

## Key events in EMEA next week

Following a lower CPI reading, the Polish Monetary Policy Council officially declared a pause in its hiking cycle. So for next Wednesday, we are expecting the rate to remain at 6.75%. In Hungary, we see month-on-month headline inflation at around 1.8% and the core rate at 1.7%, due to a slowdown in both the industrial and service sectors



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### Poland: end of the cycle

**NBP rate in December (6.75% - unchanged)**

The Polish Monetary Policy Council officially declared a pause in its rate hiking though in practice, this is the end of the cycle. With CPI inflation moderating from 17.9% year-on-year in October to 17.4% YoY in November (flash estimate) and GDP growth pointing to weak household spending and fixed investment, the Council is unlikely to tighten further anytime soon. Policymakers will wait for the impact of rate hikes delivered so far and hope that further tightening by central banks in core markets, along with a global economic slowdown, will bring Polish inflation down. However, the National Bank of Poland's target of 2.5% (+/- 1 per cent.) is not in sight over the medium term.

## ✓ Turkey: risks are still on the upside

In November, we expect annual inflation to change direction and drop to 84.4% (2.9% on monthly basis) from 85.5% a month ago, as base effects start to kick in. These will become more pronounced in December and early next year. Stability in the currency is another factor for some moderation in the pace of increase lately. However, the risks lie to the upside given the deterioration in pricing behaviour and still prevailing cost-push pressures.

## ✓ Hungary: year-on-year indices of inflation rise further

October economic activity data is due next week in Hungary. We expect the retail sector to post a slowdown in sales volume, as household purchasing power is increasingly hit by rising inflation. Business survey indicators, including the PMI, suggest that we might also see a temporary slowdown in industrial production in October, after a surprisingly strong September. The next big thing however is the November inflation print. We see food prices rising further as domestic producer prices are skyrocketing in the food industry (close to 50% YoY). Still, the strengthening of the forint may ease some pressure on imported inflation, and as aggregate demand retreats, inflation in services could also slow down. In all, we see the month-on-month headline inflation rate at around 1.8% and core inflation at 1.7%. But these rates are still higher than last year's figures from the same month, thus the year-on-year indices are going to rise further, with the headline and core rates surpassing 22% and 23%, respectively. When it comes to the budgetary situation, unlike in the previous two months, we see a monthly deficit. This is fuelled by the extra pension adjustment by law due to high inflation. This payment triggered a significant outflow of cash in November, pushing the monthly budget balance into negative territory despite rising revenues from high inflation and windfall taxes, in our view.

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Country	Time Data/event	ING	Survey	Prev.
<b>Monday 5 December</b>				
Russia	0600 Nov S&P Global Services PMI	-		43.7
Turkey	0700 Nov CPI (MoM%/YoY%)	2.9/84.4		3.5/85.5
Czech Rep	0800 Q3 Gross wages (YoY%)	-		-9.8
Hungary	0800 Oct Retail Sales (YoY%)	2.2		3
Romania	1300 Mon Policy Rate	-		6.75
Kazakhstan	0900 Dec Base Interest Rate	16.5	14.75	16
South Africa	0715 Nov Std Bank Whole Econ PMI	-		49.5
Brazil	1300 Nov S&P Global Services PMI	-		54
	1300 Nov S&P Global Composite PMI	-		53.4
<b>Tuesday 6 December</b>				
Czech Rep	0800 Oct Retail Sales (YoY%)	-		-5.6
South Africa	0930 Q3 GDP (YoY%)	-		0.2
<b>Wednesday 7 December</b>				
Poland	- Dec NBP Base Rate	6.75		6.75
Czech Rep	0800 Oct Industrial Output (YoY%)	-		8.3
	0800 Oct Trade Balance	-		-13.9
Hungary	0800 Oct Industrial Output (YoY%)	10.1		11.3
Brazil	2100 Selic Interest Rate	-		13.75
<b>Thursday 8 December</b>				
Czech Rep	0800 Nov Unemployment Rate	-		3.5
Hungary	0800 Nov Core CPI (YoY%)	23.3		22.3
	0800 Nov CPI (YoY%)	22.4		21.1
	0800 Nov CPI (MoM%) NSA	1.8		2.0
	1000 Nov Budget Balance	-150		101.3
Ukraine	1200 Central bank interest rate	-		25
Serbia	1100 Dec Benchmark Interest rate	-		4.5
South Africa	0900 Q3 Current Account	-		-87
Brazil	1200 Oct Retail sales (MoM%/YoY%)	-/-		1.1/3.2
Mexico	1200 Nov Headline Inflation	-		0.57
	1200 Nov Core inflation	-		0.63
<b>Friday 9 December</b>				
Russia	1600 Nov CPI (MoM%/YoY%)	0.4/12.0		0.2/12.6
Ukraine	- Nov CPI (MoM%/YoY%)	-/-		2.5/26.6
Brazil	- Nov IPCA Inflation Index (MoM%/YoY%)	-/-		0.59/6.47

Source: Refinitiv, ING

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