

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



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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.

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| Country | Time | Data/event | ING | Survey | Prev. |
|------------------------------|------|---------------------------------------|-----------|--------|------------|
| Monday 8 November | | | | | |
| Czech Rep | 0800 | Sep Industrial Output (YoY%) | - | | -1.4 |
| | 0800 | Sep Trade Balance | - | | -28.1 |
| | 0900 | Oct Unemployment Rate | - | | 3.5 |
| Tuesday 9 November | | | | | |
| 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 |
| Wednesday 10 November | | | | | |
| 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 |
| Thursday 11 November | | | | | |
| 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 |
| Friday 12 November | | | | | |
| 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

Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

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