

## Key events in EMEA next week

The first Czech National Bank meeting of the year will take place on Thursday. The Board believes inflation expectations will remain anchored and that overall inflation will return to levels around 2% in two years. Thus, we expect the interest rate to remain at 7%. In Turkey, we predict January inflation will be 3.5% month-on-month



Source: Shutterstock

### Turkey: Risks are on the upside

We expect January inflation of 3.5% month-on-month, leading to a further decline in the annual figure down to 53% from 64.3% at the end of 2022 due to strong base effects and stability in the currency. However, given deeply negative real interest rates, further disinflation would be quite challenging, while risks to the outlook this year are on the upside with significant deterioration in pricing behaviour, higher trend inflation and still elevated level of cost-push pressures.

### Czech Republic: Central bank to confirm stable rates and present new forecast

In the Czech Republic, we expect the flash GDP estimate for the fourth quarter to show the economy entered into a mild recession. The increase in consumer prices has weighed heavily on

purchase power hence private consumption decreased markedly. Despite the deterioration of the economic stance, inflation remains elevated and it seems likely we will see an increase in CPI growth from December levels of 15.8% to above 17%. Still, the dovish bank board is not expected to increase the interest rate from 7%, where it has remained since June last year.

According to recent statements by board members, everything is pointing towards the same outcome as we saw in the second half of the year; five votes for stable interest rates and two votes for a rate hike. Thus, the main focus will be on the central bank's new forecast, especially on expected inflation for January and February. Given the upside risk due to the new year repricing, the tone of the meeting should remain the same: "higher rates for longer" and "don't rule out a rate hike at the next meeting". We expect rates to remain unchanged throughout the first half of the year and the topic of rate cuts to be open in the third quarter.

## Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 30 January</b>					
Russia	-	Dec GDP (YoY%) Monthly	-		-4
Turkey	1100	Dec Bank NPL Ratio	-		2.16
Brazil	1200	Jan IGP-M Inflation Index	-		0.45
<b>Tuesday 31 January</b>					
Turkey	0700	Dec Trade Balance	-10.4		-8.8
Czech Rep	0700	Q4 Preliminary GDP (QoQ%/YoY%)	-0.8/-0.1	-0.6/0.2	-0.2/1.5
South Africa	0600	Dec M3 Money Supply (YoY%)	-		8.76
	0600	Dec Private Sector Credit Ext.	-		8.3
	1200	Dec Trade Balance (Incl. Region)	-		7.98
<b>Wednesday 1 February</b>					
Russia	0600	Jan S&P Global Manufacturing PMI	-		53
	1600	Dec Industrial Output	-3.1	-4.2	-1.8
Turkey	0700	Jan Manufacturing PMI	-		48.1
Poland	0800	Jan S&P Global Manufacturing PMI	46.5		45.6
Czech Rep	0830	Jan S&P Global PMI	42.6		42.6
	1300	Jan Budget Balance	-		-360.4
Hungary	0730	Nov Trade Balance Final	-1283		-1283
	0800	Jan Manufacturing PMI	55		63.1
Brazil	1300	Jan S&P Global Manufacturing PMI	-		44.2
	2100	Selic Interest Rate	-		13.75
Mexico	1530	Jan S&P Global Manufacturing PMI	-		51.3
<b>Thursday 2 February</b>					
Czech Rep	1330	CNB Repo Rate	7		7
Brazil	0800	Jan IPC-Fipe Inflation Idx	-		0.54
<b>Friday 3 February</b>					
Russia	0600	Jan S&P Global Services PMI	-		45.9
Turkey	0700	Jan CPI (MoM%/YoY%)	3.5/53.0		1.18/64.27
South Africa	0715	Jan Std Bank Whole Econ PMI	-		50.2
Brazil	1200	Dec Industrial Output (MoM%/YoY%)	-/-		-0.1/0.9
	1300	Jan S&P Global Services PMI	-		51
	1300	Jan S&P Global Composite PMI	-		49.1

Source: Refinitiv, ING

## Authors

### Muhammet Mercan

Chief Economist, Turkey

[muhammet.mercan@ingbank.com.tr](mailto:muhammet.mercan@ingbank.com.tr)

### Frantisek Taborsky

EMEA FX & FI Strategist

[frantisek.taborsky@ing.com](mailto:frantisek.taborsky@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>.