

Key events in EMEA next week

As the latest inflation numbers were well below the Czech National Bank's forecasts, we believe the CNB repo rate will remain unchanged at 7%. For Hungary, although another 100bp increase is on the table, we favour a 75bp hike right now due to the combination of a lower CPI peak and worse GDP outlook



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Czech Republic: Rates should remain unchanged again

Next Thursday, the second monetary policy meeting will be held under the leadership of the new CNB board. Nothing has changed in our forecast since the last meeting and we expect rates to remain unchanged this time, too. This is indicated by both the statements of the board members and the latest inflation numbers, which were well below the CNB's forecasts in July and August. The same result can be expected from the September number (our preliminary forecast is for 17.6% year-on-year). On the other hand, the GDP and wage numbers were higher than the CNB's forecast, but we still believe that lower-than-expected inflation provides an ample buffer for the current board. Thus, we do not see a significant risk of a change in the current CNB view for the coming months, which means that this hiking cycle is done. [Read our full CNB preview here.](#)

✔ Hungary: A 75bp hike is expected on Tuesday

The main event of next week in Hungary is the rate-setting meeting of the National Bank of Hungary. We narrowly favour a 75bp hike on Tuesday, taking the Bank Rate to 12.50%, although another 100bp is clearly on the table. The government's decision to prolong price cap measures for basic food and fuel will lower the near-term CPI peak, somewhat limiting concerns about consumer inflation expectations becoming extreme. Moreover, the introduction of liquidity draining measures and the expected improvement in the monetary transmission mechanism reduce the urgency to continue tightening in 100bp increments. The latest official communication, which pointed out that the CPI peak might be near - a milestone in this tightening cycle - could also be a sign of a possible slowdown in the pace of hiking. We also see the central bank revising its GDP outlook significantly downward in 2022 and 2023, providing another talking point for reducing the size of rate increases. However, decision-makers might be worried about the vulnerability of the forint, and will also argue that the government's latest support package (prolonged mortgage rate freeze, energy bill and investment support to energy-intensive SMEs, investment support to large energy-intensive factories and a job protection action plan) could increase medium-term inflation given it reduces the risk of recession. If these latter arguments are taken into account with greater weight, we see a chance for a 100bp hike next week. That means it's a close meeting to call. [Read our full NBH Preview here.](#)

Key events in developing markets next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 26 September					
Brazil	1330	Jun Current Account	-		-3.5
	1330	Jun Foreign Direct Investment	-		4.5
Mexico	1200	Jul IGAE Econ Activity (YoY%)	-		1.6
Tuesday 27 September					
Hungary	1300	Sep Hungary Base Rate	12.50		11.75
Brazil	1300	Sep IPCA-15 Mid-Month CPI	-		-0.73
	1300	Sep IPCA-15 Mid-Month CPI (YoY%)	-		9.6
Mexico	1200	Aug Trade Balance SA	-		-4.401
	1200	Aug Jobless Rate	-		3.4
Wednesday 28 September					
Russia	1700	Aug Industrial Output	-1.0	-0.9	-0.5
	1700	Aug Retail Sales (YoY%)	-10.0	-8.5	-8.8
	1700	Aug Unemployment Rate	4.2	4.1	3.9
		- Aug GDP (YoY%) Monthly	-	-4.8	-4.3
Thursday 29 September					
Turkey	1200	Aug Bank NPL Ratio	-		2.42
Czech Rep	1330	CNB Repo Rate	7.0		7.0
Hungary	0800	One-Week Deposit Rate	12.50		11.75
South Africa	0700	Aug M3 Money Supply (YoY%)	-		8.15
	0700	Aug Private Sector Credit Ext.	-		7.09
	1030	Aug PPI (MoM%/YoY%)	-/-		2.2/18.0
Brazil	-	Aug Central Government Balance	-		19.3
	1300	Sep IGP-M Inflation Index	-		-0.7
Mexico	1900	Sep Interest Rate	-		8.5
Friday 30 September					
Turkey	0800	Aug Trade Balance	-7.2		-10.7
Czech Rep	0800	Q2 Revised GDP (QoQ%/YoY%)	-		0.5/3.7
Poland	0900	Sep flash CPI (YoY%)	16.6		16.1
South Africa	1300	Aug Trade Balance (Incl. Region)	-		24.8

Source: Refinitiv, ING

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