

## Key events in EMEA next week

The central bank of Hungary is likely to start its hiking cycle next week with a 30bp rate hike, as growth and inflation forecasts are revised upwards. Also, keep an eye on key releases from Poland which should reflect continued optimism and the Czech central bank meeting too



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### ✓ Hungary: Month-by-month rate cycle to begin with a 30bp base rate hike

The wind of change is about to arrive with the next Hungarian central bank meeting as the central bank has made it clear that it will say goodbye to an era in June.

It seems there are two possible options on the table. A quarterly-based tightening cycle starting with a bang or a month-by-month cycle with smaller steps. We think the central bank will choose the softer but continuous cycle, so the month-by-month scenario. In this case, the first step will be a 30bp hike to the base rate and a 15bp hike to the 1-week deposit rate.

Alongside rate hikes, we see the central bank preparing markets for changes in its lending program (FGS, BGS), where we expect much smaller-scaled green initiatives. When it comes to QE, we think that the NBH will remain comfortable running this program, following in the ECB's footsteps. All of these will be triggered by the foreseen changes in the economic outlook.

We see the NBH revising its growth and CPI forecasts upwards in its June Inflation Report.

## ✓ Poland: Industrial production and retail sales to edge higher

We will get the May industrial production data on Monday in Poland, and we expect an increase of 27%YoY - slightly below the market consensus.

Despite the gradual opening of the economy, the industry is experiencing supply chain disruptions. Nevertheless, the containment of the latest wave of the pandemic should support retail sales. We expect the CSO to confirm a strong rebound offsetting the sharp drop seen in April. However, sales in MoM terms also fell in March, so the YoY outcome in May may be slightly worse than expected by the market.

The unemployment rate in Poland reached 6.5% at its peak in February 2021 (up by ~1pp from the pre-pandemic level) and is gradually falling since the economic recovery is gathering pace. We estimate that in May, it has reached 6.1% on its way to the bottom of around 5.7% in September.

## EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 21 June</b>					
Russia		- May GDP (YoY%) Monthly	-		10.7
Poland	0900	May Industrial Output YY	27	29.0	44.5
<b>Tuesday 22 June</b>					
Poland	0900	May Retail Sales (YoY%)	10.5		25.7
Hungary	1300	Jun Hungary Base Rate	0.90		0.6
	1300	Jun O/N Deposit Rate	0.10		-0.05
<b>Wednesday 23 June</b>					
Czech Rep	1330	CNB Repo Rate	-		0.25
Mexico	1200	Apr Retail Sales (MoM/YoY%)	-		3.6/2.5
Russia	1700	May Industrial Output (YoY%)	10.5	10.5	7.2
<b>Thursday 24 June</b>					
Poland	0900	May Unemployment Rate	6.1		6.3
	1300	May M3 Money Supply (YoY%)	-		11.2
Mexico	1200	Jun 1st Half-Month Core Infl (MoM%)	-		0.33
	1200	Jun 1st Half-Month Infl (MoM%)	-		-0.01
	1200	May Jobless Rate	-		4.7
	2000	Jun Interest Rate	-		4.0
<b>Friday 25 June</b>					
Brazil	1100	May Current Account	-		5.663
	1100	May Foreign Direct Investm't	-		3.544
Mexico	1300	Apr IGAE Econ Activity (YoY%)	-		0.8

Source: ING, Refinitiv

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