

Key events in EMEA next week

A rate hike in Hungary and GDP release in Turkey are the key events to look out for in next week's EMEA calendar



Source: Shutterstock

✓ Hungary: 60bp rate hike on the cards

Next week's calendar will prove to be a busy one for Hungary. We end May with a central bank rate-setting meeting, where we expect the National Bank of Hungary to 'walk the talk' regarding its shift from aggressive tightening to a more gradual approach. This could translate into a 60bp rate hike in the base rate, instead of the previous steps of +100bp. What could be much more interesting is the decision regarding the 1-week deposit rate on Thursday. Our base case scenario calls for a 30bp hike to 6.75%, the same as in previous months. However, should the market be disappointed by Tuesday's base rate decision, triggering a further sell-off in HUF markets, we could imagine a situation where the NBH decides to match the size of the effective rate hike (1-week deposit rate hike) with the base rate hike earlier in the week (so hike 60bp instead of 30bp). On the first day of June, we will see the details behind the strong 1Q GDP growth and we expect the main driver to be consumption. Manufacturing PMI will remain in expansion territory, though we are not sure this will translate into strong industrial production data. Before we learn about the performance of industry, we will see the first hard data for April on Friday, as the Statistical Office will release retail sales turnover. We expect a slowdown as one-off impacts boosting non-food and fuel sales are fading.

✓ Turkey: Growth risks tilted to the downside

In May, we expect annual inflation to increase further to 75.0% (3.9% on a monthly basis) from 70.0% a month ago, given the broad-based deterioration in price dynamics, with a largely supportive policy framework, and the Russia-Ukraine war putting pressure on import prices. On the national accounts, 1Q22 growth will likely be strong at 6.0%. However, there have been signs of a deceleration in economic activity lately, also impacted by geopolitical factors. This backdrop leads us to look for a marked slowdown this year to below 3% with risks tilted to the downside.

EMEA Economic Calendar

Country	Time	Data/event	ING	Survey	Prev.
Monday 30 May					
Russia	-	Apr GDP (YoY%) Monthly	-		1.6
Brazil	1300	May IGP-M Inflation Index	-		1.4
		- Apr Central Government Balance	-		-6.3
Tuesday 31 May					
Turkey	0800	Q1 GDP Quarterly (YoY%)	6.0		9.1
	0800	Apr Trade Balance	-6.1		-8.2
Poland	0900	Q1 GDP (QoQ%/YoY%)	-/-		2.4/8.5
Czech Rep	0800	Q1 Final GDP (QoQ%/YoY%)	-		0.7/4.6
Hungary	1300	May Hungary Base Rate	6.0		5.4
South Africa	0700	Apr M3 Money Supply (YoY%)	-		8.4
	0700	Apr Private Sector Credit Ext.	-		5.9
	1300	Apr Trade Bal (Incl. Region)	-		45.9
Mexico	1200	Apr Jobless Rate	-		3.0
Wednesday 1 June					
Russia	0700	May Markit Manufacturing PMI	-		48.2
	1700	Apr Industrial Output	-0.9		3.0
	1700	Apr Retail Sales (YoY%)	-10.0		2.2
	1700	Apr Unemployment Rate	4.3		4.1
Turkey	0800	May Manufacturing PMI	-		49.2
Poland	0800	May Markit Manufacturing PMI	-		52.4
Czech Rep	0830	May Markit PMI	-		54.4
	1300	May Budget Balance	-		-100.1
Hungary	0800	Q1 GDP Final (YoY%)	8.2		8.2
	0800	May Manufacturing PMI	53.5		58.9
Brazil	1400	May Markit Manufacturing PMI	-		51.8
Mexico	1530	May Markit Manufacturing PMI	-		49.3
Thursday 2 June					
Hungary	0800	One-Week Deposit Rate	6.75		6.5
Ukraine	1200	Central bank interest rate	-		10.0
Brazil	0900	May IPC-Fipe Inflation Idx	-		1.6
	1200	Q1 GDP (QoQ%/YoY%)	-/-		0.5/1.6
Friday 3 June					
Russia	0700	May Markit Services PMI	-		44.5
Turkey	0800	May CPI (MoM%/YoY%)	3.9/75.0		7.3/70.0
	1200	Apr Bank NPL Ratio	-		2.9
Hungary	0800	Apr Retail Sales (YoY%)	15.3		16.2
South Africa	0815	May Std Bank Whole Econ PMI	-		50.3
Brazil	1300	Apr Industrial Output (MoM%/YoY%)	-/-		0.3/-2.1
	1400	May Markit Services PMI	-		60.6
	1400	May Markit Composite PMI	-		58.5

Source: Refinitiv, ING, *GMT

Authors

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

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>.