

Key events in emerging markets next week

Expect a rate hike in Hungary and a rate cut in Turkey next week



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Hungarian central bank to hike rates - though perhaps less dramatically than elsewhere

Next week's events will be concentrated on Tuesday with the third quarter GDP release and the National Bank of Hungary's rate-setting meeting. On economic activity, we see 1% quarter-on-quarter growth, which would mark a significant slowdown compared to the previous period. The more moderate growth is mainly caused by net exports. Strong domestic demand (consumption and investment) is driving imports, while global value chain issues are holding back export activities.

However, even with such issues, we see GDP growth at 7.7% on average in 2021. In the meantime, inflation is soaring, price expectations are rising, and real interest rates are plunging, so the forint is depreciating.

In short, the Hungarian central bank is under pressure. Yet, we see a 30bp hike and a signal that a bigger cut in QE could come next month. So we don't see Hungary following in the footsteps of the Czech and Polish national banks with big one-off hikes. The government decided to cap non-

premium fuel prices for three months from mid-November, reducing a major upside risk for inflation, and reducing the chances of strong second-round effects.

Turkish central bank set for further rate cut

The Central Bank of Turkey (CBT) foresees that “supply-side transitory factors leave limited room for the downward adjustment to the policy rate”. In our view, this guidance implies that after one further 100bp rate cut at the November meeting, the central bank will likely stop its frontloaded easing cycle, at least until the year-end. The governor’s rhetoric in the inflation report release, and moderation in some core inflation indicators in October, also support this expectation.

Key events next week

Country	Time	Data/event	ING	Survey	Prev.
Monday 15 November					
Turkey	0800	Oct Budget Balance	-		-23.59
Poland	0900	Oct CPI (MoM%/YoY%)	-/-		1/6.8
	1300	Sep Current Account	-1435	-1264	-1686
Czech Rep	0900	Sep Current Account Balance	-		-37.8
Ukraine	-	Sep Trade Balance YTD	-		-1.73
Tuesday 16 November					
Poland	1300	Oct Net Inflation (YoY%)	-		4.2
Hungary	0800	Q3 GDP (YoY%) Prelim	7.6		17.9
	1300	Nov Hungary Base Rate	2.10		1.80
	1300	Nov O/N Deposit Rate	1.15		0.85
Romania	0700	Q3 GDP Flash (YoY%)	-		13.9
Croatia	1000	Oct CPI (MoM%/YoY%)	-		1.0/3.3
Wednesday 17 November					
South Africa	0800	Oct CPI (MoM%/YoY%)	-/-		0.2/5
	0800	Oct Core inflation (MoM%/YoY%)	-/-		0.3/3.2
	1100	Sep Retail Sales (YoY%)	-		-1.3
Russia	1600	Q3 GDP (% YoY)	4.5	4.6	10.5
Thursday 18 November					
Turkey	1100	Nov CBT Weekly Repo Rate	15		16
	1100	Nov O/N Lending Rate	-		17.5
	1100	Nov O/N Borrowing Rate	-		14.5

Source: Refinitiv, ING

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