

Key events in EMEA next week

We expect both the Czech National Bank and the National Bank of Hungary to keep interest rates unchanged next week, with officials maintaining their hawkish tone



Source: Shutterstock

✓ Hungary: No change to the current status quo

After two relatively quiet weeks as regards to data in Hungary, the upcoming one will be more interesting. Or to be precise: Tuesday is in focus. We are going to see the January wage growth data, which used to be a strong anchor for the full-year average increase in salaries based on the past five years' data. We see a 16% gross wage increase on a yearly basis due to a combination of a 14-16% minimum wage increase (for unskilled and skilled labour), the labour shortage and the high-flying inflation. We expect a minor improvement in the fourth quarter current account deficit compared to the previous quarter based on high-frequency data. Last but not least, even without the recent market turmoil, we would advertise a no-change scenario in the Hungarian monetary policy, as Tuesday earmarks the date of the March rate-setting meeting. Considering the vulnerability of the forint, a rate cut will be quite premature exposing the local currency to a sell-off. Against this backdrop, we see an all-around status quo at the upcoming meeting: no change in rates, only incremental revisions in the central bank's forecasts and unchanged (hawkish) tone of the forward guidance.

✓ Czech Republic: Official to keep its hawkish tone, whilst rates remain unchanged

The Czech central bank is likely to keep interest rates unchanged on Wednesday. We expect the official statement will keep its hawkish tone, which means maintaining the current level of interest rates until there are clear signs that inflation is returning to the central bank's 2% target. Even the soft recession has not brought relief to the labour market, which still remains very tight, with the unemployment rate being the lowest in the EU, and poses the risk for inflation expectations.

Key events in EMEA next week

| Country | Time | Data/event | ING | Survey | Prev. |
|---------------------------|------|-----------------------------------|----------|--------|-----------|
| Monday 27 March | | | | | |
| Brazil | - | Feb Current Account | - | | -8.791 |
| | - | Feb Foreign Direct Investment | - | | 6.877 |
| Mexico | 1100 | Feb Trade Balance SA | - | | 0.032 |
| Tuesday 28 March | | | | | |
| Hungary | 0630 | Q4 C/A Balance (QoQ%) | -3.949 | | -4.469 |
| | 0630 | Jan Average Gross Wages (YoY%) | 16.0 | | 17.9 |
| | 1200 | Mar Hungary Base Rate | 13.00 | | 13.00 |
| Wednesday 29 March | | | | | |
| Russia | 1500 | Feb Industrial Output | -2.5 | -1.5 | -2.4 |
| | 1500 | Feb Retail Sales (YoY%) | -7.6 | -11.1 | -6.6 |
| | 1500 | Feb Unemployment Rate | 3.7 | 3.8 | 3.6 |
| Turkey | 1100 | Feb Bank NPL Ratio | - | | 2.01 |
| Czech Rep | 1230 | CNB Repo Rate | 7 | | 7 |
| Thursday 30 March | | | | | |
| South Africa | 0600 | Feb M3 Money Supply (YoY%) | - | | 9.57 |
| | 0600 | Feb Private Sector Credit Ext. | - | | 8.42 |
| | 0930 | Feb PPI (MoM%/YoY%) | -/- | | -0.6/12.7 |
| Brazil | 1200 | Jan Industrial Output (MoM%/YoY%) | -/- | | 0/-1.3 |
| | 1200 | Mar IGP-M Inflation Index | - | | -0.06 |
| | 1730 | Feb Central Government Balance | - | | 78.326 |
| Mexico | 1900 | Mar Interest Rate | - | | 11 |
| Friday 31 March | | | | | |
| Turkey | 0700 | Feb Trade Balance | -12.2 | | -14.24 |
| Czech Rep | 0700 | Q4 Revised GDP (QoQ%/YoY%) | - | | -0.4/0.2 |
| Hungary | 0630 | Jan Trade Balance Final | -165 | | -165 |
| South Africa | 1200 | Feb Trade Balance (Incl. Region) | - | | -23.05 |
| Mexico | 1100 | Feb Jobless Rate | - | | 3 |
| Poland | 0900 | Mar flash CPI (MoM%/YoY%) | 1.0/16.0 | | 1.2/18.4 |

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 www.ing.com.