

Key events in EMEA next week

Data from Hungary should show a slight improvement in economic momentum, annual inflation in Turkey is expected to increase further while in Poland, a sharp fall in inflation suggests the central bank will continue its monetary easing cycle



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✓ Hungary: Slight improvement in economic momentum expected following activity data

The Hungarian Central Statistical Office will publish the latest data on economic activity next week. We expect a slight improvement in momentum based on the monthly performance of the retail and industrial sectors. The World Athletics Championships in Budapest could temporarily boost retail sales with a significant influx of tourists. Based on some survey indicators and the track record of industrial production during the summer in recent years, we see some improvement in the export sectors and, this time, perhaps also some temporary support from the sectors driven by domestic demand. We don't think that this improvement will be sustainable but after four quarters of technical recession, any small positive change that can bring the recessionary period to an end is to be welcomed.

✓ Turkey: Annual inflation expected to increase further to 61.5%

Given the deterioration in pricing behaviour, currency weakness, widespread increase in wages and tax adjustments and markedly negative ex-post and ex-ante real policy rate, inflation will likely remain under pressure in the near term. Accordingly, we expect annual inflation to increase further to 61.5% in September (with a 4.7% month-on-month reading) from 58.9% a month ago.

✓ Poland: A 25bp cut expected

With CPI inflation falling sharply in September, the National Bank of Poland is expected to continue its monetary easing cycle in October. However, the size of the cut should be smaller than in September in order to avoid further depreciation of the zloty. The FX market reaction to September's 75bp rate cut most likely surprised the MPC and may make further disinflation more difficult. We expect a 25bp rate cut at the policy meeting on Wednesday and the main NBP rate to decline to 5.50% by the end of 2023, from the current 6.00%.

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Country	Time	Data/event	ING	Survey	Prev.
Monday 2 October					
Russia	0700 Sep	S&P Global Manufacturing PMI	-		52.7
Turkey	0800 Sep	Manufacturing PMI	-		49
Poland	0800 Sep	S&P Global Manufacturing PMI	43.8		43.1
Czech Rep	0830 Sep	S&P Global PMI	-		42.9
Hungary	0730 Jul	Trade Balance Final	697		697
	0800 Sep	Manufacturing PMI	44.5		46.5
Tuesday 3 October					
Turkey	0800 Sep	CPI (MoM%/YoY%)	4.7/61.5	/	9.09/58.94
Czech Rep	1300 Sep	Budget Balance	-		-194.6
Wednesday 4 October					
Russia	0700 Sep	S&P Global Services PMI	-		57.6
Poland	1300 Oct	NBP Base Rate	5.75		6
Hungary	0730 Aug	Retail Sales (YoY%)	-5.4		-7.6
South Africa	0815 Sep	Std Bank Whole Econ PMI	-		51
Thursday 5 October					
Romania	1300 Mon	Policy Rate	7	7	7
Friday 6 October					
Czech Rep	0800 Aug	Retail Sales (YoY%)	-		-2.2
Hungary	0730 Aug	Industrial Output (YoY%)	-1.9		-2.6
Kazakhstan	1000 Oct	Base Interest Rate	16.0		16.5
Serbia	1100 Oct	Benchmark Interest rate	-		6.5

Source: Refinitiv, ING

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