we expect a similar pace of price increases as in the previous two months, although a few energy price hikes have again been announced for September by the main suppliers. However, the statistical office approach is still unclear and the last two months suggest that we can expect a gradual pass-through of these changes into the CPI rather than a spike in energy prices. Of course, as in the last two months, an upward spike in CPI energy prices cannot be ruled out, but otherwise, we see YoY inflation peaking in these months and we should see a decline by the end of the year, though still above the 16% YoY level.

Hungary: Inflation still moving higher whilst budget improves

Next week is all about the budget and inflation in Hungary. The Ministry of Finance is going to release the preliminary budget balance for September, where we expect a further deterioration with the pressure coming from the expenditure side, while the revenue side will see a boost from the windfall taxes only in the fourth quarter. In this regard, we expect a significant improvement in the months ahead. When it comes to the September inflation print, we see both the core inflation and the headline reading moving higher. The significant uptick in headline inflation is coming from the change in the utility bill support scheme. This could add roughly 3ppt to the year-on-year headline inflation as households were facing higher utility bills in September. The move in core inflation will come mainly from services and processed food as rising energy costs for corporates and the drought feed into consumer prices.

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
Thursday 6 October					
Turkey	1230	W 3 Gross FX Reserves	-		71.34
Monday 10 October					
Turkey	0800	Aug Unemployment Rate	-		10.1
Czech Rep	0800	Sep Unemployment Rate	-		3.4
Hungary	1000	Sep Budget Balance	-300		-237
Ukraine	-	Sep CPI (MoM%/YoY%)	-/-		1.1/23.8
Kazakhstan	-	Sep Industrial Production (YoY%)	-		2.5
Tuesday 11 October					
Turkey	0800	Aug Current Account Balance	-2.2		-4.01
Czech Rep	0800	Sep CPI (MoM%/YoY%)	0.2/17.2		0.4/17.2
Hungary	0800	Sep Core CPI (YoY%)	21.0		19.0
	0800	Sep CPI (YoY%)	19.9		15.6
	0800	Sep CPI MM NSA	3.9		1.8
Serbia	1100	Oct Benchmark Interest rate	4		3.5
Brazil	-	Sep IPCA Inflation Index (MoM%/YoY%)	-/-		-0.36/8.73
Wednesday 12 October					
Turkey	0800	Aug Industrial Production (MoM/YoY%)	3.0/0.6		-6.2/2.4
Romania	0700	Sep CPI (YoY%)	15.4	15.2	15.32
Serbia	1100	Sep CPI (MoM%/YoY%)	13.2		1.2/13.2
Mexico	1200	Aug Industrial Output (YoY%)	-		2.6
	1200	Aug Industrial Output (MoM%)	-		0.4
Thursday 13 October					
Ukraine	-	Aug Trade Balance YTD	-		-4.21
Friday 14 October					
Poland	0900	Sep CPI (MoM%/YoY%)	-/-		1.6/17.2
	1300	Aug Current Account	-1573	-1446	-1735
Czech Rep	0900	Aug Current Account Balance	-		-24.17
Kazakhstan	-	Sep Industrial Production (MoM%)	-		-0.4
Croatia	1000	Sep CPI (YoY%) NSA	12.3		12.3
	1000	Sep CPI (MoM%) NSA	0.9		0.1

Source: Refinitiv, ING

Author

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Peter Virovacz

Senior 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.