

## 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.
<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

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