

## Key events in emerging markets next week

Rising inflation across the Central and Eastern European (CEE) region is adding further pressure on central banks to take decisive action



Source: Shutterstock

### Romania set for decisive rate hike

Romanian headline inflation looks set to have reached 8% in October, which should prompt a more decisive National Bank of Romania (NBR) reaction. We expect a 50 basis point rate hike at the 9 November policy meeting, though we wouldn't be surprised to see more. The terminal rate should reach 3.00% by mid-2022, with risks still to the upside.

### Higher inflation adds pressure for further rate rises in Hungary

We expect Hungarian headline inflation to have reached a nine-year peak of 6% year-on-year in October. The main factors behind this move won't be that shocking, as it's mainly fuel, energy and seasonal food prices that are driving inflation higher. Once these are stripped out, core inflation will remain roughly unchanged at 4.1% YoY. This will put further pressure on the National Bank of Hungary to move away from the previously set 15bp step sizes at its November rate-setting meeting.

While the central bank is trying to stabilise inflation over the monetary policy horizon, the policy divergence will be clearly evidenced by next week's incoming budget deficit data. We expect spending to follow through as the government continues to pre-finance EU projects. This active fiscal policy means that, despite the better-than-expected nominal growth, the government will meet the original deficit target through extra spending, rather than allowing the automatic stabilisers to improve the fiscal metrics.

## Key events in emerging markets next week

Country	Time	Data/event	ING	Survey	Prev.
<b>Monday 8 November</b>					
Czech Rep	0800	Sep Industrial Output (YoY%)	-		-1.4
	0800	Sep Trade Balance	-		-28.1
	0900	Oct Unemployment Rate	-		3.5
<b>Tuesday 9 November</b>					
Hungary	0800	Oct Core CPI (YoY%)	4.1		4.0
	0800	Oct CPI (MoM%/YoY%)	0.6/6.0		0.2/5.5
	1000	Oct Budget Balance	-358		-392
Ukraine	-	Oct CPI (MoM%/YoY%)	-/-		1.2/11
Romania	1300	Mon Policy Rate	2.00	1.75	1.50
Serbia	1100	Nov Benchmark Interest rate	1.00		1.00
Mexico	1200	Oct Headline Inflation	-		0.62
	1200	Oct Core inflation	-		0.46
<b>Wednesday 10 November</b>					
Turkey	0800	Sep Unemployment Rate (%)	-		12.0
Czech Rep	0800	Oct CPI (MoM%/YoY%)	-/-		0.2/4.9
Romania	0700	Oct CPI (YoY%)	7.95		6.29
Brazil	1200	Oct IPCA Inflation Index (MoM%/YoY%)	-/-		1.16/10.25
<b>Thursday 11 November</b>					
Russia	-	Oct Budget Fulfilment	-		0.7
Turkey	0700	Sep Current Account Balance	1.8		0.53
Kazakhstan	-	Oct Industrial Production (YoY%)	-		2.7
Brazil	1200	Sep Retail sales (MoM%/YoY%)	-/-		-3.1/-4.1
Mexico	1200	Sep Industrial Output (MoM%/YoY%)	-		0.4/5.2
	1900	Nov Interest Rate	-		4.75
<b>Friday 12 November</b>					
Russia	1300	Sep Foreign Trade	-		17.11
Turkey	700	Sep Industrial Production (MoM%/YoY%)	-0.9/10.8		17.11
Poland	0900	Q3 GDP (QoQ%/YoY%) Flash	-		1.6/11.2
Kazakhstan	-	Q3 GDP (YoY%)	-		2.3
	-	Oct Industrial Production (MoM%)	-		2.3
Serbia	1100	Oct CPI (MoM%/YoY%)	0.5/6.1		0.8/5.7

Source: Refinitiv, ING

## Authors

### Valentin Tataru

Chief Economist, Romania

[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

### Peter Virovacz

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto: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>.