

Key events in EMEA next week

No fireworks are expected from either the Czech or Hungarian central banks this week, but both countries are bracing for a rise in inflation over coming months. We expect two rate hikes from the Czech National Bank later this year



Source: Shutterstock

Hungary: No changes expected despite anticipated rise in inflation

In Hungary, the highlight of the week is the rate-setting meeting of the National Bank of Hungary. However, we are not expecting any fireworks from the monetary authority, and no change is expected in either the policy rates, framework or the hawkish commitment. The latter in particular should remain in place, given we are bracing for an inflation spike over coming months, with the headline reading set to jump above the central bank's tolerance band. Despite this forecast, we expect the NBH to align with the Federal Reserve, being only reactive and signalling it won't act pre-emptively based on forecasts. Speaking of which, we see no major change in the Inflation Report when it comes to the macro outlook.

Czech Republic: CNB on hold next week

The Czech National Bank (CNB) is to stay on hold next Wednesday and should reiterate the latest

board members' comments that front-loaded tightening (i.e., in 2Q) is unlikely given the deteriorating Covid situation. Still, with inflation higher than the CNB's expectations and with 4Q20 GDP and wages also stronger, the case for tightening in 2021 remains intact. We look for two hikes in 4Q21.

Key events in EMEA

| Country | Time | Data/event | ING | Survey | Prev. |
|---------------------------|------|-------------------------------------|-------|--------|-----------|
| Monday 22 March | | | | | |
| Poland | 1300 | Feb M3 Money Supply (YoY%) | - | | 16.8 |
| Tuesday 23 March | | | | | |
| Poland | 0900 | Feb Unemployment Rate | - | | 6.5 |
| Hungary | 1300 | Mar Hungary Base Rate | 0.6 | | 0.6 |
| | 1300 | Mar O/N Deposit Rate | -0.05 | | -0.05 |
| Wednesday 24 March | | | | | |
| Czech Rep | 1330 | CNB Repo Rate | 0.25 | | 0.25 |
| Hungary | 0730 | Q4 C/A Balance QQ | 0.628 | | 0.752 |
| Mexico | 1200 | Mar 1st Half-Month Core Infl (MoM%) | - | | 0.22 |
| | 1200 | Mar 1st Half-Month Infl (MoM%) | - | | 0.23 |
| | 1200 | Feb Jobless Rate | - | | 4.7 |
| Thursday 25 March | | | | | |
| Brazil | 1200 | Mar IPCA-15 Mid-Month CPI | - | | 0.48 |
| | 1200 | Mar IPCA-15 Mid-Month CPI (YoY%) | - | | 4.57 |
| Mexico | 1200 | Jan IGAE Econ Activity (YoY%) | - | | -2.7 |
| | 1200 | Jan Retail Sales (MoM/YoY%) | - | | -2.4/-5.9 |
| | 1900 | Mar Interest Rate | - | | 4.00 |
| Friday 26 March | | | | | |
| Brazil | 1230 | Feb Current Account | - | | -7.25 |
| | 1230 | Feb Foreign Direct Investm't | - | | 1.8 |
| Mexico | 1200 | Feb Trade Balance SA | - | | 2.879 |

Source: Refinitiv, ING

Author

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

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>.