

Key events in EMEA next week

The focus of next week will be Poland's first MPC decision, with further policy easing expected in the aftermath of the general elections. Elsewhere, inflation in the Czech Republic is likely to come in higher due to government measure base effects. In Hungary, we expect further disinflation in October



Source: Shutterstock

Poland: NBP set to cut rates in November

According to the flash estimate, CPI inflation moderated further in October and turned out slightly lower than expected by the markets. In such an environment, the policy choice is between holding rates flat and a 25bp cut (to 5.50%), which we outline as our baseline scenario.

The central bank will also release the new macroeconomic projections, which should also bring important policy guidance. Overall, it should point to an economic recovery in 2024, with consumption playing the predominant role. At the same time, the inflation path should be adjusted downwards, given the lower starting point – but again, it would point to CPI returning to the target of 2.5% (+/- 1 percentage point) in 2025 only. We will also see if a 2026 projection will be added, as this may also bring multiple hints about upcoming decisions.

National Bank of Poland Governor Adam Glapiński's press conference will be closely followed by

the markets as it may give some hints on the central bank policy bias ahead. [Catch our latest preview here.](#)

✓ Czech Republic: Inflation higher due to government measures base effect

Inflation in the Czech Republic is entering a three-month period of significantly lower base effects due to government measures reducing energy prices last year. Despite stable prices month-on-month, we expect year-on-year inflation to rise from 6.9% to 8.4%. Compared to September, we expect higher prices for food, clothing and recreation mainly due to seasonal reasons. Fuel prices are likely to have fallen slightly, but the statistical office survey shows more of an increase. We therefore expect stagnation. At the same time, we expect energy prices to fall further. For October (as in September) a number of energy suppliers have announced further falls in electricity and gas prices. As always, the impact on CPI is debatable given the different number of households affected. The Czech National Bank's new forecast expects 8.3% YoY.

✓ Hungary: we expect disinflation to continue in October

Next week will be a very busy one in Hungary. We start with the industrial production data for September, which could be relatively weak again. In addition to the usual lack of domestic demand, which affects manufacturers driven by the local market, there was also a one-off problem. The local Audi factory was affected by a global IT problem at Volkswagen, which halted production for a day and probably resulted in a weaker-than-usual post-summer rebound.

Speaking of weak domestic demand, we expect another forgettable month for retail sales turnover in September, dragged down by low consumer confidence, shrinking real wages and rising fuel prices. With the export sectors still doing relatively well, we see this reflected in an improving trade balance figure for September, as exporters returned from summer shutdowns. Where we don't expect a significant improvement is in the fiscal situation. In fact, we see September's surplus as a one-off, and October will bring another monthly budget deficit.

Last but not least, the crown jewel is Friday's CPI print, where we expect disinflation to continue in October due to base effects and the limited pricing power of companies on demand constraints. Moreover, an October correction in fuel prices will help a lot, resulting in a monthly headline inflation rate of 0.2%, lowering the year-on-year print close to single digits.

✓ Romania: NBR to keep key rate to remain unchanged at 7.00%

The November meeting of the National Bank of Romania (NBR) will be held next week on Wednesday. We expect the Bank to keep the key rate unchanged at 7.00%. A new inflation report will also be published and the latest developments point to an overall balanced outlook regarding the Bank's new forecasts. Upside potential could stem from the recent derailing of the disinflation path, higher oil prices, sharp income growth and the potentially inflationary impact of a higher fiscal burden on firms. Downside potential comes from a visibly weaker growth, coupled with the extension and broadening out of the essential food items markup cap. All in all, we do not expect major changes in the Bank's new forecasts. Any comments related to the sizeable interbank market liquidity are a key factor to watch.

✓ Serbia: NBS to keep the key rate unchanged at 6.5%

The November meeting of the National Bank of Serbia (NBS) will be held next week on Thursday. We think that the Bank will keep the key rate unchanged at 6.5%. A new inflation report is also due and, with real wages positive since May and oil prices materially higher, we can't exclude forecasts to move in a marginally hawkish direction.

Key events in EMEA next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 6 November					
Czech Rep	0800	Sep Industrial Output (YoY%)	-		-1.7
	0800	Sep Trade Balance	-		-3.8
Tuesday 7 November					
Czech Rep	0800	Sep Retail Sales (YoY%)	-		-2.8
Hungary	0730	Sep Industrial Output (YoY%)	-8.7		-5.3
Wednesday 8 November					
Poland	0743	Nov NBP Base Rate	5.50		5.75
Czech Rep	0800	Oct Unemployment Rate	-		3.6
Hungary	0730	Sep Retail Sales (YoY%)	-7.8		-7.1
	0730	Sep P Trade balance (EUR m)	1275		708
Romania	1300	0 Mon Policy Rate	7		7
Thursday 9 November					
Ukraine	1330	Oct CPI (MoM%/YoY%)	-/-	/	0.5/7.1
Hungary	1000	Oct Budget Balance (HUF bn)	-155		33.7
Serbia	1100	Nov Benchmark Interest rate	6.5		6.5
Friday 10 November					
Russia	1600	Oct CPI (MoM%/YoY%)	0.9/6.7	/	0.9/6
Czech Rep	0800	Oct CPI (MoM%/YoY%)	0.0/8.4	/	-0.7/6.9
Hungary	0730	Oct Core CPI (YoY%)	11.2		13.1
	0730	Oct CPI (YoY%)	10.3		12.2
	0730	Oct CPI (MoM%)	0.2		0.4
Kazakhstan	1200	Oct Industrial Production (YoY%)	-		4.4

Source: Refinitiv, ING

Authors

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist

adam.antoniak@ing.pl

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@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>.