

## Key events in EMEA next week

The third monetary policy meeting under the new Czech National bank will take place next Thursday. We believe interest rates will remain unchanged, as inflation is expected to be revised downward. On the other hand, Turkish and Polish inflation has continued to trend upward, and we see no signs of it levelling off soon



Source: Shutterstock

### Turkey: Annual inflation expected to increase further

In October, we expect annual inflation to further increase to 86.2% (4.1% on a monthly basis) from 83.5% a month ago, given continuing broad-based pricing pressures on the back of a largely supportive policy framework along with less gradual currency weakness weighing on TRY-denominated import prices.

### Poland: No signs of polish inflation levelling off soon

**October CPI: 18.1% year-on-year**

Our forecasts indicate that CPI inflation increased further in October and probably slightly exceeded 18% year-on-year on the back of a sharp monthly increase in petroleum prices and further growth of energy and food prices. At the same time, we expect that core inflation

continued trending upward. There are no signs of inflation levelling off soon and the momentum of core inflation remains high.

### **October Manufacturing PMI: 42.2 percentage points**

Following a surprising upswing in manufacturing PMI in September, we expect the assessment of conditions in the domestic industry by purchasing managers to deteriorate again in October. Although supply-side bottlenecks eased recently and the energy outlook for the European industry is less challenging, elevated prices and softer global demand (decline in new orders) are projected to continue weighing on manufacturing activity in the coming quarters.

### **Czech Republic: CNB rates set to remain unchanged, again**

The third monetary policy meeting under the new Czech National Bank (CNB) leadership will take place on Thursday. We expect interest rates to remain unchanged. Thus, the central bank's new forecast will be the main focus. Compared to the August forecast, we see the biggest deviation in inflation, which surprised to the downside. In September, this deviation came in at 2.4 percentage points. Therefore, here we can expect the biggest downward revision in the new forecast. Nevertheless, the interest rate forecast can be expected to remain roughly similar to the CNB's summer version, indicating a rate cut in the next quarter due to the nature of the central bank's model.

On the FX side, we don't expect much change in the forecast weakening trajectory of the koruna under the pressure of the declining interest rate differential. However, we don't see much implication for FX interventions, which are fully decoupled from the CNB forecast and depend only on the discretionary decision of the board. But, at the moment, we see the CNB in a comfortable position with no reason to change anything about the current regime. In the long run, we do not expect any further CNB rate hikes. Despite the board's highlighting of the wage-inflation risk, we believe that the stability or decline in annual inflation combined with a weaker economy will be enough in the coming months for the CNB to confirm the end of the rate hike cycle at future meetings. [Read our full CNB preview here.](#)

## Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 31 October</b>					
Turkey	1200	Sep Bank NPL Ratio	-		2.38
South Africa	0700	Sep M3 Money Supply (YoY%)	-	8.2	8.15
	0700	Sep Private Sector Credit Extension	-	8.15	7.86
	1300	Sep Trade Balance (Incl. Region)	-	5.15	7.18
Poland	0900	Oct Flash CPI (YoY%)	18.1		17.2
<b>Tuesday 1 November</b>					
Russia	0700	Oct S&P Global Manufacturing PMI	-		52
Turkey	0800	Oct Manufacturing PMI	-		46.9
Czech Rep	0900	Q3 Preliminary GDP (QoQ%/YoY%)	-		0.5/3.7
	0930	Oct S&P Global PMI	43.5		44.7
	1400	Oct Budget Balance	-		-270.9
Hungary	0900	Oct Manufacturing PMI	48.9		49.6
Brazil	1300	Sep Industrial Output (MoM%/YoY%)	-/-		-0.6/2.8
	1400	Oct S&P Global Manufacturing PMI	-		51.1
Mexico	1630	Oct S&P Global Manufacturing PMI	-		50.3
<b>Wednesday 2 November</b>					
Russia	1700	Sep Retail Sales (YoY%)	-11.0		-8.8
	1700	Sep Unemployment Rate	4.2		3.8
Poland	0900	Oct S&P Global Manufacturing PMI	42.2		43
Hungary	0900	Aug Trade Balance Final	-1300		-1300
<b>Thursday 3 November</b>					
Russia	0700	Oct S&P Global Services PMI	-		51.1
Turkey	0800	Oct CPI (MoM%/YoY%)	4.1/86.2		3.1/83.5
Czech Rep	1430	CNB Repo Rate	7		7
South Africa	0815	Oct Std Bank Whole Econ PMI	-		49.2
Brazil	0900	Oct IPC-Fipe Inflation Idx	-		0.12
<b>Friday 4 November</b>					
Brazil	1400	Oct S&P Global Services PMI	-		51.9
	1400	Oct S&P Global Composite PMI	-		51.9

Source: Refinitiv, ING

### Authors

#### Muhammet Mercan

Chief Economist, Turkey

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

#### Adam Antoniak

Senior Economist, Poland

[adam.antoniak@ing.pl](mailto:adam.antoniak@ing.pl)

#### 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>.