

Key events in EMEA next week

There will be essential data releases in Poland next week with CPI expected to fall and GDP to decline for the second consecutive quarter. In Hungary, all eyes will be on the preliminary release of second-quarter GDP growth as it is expected to break a streak of three consecutive quarters of negative growth



Source: Shutterstock

Poland: CPI and Flash GDP to be released

CPI (July): 10.8% YoY

The StatOffice is expected to confirm its flash estimate of July CPI inflation at 10.8% year-on-year. According to preliminary estimates, the price of food and non-alcoholic beverages fell by 1.2% month-on-month, the price of energy sources for housing was unchanged vs. in June, while gasoline prices increased by 0.4%MoM. We estimate that core inflation moderated to 10.5%YoY from 11.1%YoY in the previous month. In August, annual inflation will be close to single-digit levels and will certainly fall below 10%YoY in September.

Flash GDP (2Q23): -0.3% YoY

According to our forecasts, the second quarter of 2023 was the second consecutive quarter of GDP

declines in annual terms. We think the economy shrank at a similar scale as in the first quarter, with an even deeper annual decline in household consumption (close to -3%YoY), while fixed investment continued to expand. We judge the positive contribution of net exports was higher than the drag from a change in inventories. A more decisive improvement in economic activity is projected for the fourth quarter.

✔ Hungary: Second quarter GDP growth expected to turn positive

The main event of the next week in Hungary is the preliminary release of second-quarter GDP growth. After being in a technical recession for three quarters, we see Hungary ending this streak with a boom.

Our forecast shows quarter-on-quarter GDP growth of 0.8%, with the main drivers being agriculture and the services sector. The performance of the former will be helped by the exceptionally favourable weather conditions. Combine this with an awfully weak agricultural year in 2022, and the contribution of agriculture to the year-on-year growth could be close to a record high.

In contrast, with domestic demand still struggling, we expect construction and industry to be a major drag on growth. As last year's economic activity was spurred by government transfers during the first half of 2022, the base effect in general will be unfavourable. Against this backdrop, we see the GDP shrinking further on a yearly basis by 1.2% in the second quarter of 2023.

Key events in EMEA next week

Country	Time Data/event	ING	Survey	Prev.
Monday 14 August				
Poland	0900 Jul CPI (MoM%/YoY%)	0.0/11.5	/	-0.2/10.8
	1300 Jun Current Account	-		1392
Ukraine	- Jun Trade Balance YTD	-		-8.97
Tuesday 15 August				
Turkey	0900 Jul Budget Balance	-		-219.6
Wednesday 16 August				
Russia	1700 Jul PPI (MoM%/YoY%)	-/-	/	0/0
Poland	0900 Q2 GDP (YoY%) Flash	-0.3	-0.2	-0.3
	0900 Q2 GDP (QoQ%/YoY%)	-/-	/	3.8/11.1
Romania	0900 Q2 GDP (QoQ%/YoY%)	0.2/2.4		0,2/2,4
Hungary	0730 Q2 GDP (YoY%) Prelim	-1.2		-0.9
South Africa	1200 Jun Retail Sales (YoY%)	-		-1.4
Turkey	1230 Gross FX Reserves	-		72.35
Friday 18 August				
Mexico	1300 Jun Retail Sales (YoY%)	-		2.6
	1300 Jun Retail Sales (MoM%)	-		-0.5

Source: Refinitiv, ING

Authors

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

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 <http://www.ing.com>.