

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



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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

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