

## Key events in EMEA next week

Next week, we'll be looking out for a flurry of data releases in Poland, with industrial output expected to turn positive in October. Elsewhere, we expect to see the National Bank of Hungary cut the base rate to 11.50%, while the Central Bank of Turkey will likely consider a slower pace of hikes



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### ✓ Poland: Industrial output expected to turn positive in October

**Industrial output (October): 1.2% YoY**

We forecast that industrial production will stop falling in annual terms and turned positive in October. This is consistent with the general turnaround in the Polish economy and signs that global industry started stabilising. Domestic and German manufacturing PMI showed some signs of improvement last month, but they both remain at subdued levels. A higher number of working days will also support the reading.

**PPI (October): -3.5% YoY**

According to our estimates, producers' prices increased for the second consecutive month in

month-on-month terms, but annual deflation deepened to 3.5% year-on-year in October due to a high reference base from October 2022. The level of prices in manufacturing started rising again in August, and the trend continued. Still, the months ahead are expected to bring deflation on the back of base effects.

### **Wages (October): 13.0% YoY**

Average wages continue expanding at a low double-digit rate, and the variability of the annual growth is shaped by changes in the number of workdays and bonus payments. With one working day more than in October last year and news about bonus payments in some large enterprises, we expect a relatively high wage growth reading for October. Upward pressure on wages will continue, given the ~20% increase in the minimum wage in 2024.

### **Employment (October): 0.0% YoY**

The level of employment in the enterprise sector has started moderating slightly in recent months, but it remains similar to the corresponding months of 2022. With labour becoming scarce, businesses are unlikely to trim their workforces but working hours have moderated slightly. There are no signs of massive lay-offs, and with an economic bounceback already in the pipeline, it looks like the labour market coped very well with the recent slowdown.

### **Retail sales (October): 2.3% YoY**

It's been a long time since we saw a positive retail sales number, but with double-digit growth of wages and headline inflation moderating to single digits, the real purchasing power of households has now started recovering. Consumers are still shy about spending money on durable goods, but with continued improvement in consumer confidence throughout 2023, it's just a matter of time before this category of goods also shows stronger sales numbers.

### **Unemployment rate (October): 5.0%**

According to the Ministry of Family and Social Policy estimates, the number of those unemployed fell by 3.8k vs. our forecast of 4k. Given our assumptions regarding the economically active population, this translates into yet another month of the registered unemployment rate at 5.0%. The ministry is flagging the same figure.

## **Hungary: We see the base rate cut to 11.50%**

The most interesting event in Hungary next week should have been the National Bank of Hungary's upcoming rate-setting meeting on 21 November – but the central bank's deputy governor didn't leave much to get excited about when he “spoiled” the outcome at a conference. While almost all the changes over the past months have been positive (no escalation in geopolitics, stronger global and local disinflation, slightly weaker than expected economic activity, strongly improving external balance and more upbeat market sentiment), the NBH will stand pat and stick to the 75bp pace of rate cuts.

The central bank seems to want to avoid being stigmatised by the market after recent political pressure to accelerate rate cuts. And while a small dovish shift would be professionally defensible in our view, it would carry too much reputational risk. As a result, we see the base rate cut to 11.50%. Next week will also bring the latest set of labour market data, where the base effect will push down nominal wage growth, which remains strong enough to generate positive real wage

growth for the first time in 12 months. As for the unemployment rate, we expect only a slight seasonal improvement.

## ✓ Turkey: CBT expected to consider slower hike with 250bp

The Central Bank of Turkey has pledged that the policy rate will be determined in a way that will create the monetary and financial conditions necessary to ensure a decline in the underlying trend of inflation. The latest inflation release in October showed the underlying trend starting to improve not only for the core but also the headline rate. Accordingly, we expect the bank to consider a slower hike with 250bp, pulling the policy rate to 37.5% in this month's MPC. However, risks are on the upside given strong tightening moves since August.

## Key events in EMEA next week

| Country                      | Time | Data/event                     | ING   | Survey | Prev.    |
|------------------------------|------|--------------------------------|-------|--------|----------|
| <b>Tuesday 21 November</b>   |      |                                |       |        |          |
| Poland                       | 0900 | Oct Industrial Output (YoY%)   | 1.2   | 1.6    | -3.1     |
| Poland                       | 0900 | Oct PPI (YoY%)                 | -3.5  | -3.5   | -2.8     |
| Poland                       | 0900 | Oct Wages (YoY%)               | 13.0  | 11.7   | 11.9     |
| Poland                       | 0900 | Oct Employment (YoY%)          | 0.0   | 0.0    | 0.0      |
| Hungary                      | 1300 | Nov Hungary Base Rate          | 11.50 |        | 12.25    |
| <b>Wednesday 22 November</b> |      |                                |       |        |          |
| Russia                       | 1600 | Oct PPI (MoM%/YoY%)            | -/-   | /      | 4.7/16.7 |
| Poland                       | 0900 | Oct Retail Sales (YoY%)        | 2.3   | 1.6    | -0.3     |
| South Africa                 | 0800 | Oct CPI (MoM%/YoY%)            | -/-   | /      | 0.6/5.4  |
|                              | 0800 | Oct Core inflation (MoM%/YoY%) | -/-   | /      | 0.2/4.5  |
| <b>Thursday 23 November</b>  |      |                                |       |        |          |
| Turkey                       | 1100 | Nov CBT Weekly Repo Rate       | 37.5  |        | 35       |
|                              | 1100 | Nov O/N Lending Rate           | 39    |        | 36.5     |
|                              | 1100 | Nov O/N Borrowing Rate         | 36    |        | 33.5     |
| Poland                       | 1300 | Oct M3 Money Supply (YoY%)     | 8.5   | 8.6    | 8.3      |
| Hungary                      | 0730 | Sep Average Gross Wages (YoY%) | 14.1  |        | 15.2     |
| <b>Friday 24 November</b>    |      |                                |       |        |          |
| Poland                       | 0900 | Oct Unemployment Rate          | 5.0   | 5      | 5        |
| Hungary                      | 0730 | Oct Unemployment Rate 3M       | 4.0   |        | 4.1      |

Source: Refinitiv, ING

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