

Key events in EMEA next week

Hungary's central bank is set to continue its hawkish tone after the reopening boom pushed inflation higher, whereas Turkey is maintaining a more dovish stance. In Poland, the recovery in industry has been solid, but retail sales figures may disappoint as consumer demand has shifted towards services



Source: Shutterstock

✓ Hungary: Hawkish tone remains, and current account deficit expected to continue

As the Hungarian economy reopened, consumption and investment activity boomed. This generated a significant import flow, while on the export side, supply chain issues provided some bottlenecks. Income balances also turned more negative, resulting in a current account deficit in 2Q21. We see this deficit remaining with us in 2021 as a whole. We also see the National Bank of Hungary continuing its rate hike cycle, moving to a more conformist pace of 25bp. The tone should remain hawkish as we see the central bank reviewing its GDP and CPI forecasts upward for at least 2021, and probably in 2022 as well. When it comes to the inflation outlook risk assessment, we see the same outcome as before: upside risks remaining, which will indicate further tightening steps in the months ahead and probably point to a further cut in the size of the QE programme.

✓ Turkey: Still too early for a policy rate easing

While August inflation exceeded the key rate, the Central Bank of Turkey has signalled a change to its earlier guidance to keep the policy rate “at a level above inflation”. It plans to switch its target to core inflation, given the growing divergence between the headline rate and non-food inflation due to ongoing pressure in food prices. Despite increasing market concerns for an early easing this month after these comments from the CBT, we are sticking to the view that the first easing will occur in November or December when “the significant fall in the Inflation Report’s forecast path is achieved”, as promised by the Bank earlier.

✓ Poland: Industry recovering but retail sales expected to be lower than consensus

Industry in Poland is doing quite well, despite supply side constraints. A diversified structure of production is helping, and August should add a favourable calendar. Hence our forecast is a little higher than anticipated by the market consensus. The outlook for retail sales may be less positive. Although consumer demand rebounded strongly in 2Q21, with no signs of cooling down, we think that it shifted towards services, which finally became available after the easing of restrictions. Those services, unfortunately, are not part of retail sales, results of which will be published by the Central Statistical Office on Tuesday.

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 20 September					
Russia	-	Aug GDP (YoY%) Monthly	-		4.7
Poland	0900	Aug Industrial Output (YoY%)	14.6	13.8	9.8
Hungary	0730	Q2 C/A Balance (QoQ%)	-0.47		0.54
Tuesday 21 September					
Poland	0900	Aug Retail Sales (YoY%)	5.0	5.7	3.9
Hungary	1300	Sep Hungary Base Rate	1.75		1.5
	1300	Sep O/N Deposit Rate	0.80		0.55
Wednesday 22 September					
Russia	1700	Aug Industrial Output	7.1	5.8	6.8
	1700	Aug PPI (MoM%/YoY%)	-/-		2.6/28.1
Poland	1300	Aug M3 Money Supply (YoY%)	9.2	9.2	8.8
South Africa	0900	Aug CPI (MoM%/YoY%)	-/-		1.1/4.6
	0900	Aug Core inflation (MoM%/YoY%)	-/-		0.5/3
Brazil	2200	Selic Interest Rate	-		5.25
Thursday 23 September					
Turkey	1200	Sep CBT Weekly Repo Rate	19.0	19.0	19.0
	1200	Sep O/N Lending Rate	-		20.5
	1200	Sep O/N Borrowing Rate	-		17.5
Poland	0900	Aug Unemployment Rate	5.7	5.8	5.8
Mexico	1200	Sep 1st Half-Month Core Infl (MoM%)	-		0.28
	1200	Sep 1st Half-Month Infl (MoM%)	-		-0.02
Friday 24 September					
Brazil	1100	Aug Current Account	-		-1.58
	1100	Aug Foreign Direct Investm't	-		6.10
	1300	Sep IPCA-15 Mid-Month CPI	-		0.89
	1300	Sep IPCA-15 Mid-Month CPI (YoY%)	-		9.3
Mexico	1200	Jul Retail Sales (MoM%/YoY%)	-		-0.6/17.7

Source: Refinitiv, ING, *GMT

Author

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

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 www.ing.com.