

Key events in EMEA next week

A few important releases next week in EMEA. Hungary's 4Q GDP will likely decline, the Central Bank of Turkey is set to hold rates steady, Russian industry and consumer sentiment may reveal more on the recovery, and Poland's inflation should remain low, for now at least



Source: Shutterstock

Hungary: Decline in GDP expected amid continued drag on services

The highlight of the week in Hungary will be the preliminary 4Q20 GDP report. Although there were some silver linings during the fourth quarter, overall we expect a decrease in GDP on a quarterly basis. The biggest question mark still surrounds the performance of the service sector, which will remain the main drag on economic activity. We see industry having a positive effect, while construction and agriculture should be borderline negative and positive, respectively. The risks regarding the reading are clearly tilted to the upside, especially because of government spending, as it is hard to measure whether the spending spree in December impacted GDP or not. Prime Minister Viktor Orbán has mentioned preliminary estimates of GDP in 2020 around the -5.1 to -5.2% mark on average. That could mean a 0.0-0.1% quarter-on-quarter growth rate in 4Q20, in contrast with our -1.5% QoQ forecast which is based on public information.

✓ Turkey: Rates to stay on hold

At the February MPC, the question is whether the recent upside surprise in inflation is significant enough for further monetary tightening. Despite still high risks to price stability and the CBT's focus on credibility, the bank will likely hold the policy rate unchanged at 17% this month and prefer to wait-and-see as its concerns shift to the inflation outlook in the medium term.

✓ Russia: Industry data to see some improvement but consumer activity remains subdued

Russian industrial production in January likely benefited from higher electricity and heating output due to cold weather and from easing in OPEC+ restrictions. At the same time, the calendar factor (January 2021 had two fewer working days than January 2020) reduced industrial support from the budget in January, and low consumer confidence speak against any material improvement in the manufacturing segment. Consumer activity has likely remained under pressure from the weak income trend in the private sector, though an improvement on the Covid-19 front leaves the door open for a positive surprise.

✓ Poland: Inflation remains subdued

Next week we receive the most important hard data from the Polish economy in January. We think inflation remained subdued due to the high food base in 2020. The labour market should be strong. Despite the prolonged lockdowns, companies continue to affirm their demand for employees. Due to a high base, employment should still be lower than a year ago, but wages should show solid growth. Year-on-year production will slow down compared to December, mainly due to the adverse calendar pattern. An expected weaker sales figure is related to restrictions in January.

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 15 February					
Russia	1600	Jan Industrial Output	0.3	-0.1	-0.2
Turkey	0800	Jan Budget Balance	-		-40.7
Poland	1000	Jan CPI (YoY%)	2.3	2.4	2.4
	1400	Dec Current Account (ml €)	881	1050	1725
Czech Rep	0900	Dec Current Account Balance	-		18.33
Croatia	1000	Jan CPI (MoM/YoY%) NSA	-0.2/-0.6		-0.6/-0.7
Tuesday 16 February					
Hungary	0800	Q4 GDP (YoY%) Prelim	-6.3	-6.0	-4.6
Romania	0700	Q4 GDP Flash (YoY%)	-5.9	-5.9	-5.7
Wednesday 17 February					
Poland	1000	Jan Paid Employment (YoY%)	-1.0	-1.1	-1.0
	1000	Jan Gross Wages (YoY%)	6.0	4.6	6.6
Thursday 18 February					
Russia	1600	Jan Retail Sales (YoY%)	-4.0	-3.0	-3.6
	1600	Jan Unemployment Rate	6.0	6.0	5.9
Turkey	1100	Feb CBT Weekly Repo Rate	17.0		17.0
Poland	0900	Jan Industrial Output YY	-		11.2
	1000	Jan Sold Production (YoY%)	2.0	1.0	11.2
Friday 19 February					
Poland	0900	Jan Retail Sales (YoY%)	-5.0	-4.5	-0.8

Source: ING, Refinitiv

Authors

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

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>.