

Key events in EMEA next week

For Turkey's Monetary Policy Committee meeting next Thursday, we expect the central bank to keep the policy rate unchanged at 9%, given its pursuit of 'liratisation'. In Poland, core inflation is expected to continue trending upwards to 11.7% year-on-year



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✓ Poland: Core inflation continues to trend upward despite decline in headline inflation

Poland Core inflation (Dec): 11.7% YoY

Despite the sharp decline in headline inflation in December (down to 16.6% year-on-year from 17.5% YoY in November), core inflation continues to trend upwards as businesses keep passing on higher costs to the prices of final products. We expect broad-based price adjustments to the energy shock to keep core inflation elevated in 2023. After peaking in the first quarter of this year, inflation is projected to start moderating but will remain at double-digit levels at the end of this year.

Poland wages (Dec): 13.4% YoY

Two opposite forces are shaping average wages and salaries in the enterprise sector. On the one

hand, employees received one-off bonuses in December compensating for high inflation and because of the good financial results businesses achieved. On the other hand, an exceptionally high number of seasonal flu cases probably translated into an increase in staff absences that reduced working hours and therefore wages. Even though wage demands are visible in the economy, the growth of average wages has been running below inflation for some time. A substantial increase in the minimum wage is forecast to keep wages growth at double-digit levels most of this year.

Poland employment (Dec): 2.3% YoY

We forecast that the number of employees in the enterprise sector remained broadly unchanged in December vs. November, which translated into a slight increase in annual employment growth (2.4% YoY vs. 2.3% YoY in November). Although economic activity is slowing down, demand for labour remains solid, keeping in mind that refugees from Ukraine (some 800,000 people have found a job in Poland since February 2022) are generally not covered by high-frequency enterprise sector data.

✓ Turkey: Repo rate is expected to remain at 9%

With the 2023 Monetary and Exchange Rate Report release and recent regulatory changes strengthening the current macro prudential framework, the Central Bank of Turkey maintains the policy path of keeping interest rates low, relying on selective credit policy and pursuing a 'liratisation' strategy. Given this backdrop, we expect the bank to keep the policy rate unchanged at 9% at the January Committee meeting.

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Country	Time	Data/event	ING Survey	Prev.
Monday 16 January				
Poland	1300	Dec Net Inflation (YoY%)	11.7	11.4
Ukraine	-	Nov Trade Balance YTD	-	7.05
Kazakhstan	1200	Dec Industrial Production (MoM%)	-	10.2
Tuesday 17 January				
Croatia	1000	Dec CPI (YoY%) NSA	14	13.5
	1000	Dec CPI (MoM%) NSA	0.5	0.9
Wednesday 18 January				
South Africa	0800	Dec CPI (MoM%/YoY%)	-/-	0.3/7.4
	0800	Dec Core inflation (MoM%/YoY%)	-/-	0.1/5
	1100	Nov Retail Sales (YoY%)	-	-0.6
Thursday 19 January				
Turkey	1100	Jan CBT Weekly Repo Rate	9	9
	1100	Jan O/N Lending Rate	11	10.5
	1100	Jan O/N Borrowing Rate	7.5	7.5
Friday 20 January				
Poland	9000	Dec Wages (YoY%)	13.4	13.9
	9000	Dec Employment (YoY%)	2.3	2.2
Mexico	1200	Nov Retail Sales (MoM%/YoY%)	-	0.7/3.8

Source: Refinitiv, ING

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