

Key events in EMEA next week

A few key releases to watch out for next week from Turkey, Hungary, Russia and the Czech Republic while Poland's MPC will likely keep rates on hold



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✓ Turkey: 4Q GDP and CPI data to push higher

Industrial production and other frequent data point to another strong GDP growth figure in 4Q. Our 6.5% expectation will likely pull the annual growth rate for 2020 up to more than 2.0%. January manufacturing and sectoral PMIs suggest this performance continued into 1Q of this year, and thus it is too early to conclude there has been a rapid momentum loss in early 2021, despite financial tightening and credit deceleration. February inflation, on the other hand, will likely push the annual figure up to 15.2% (with a 0.5% month-on-month change) from 15.0% a month ago, driven mainly by the recent uptrend in commodity prices.

✓ Hungary: Retail sales will mildly rebound, and industrial production to fall

We are about to receive the first set of hard data for Hungary in 2021. Retail sales will show only a moderate rebound due to a worsening labour market in January, which includes employment and wages. Industrial production via car manufacturing was hit by supply chain issues regarding

computer chips and semiconductors during January, so we see another drop on a monthly basis, while fewer working days amplifies the year-on-year decline. In all, we are not expecting a strong start. Other than that, the Statistical Office is going to release the details behind the surprisingly strong 4Q GDP growth figure, just to have a reason to talk about the past again.

✓ **Russia: FX purchases and higher CPI incoming**

The Russian Finance Ministry is likely to announce on 3 March an increase in monthly FX purchases from US\$0.6bn in February to US\$1.9-2.0 bn, reflecting a material increase in the oil price. The recent \$9/bbl upgrade in ING's 2021 oil price upgrade means a narrowing of the expected budget deficit from 2.0% to 1.2% GDP and strengthening in the expected annual current account surplus from US\$45 bn to \$70 bn for this year. We do not expect the ruble to materially benefit from the better oil price environment, as the extra current account will be sterilised by FX purchases, which we see increasing to US\$25 bn this year, and additional private capital outflows coming from low local confidence and persistent foreign policy risks.

Russian CPI is to continue accelerating from 5.2% YoY in January to 5.5% YoY or higher in February, feeding into the Central Bank of Russia's near-term inflationary concerns. Meanwhile, unless economic activity shows signs of strong recovery (which is not our base case so far), higher CPI is unlikely to trigger key rate hikes in the near term.

✓ **Czech Republic: PMI and unemployment to remain steady**

The manufacturing PMI might remain solid, partially due to a recovery in industry, but also due to supply chains disruptions and delays in supply deliveries, which push the headline PMI figure higher. The 4Q20 GDP structure will very likely reveal that net exports were behind the better than expected reading, and the February share of unemployed people is likely to stagnate at 4.3%, according to the preliminary data published by the Ministry of Labour.

✓ **Poland: NBP to keep rates on hold**

We expect the MPC meeting to be a market non-event. Investors eye a relatively aggressive rate hike path, but mostly in the two- to five-year time horizon. Hence current data / central bankers' comments should play a lesser role compared to global trends. The Council should reiterate its dovish bias, possibly noting poor investment and credit, in line with our call of flat rates at least till the end of 2022. The MPC should also reiterate its concern that a rapid appreciation of the zloty may affect the post-pandemic recovery.

EMEA Economic Calendar

Country	Time	Data/event	ING Survey	Prev.
Monday 1 March				
Russia	0600	Feb Markit Manufacturing PMI	-	50.9
Turkey	0700	Q4 GDP (YoY%)	6.5	6.7
	0700	Feb Manufacturing PMI	-	54.4
	1100	Jan Bank NPL Ratio	-	4.1
Poland	0800	Feb Markit Manufacturing PMI	52.1	51.9
Czech Rep	0830	Feb Markit PMI	58	57.0
Hungary	0800	Feb Manufacturing PMI	53.1	54.9
Brazil	1300	Feb Markit Manufacturing PMI	-	56.5
Mexico	1530	Feb Markit Manufacturing PMI	-	43.0
Tuesday 2 March				
Czech Rep	0800	Q4 Final GDP (QoQ/YoY%)	0.3/-5.0	0.3/-5.0
Hungary	0800	Q4 GDP Final (QoQ/YoY%)	1.1/-3.7	1.1/-3.7
Brazil	0800	Feb IPC-Fipe Inflation Idx	-	0.86
Wednesday 3 March				
Russia	0600	Feb Markit Services PMI	-	52.7
Turkey	0700	Feb CPI (MoM/YoY%)	0.5/15.2	1.68/14.97
Poland	-	Mar NBP Base Rate	0.1	0.1
Brazil	1200	Q4 GDP (QoQ/YoY%)	-/-	7.7/-3.9
	1300	Feb Markit Services PMI	-	47.0
	1300	Feb Markit Composite PMI	-	48.9
Thursday 4 March				
Hungary	0800	Jan Retail Sales (YoY%)	-3.5	-4.0
	0800	Dec Trade Balance Final	310	310
Ukraine	1200	Central bank interest rate	-	6.0
Friday 5 March				
Russia	1600	Feb CPI (MoM/YoY%)	0.7/5.5	0.7/5.2
Czech Rep	0800	Feb Unemployment Rate	4.3	4.3
Hungary	0800	Jan Industrial Output (MoM/YoY%)	-1.0/-7.0	-2.4/5.8
Brazil	1200	Jan Industrial Output (MoM/YoY%)	-/-	0.9/8.2

Source: ING, Refinitiv

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