

## THINK Ahead: US inflation and CEE data in focus

We're looking for stronger GDP data and a 0.2% month-on-month core PCE deflator print in the US next week – which should keep current Fed rate cut expectations firmly in place. Across the CEE region, we'll be keeping an eye out for Hungary's upcoming central bank meeting alongside a flurry of data releases in Poland and the Czech Republic



### THINK Ahead in developed markets

#### United States (James Knightley)

- **GDP (Thu):** The advanced estimate of second quarter GDP growth and the June core personal consumer expenditure deflator will be the key data points to watch next week. Growth was a rather tepid 1.4% annualised in the first quarter, with consumer spending a subdued 1.5%. We are expecting a stronger outcome this time, closer to 2.5% versus the current consensus forecast of 1.7%, reflecting a better consumer spending story, rising inventories and slightly stronger investment readings. Nonetheless, there are challenges for the economy and we expect to see weaker growth in the second half of 2024, with the Federal Reserve cutting rates from September.
- **Inflation (Fri):** The core PCE deflator is expected to come in at 0.2% month-on-month, with

risks skewed towards the downside. The core CPI print was just 0.1% MoM, but some of the PPI inputs into the PCE deflator, such as portfolio fees and transport, favour 0.2%. Even so, this would be tracking at the run rate required to deliver 2% year-on-year inflation over time and should keep those interest rate cut expectations in place.

## THINK Ahead for Central and Eastern Europe

### Poland (Adam Antoniak)

- **Retail sales and construction (Mon):** June industrial output data surprised to the upside, confirming that Poland's economy is continuing its recovery. Data on June retail sales and construction output (both released on Monday) will complete the overall picture of the country's economic developments in the second quarter of this year. We forecast that real sales of goods expanded by 5.1% YoY last month, while construction activity declined by 6.0% YoY. All in all, we estimate that industrial output increased slightly in the second quarter after five consecutive quarters of annual declines, retail sales performance was broadly similar to the first quarter of the year and the scale of decline in construction output eased. That fits into our scenario of a continued economic recovery in Poland. We estimate GDP growth in the second quarter of 2024 at 3.0% YoY vs. 2.0% YoY in the first quarter. Some leading indicators point to easing economic conditions in the third quarter of this year, but we still see Poland's economy expanding by 3% this year after 0.2% growth in 2023.

### Hungary (Dávid Szőnyi)

- **NBH meeting (Tue):** The second half of the year brought a new playbook, with a pause also introduced as an option. We expect Hungary's central bank to leave rates unchanged at the July meeting, but the latest communication suggests that further rate cuts seem inevitable. As a result, we are lowering our 2024 terminal rate call by 50bp to 6.50%.
- **Wages (Wed):** The pace of wage growth has been gradually decelerating since the beginning of the year, albeit at a slower rate than many business surveys had indicated. This time, however, we expect a more pronounced slowdown to 12.5% YoY in May, mainly due to seasonal factors. As the start of summer approaches, seasonal hiring is expected to pick up, which usually tends to push down wage outflows to some extent.
- **Unemployment rate (Fri):** Despite a recession in 2023, the labour market remains resilient as companies tend to hold on to workers in a structurally tight labour market. Industry is also adapting by reducing working hours rather than headcount, which bodes well for employment prospects. In addition, the pick-up in seasonal hiring poses a downside risk to the unemployment rate.

### Czech Republic (David Havrlant)

- **Business confidence (Wed):** Czech business confidence likely weakened in July, reflecting the mediocre industry performance of recent months. It seems that the industrial activity of the Czech Republic's main trading partners has also lost steam, which will trickle down to lukewarm new orders and put a lid on business expectations.
- **Consumer confidence (Wed):** Czech consumers are generally better off, especially in terms of buoyant real income and soft consumer prices. The labour market is also still in good condition. However, the perception of the recovery still being fragile and perhaps showing some cracks could affect the consumer's mood.

## Key events in developed markets next week

Country	Time	Data/event	ING	Prev.
<b>Monday 22 July</b>				
Germany	0700	May Retail Sales (MoM%/YoY%)	1.5/1.0	-1.2/-0.6
<b>Tuesday 23 July</b>				
Eurozone	1500	Jul Consumer Confidence Flash	-	-14.0
US	1500	Jun Existing Home Sales (Units mn)	4.0	4.1
<b>Wednesday 24 July</b>				
US	1445	Jul S&P Global Manufacturing PMI Flash	-	51.6
	1445	Jul S&P Global Services PMI Flash	-	55.3
	1445	Jul S&P Global Composite PMI Flash	-	54.8
	1500	Jun New Home Sales (Units 000s)	645	619
Germany	0700	Aug GfK Consumer Sentiment	-20.5	-21.8
	0830	Jul S&P Global Manufacturing PMI Flash	44.0	43.5
	0830	Jul S&P Global Service PMI Flash	52.4	53.1
	0830	Jul S&P Global Composite PMI Flash	50.3	50.4
France	0815	Jul S&P Global Composite PMI Flash	-	48.8
	0815	Jul S&P Global Manufacturing PMI Flash	-	45.4
UK	0930	Jul Composite PMI Flash	-	52.3
	0930	Jul Manufacturing PMI Flash	-	50.9
	0930	Jul Services PMI Flash	-	52.1
Canada	1445	BoC Rate Decision	-	4.75
	1445	BoC Monetary Policy Report	-	-
Eurozone	0900	Jul S&P Global Manufacturing PMI Flash	-	45.8
	0900	Jul S&P Global Services PMI Flash	-	52.8
	0900	Jul S&P Global Composite PMI Flash	-	50.9
Spain	0800	Jun PPI (YoY%)	-	-4.6
<b>Thursday 25 July</b>				
US	1330	Q2 GDP Growth (QoQ% annualised)	2.5	1.4
	1330	Jun Durable Goods Orders (MoM%)	0.4	0.1
Germany	0900	Jul Ifo Business Climate	89.0	88.6
	0900	Jul Ifo Current Conditions	88.4	88.3
	0900	Jul Ifo Expectations	89.5	89.0
Eurozone	0900	Jun M3 Money Supply (YoY%)	-	1.6
<b>Friday 26 July</b>				
US	1330	Jun Core PCE Price Index (MoM%)	0.2	0.1
	1330	Jun Personal Consumption Real (MoM%)	0.3	0.3
	1330	Jun Consumption, Adjusted (MoM%)	0.4	0.2
	1330	Jun Personal Income (MoM%)	0.3	0.5
	1500	Jul Michigan Sentiment Final	66	66
Italy	0900	Jul Consumer Confidence	99.0	98.3
	0900	Jul Business Confidence	87.0	86.8
Spain	0800	Jun Retail Sales (YoY%)	-	0.2
Sweden	0700	Jun PPI (MoM%/YoY%)	-/-	0/2.6

Source: Refinitiv, ING

## Key events in EMEA next week

Country	Time	Data/event	ING	Prev.
<b>Monday 22 July</b>				
Poland	0900	Jun Retail Sales (YoY%)	5.1	5.0
	0900	Jun Construction Output (YoY%)	-6.0	-6.5
<b>Tuesday 23 July</b>				
Turkey	1200	Jul CBT Weekly Repo Rate	-	50
	1200	Jul O/N Lending Rate	-	53
	1200	Jul O/N Borrowing Rate	-	47
Poland	1615	Jun Unemployment Rate	4.9	5.0
Hungary	1300	Jul Hungary Base Rate	7	7
<b>Wednesday 24 July</b>				
Czech Rep	0900	Jul Consumer Confidence	100.5	101
	0900	Jul Business Confidence	96.5	97.4
	0900	Jul Composite Confidence	97.3	98
Russia	1700	Jun Industrial Output (YoY%)	2.6	5.3
Poland	1300	Jun M3 Money Supply (YoY%)	7.8	8.0
Hungary	0730	May Gross Wages (YoY%)	12.5	13.5
<b>Thursday 25 July</b>				
Ukraine	1200	Interest Rate Decision	-	13
<b>Friday 26 July</b>				
Russia	1130	Interest Rate Decision	18.00	16.00
Hungary	0730	Jun Unemployment Rate	4.4	4.4

Source: Refinitiv, ING

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