Key events in EMEA next week

We expect the Central Bank of Turkey to keep rates on hold next week, given the current global economic backdrop. However, we recognise there is a significant risk skewed toward more easing as the central bank focuses on preserving growth momentum in industrial production

Source: Shutterstock

Turkey: Central Bank of Turkey expected to remain on hold this month

The CBT's recent rate cuts against a backdrop of high external finance requirements and a global risk-off mode may weigh on reserves as we have already seen a decline in the second half of September. Given this backdrop, the bank should remain on hold this month. However, there is a significant risk skewed towards more easing given i) President Erdogan's call for further rate cuts to single digits by the end of the year ii) the CBT's focus on supportive financial conditions so as to preserve the growth momentum in industrial production and the positive trend in employment given recent signals of decelerating economic activity.

Poland: Annual growth in industrial output moderated to single-digit levels

Industrial output (8.3% YoY):

Seasonally adjusted data indicate that output started expanding again in 3Q22, after declining in 2Q22. Hard data does not confirm the sharp deterioration in industrial conditions painted by the nose-diving manufacturing PMI. Still, annual growth moderated to single-digit levels in September. High prices and potential shortages of energy will weigh negatively on industrial performance in 4Q22.

Retail sales, real (4.8% YoY):

Although the inflow of refugees from Ukraine is positive for the consumption of goods, the impact of this factor seems to be waning as high inflation bites into real income and makes consumers more cautious about spending. In September, sales expanded by some 4.8% year-on-year i.e. at a similar pace as in August (4.2% YoY). The structure of sales is projected to remain similar, with poor sales of durable goods and solid sales of necessities (food, clothing). In 3Q22, sales were visibly weaker than in 2Q22 in annual terms, pointing to easing household consumption.

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Country	Time	Data/event	ING	Survey	Prev.
		Monday 17 October			
Turkey	0900	Sep Budget Balance	-		3.59
Poland	1300	Sep Net Inflation (YoY%)	10.7		9.9
		Wednesday 19 October			
Russia	1700	Sep PPI (MoM%/YoY%)	-/-		-1/3.8
South Africa	0900	Sep CPI (MoM%/YoY%)	-/-		0.2/7.6
	0900	Sep Core inflation (MoM%/YoY%)	-/-		0.2/4.4
	1200	Aug Retail Sales (YoY%)	-		8.6
		Thursday 20 October			
Turkey	1200	Oct CBT Weekly Repo Rate	12		12
	1200	Oct O/N Lending Rate	14.0		13.5
	1200	Oct O/N Borrowing Rate	11.0		10.5
Poland	0900	Sep Industrial Output YoY	8.3		10.9
Ukraine	1200	2 Central bank interest rate	-		25
		Friday 21 October			
Poland	0900	Sep Retail Sales, real (YoY%)	4.8		4.2
Mexico	1200	Aug Retail Sales (YoY%)	-		5
	1200	Aug Retail Sales (MoM%)	-		0.9

Source: Refinitiv, ING

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