

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.

Key events in EMEA next week

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

Authors

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Adam Antoniak

Senior Economist

adam.antoniak@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>.