

## 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.

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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

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