

## Key events in EMEA next week

Increased social payments could increase retail sales in Russia, whilst global supply chain disruptions will continue to weigh on industrial production. In Hungary, the lack of labour will drive wage growth in the near future.



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### Russian economic activity for September affected by one-offs

Russian economic activity data for September should be distorted by a massive RUB700 bn (0.6% GDP) social payments disbursement, ahead of the parliamentary elections. We do not discount the possibility that retail trade growth might show material but temporary acceleration in September vs. the 5.3% YoY increase seen in August.

Meanwhile, the picture for industrial production is mixed, as the commodity extraction sectors might benefit from the easing of OPEC+ constraints and higher global demand for other commodities. However, locally-focused manufacturing could suffer from the limited supply of intermediary and investment imports because of disruptions to global supply chains.

For 4Q21 we expect moderation in the local economic growth, outside of the export-focused sectors, as the catch up with pre-pandemic levels of activity is largely over. The budget and

monetary policy signals are not very supportive, and the epidemic situation in Russia has worsened. This is causing the government to re-introduce soft restrictions in the form of non-working days in the first week of November. The latter should not have a sizeable impact on activity, as non-working days are legally less restrictive as regular weekends and holidays, and the first week of November already has 2 official public holidays.

Nevertheless, the current situation of record-high new Covid cases and record-high mortality, along with a sluggish vaccination rate, is a reminder of the medium-term risks to the local economic growth trend. For the local policy mix, this is complicated by the fact, that the global inflationary picture is deteriorating, which prevents the local central bank from easing its approach.

### **Hungary: Stronger wage growth expected as labour supply issues continue**

In Hungary next week it is all about the labour market data. More and more companies are complaining about the lack of labour. In this respect, we don't expect a swift change in the unemployment rate, only a gradual improvement to 3.9%. When it comes to wages, the labour shortage is pushing wage growth higher, especially in August, when a lot of seasonal work started in agriculture. The accommodation and hospitality sectors are also facing an uphill battle when it comes to wage settlements for newcomers. As a result, we expect the trend in wage growth to strengthen.

## **EMEA Economic Calendar**

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 25 October</b>					
Poland	0900	Sep Unemployment Rate	-	5.7	5.8
Kazakhstan	1000	Oct Base Interest Rate	-	-	9.5
Mexico	1200	Aug IGAE Econ Activity (YoY%)	-	-	7.1
	1200	Sep Jobless Rate	-	-	4.3
<b>Tuesday 26 October</b>					
Russia	-	Sep GDP (YoY%) Monthly	-	-	3.7
Brazil	1300	Oct IPCA-15 Mid-Month CPI	-	-	1.14
	1300	Oct IPCA-15 Mid-Month CPI (YoY%)	-	-	10.05
<b>Wednesday 27 October</b>					
Russia	1700	Sep Industrial Output	4.5	4.6	4.7
Turkey	0800	Sep Trade Balance	2.6	-	-4.3
Brazil	2200	Selic Interest Rate	-	-	6.25
Mexico	1200	Sep Trade Balance SA	-	-	-3.20
<b>Thursday 28 October</b>					
Hungary	0800	Sep Unemployment Rate 3M	3.9	-	4.1
Turkey	900	Inflation Report 2021 - IV	-	-	-
South Africa	1030	Sep PPI (MoM%/YoY%)	-/-	-	0.8/7.2
Brazil	1200	Oct IGP-M Inflation Index	-	-	-0.64
<b>Friday 29 October</b>					
Russia	1700	Sep Retail Sales (YoY%)	10.5	3.8	5.3
	1700	Sep Unemployment Rate	4.4	-	4.4
Czech Rep	0800	Q3 Preliminary GDP (QoQ%/YoY%)	-	-	10/8.1
Hungary	0800	Aug Average Gross Wages (YoY%)	8.5	-	8.1
South Africa	0700	Sep M3 Money Supply (YoY%)	-	-	2.3
	0700	Sep Private Sector Credit Ext.	-	-	1.1
	1300	Sep Trade Balance (Incl. Region)	-	-	42.4

Source: Refinitiv, ING, \*GMT

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