

# THINK Ahead: A busy week of central bank rate decisions

The Bank of England, the National Bank of Hungary, the Czech National Bank and the Central Bank of Armenia all meet next week to decide on the direction for interest rates. Here's what we're expecting



All eyes on Bank of England Governor Andrew Bailey as a divided committee debates a potential rate cut

## THINK Ahead in developed markets

**United States** (James Knightley)

- **Rate decisions:** After cutting interest rates for the third consecutive meeting on 10 December, the Federal Reserve signalled that it believes the most likely path forward is only one additional cut in 2026. The market sees the risks as being skewed towards the Fed doing more, and we agree, forecasting additional 25bp rate cuts in March and June.
- **Jobs data & CPI (Thur):** The upcoming data flow will be influential on the market pricing with the delayed October and November jobs numbers being released on Wednesday and the delayed November consumer price inflation figures out on Thursday. The Bureau of Labour Statistics will not be publishing a MoM CPI number because the government shutdown meant it was not able to collect price data for October. It will only be publishing price levels and YoY inflation for November, and we expect the annual rate to pick up to 3.2% from 3% in September. This will be due primarily to tariff effects and higher insurance costs. Nonetheless, lower energy costs, slowing housing rents and weakening wage growth should

mean the annual rate doesn't move much higher before dropping back to the mid-2s in the second half of 2026. It is the jobs story that is the more worrying aspect, with another subdued print likely. One interesting aspect of Fed Chair Powell's most recent press conference was his comment that Fed staffers believe that the payroll numbers are overstating job creation by up to 60,000 per month. With the consensus being a gain of 50k for November, this suggests that the economy may well be losing jobs right now, which underscores the point that the risks are oriented towards more Fed support being implemented next year.

### United Kingdom (James Smith)

- **Jobs report (Tue):** The jobs market has gradually weakened this year, led by the private sector, but more recently, the government too. This is a theme we expect to continue in 2026, given less generous real-terms increases in departmental budgets. A cooler jobs market is rapidly pushing down wage growth, which we expect to take another leg lower next week.
- **Inflation (Wed):** Inflation is set to remain unchanged in November, but the Bank of England will want further signs that food inflation has peaked and hints beneath the surface that services inflation is improving. We expect more meaningful progress from early next year – and particularly from April onwards.
- **Bank of England (Thur):** A rate cut is likely, though it is a closer call than markets think it is. The committee is deeply divided and four out of nine officials are unlikely to vote for the cut. The vote will hinge solely on Governor Andrew Bailey, who has indicated he has more sympathy with the doves, who argue like us that the inflation outlook is improving.

## THINK Ahead in Central and Eastern Europe

### Poland (Adam Antoniak)

- **Nov CPI (Mon):** We expect the flash estimate of November CPI inflation to be confirmed at 2.4%YoY. The detailed data breakdown should allow for a more precise approximation of core inflation, which probably declined to 2.7-2.8%YoY from 3.0%YoY in October (official data to be released by the National Bank of Poland on Tuesday). The inflation outlook for 2026 looks more favourable than envisaged by the November central bank projection, so we still see room for about 75bp cuts in the main policy rate next year.
- **Nov labour market (Thu):** We forecast that wage growth moderated further in November, easing pressure on services prices and core inflation. In November 2024, miners received part of the traditional end-of-year bonuses, but this did not happen this year. What is more, bonuses this year will be lower as coal mining is experiencing unfavourable financial developments. Employment in enterprises was probably unchanged in November vs. October but may print a bigger decline in YoY terms.
- **Nov industry (Thu):** Industrial sectors in Germany and Poland have shown some signs of recovery in recent months, and we expect this to continue, but the revival remains fragile due to structural challenges, especially to the European automotive industry amid strong competition from Asia. Some Polish auto manufacturers had production breaks at the turn of October and November, which may translate into softer output in this sector of industry. Producers' prices remain in deflation and downward pressure on the level of prices has re-emerged in recent months.

### Hungary (Peter Virovacz)

- **Rate decision** (Tue): Taking everything into account, we still can't see any clear-cut reason for the National Bank of Hungary to ease monetary policy in December. Although the price shield measures and base effects will temporarily lower Hungarian inflation, we do not foresee any scope for a cut in the base rate in the near future. Therefore, we anticipate that the tone will be as hawkish as possible, accompanied by an added 'look-through' message, to prevent the market from anticipating a premature dovish shift. This message is essential, as we expect the central bank to lower its 2026 CPI forecast due to a stronger HUF, lower energy prices, and the extended and expanded price shield measures. However, an upward revision of the 2027 inflation outlook is also possible.

#### Czech Republic (David Havrlant)

- **Current account & PPI** (Mon & Tue): Czech exports are doing relatively well, despite still underperforming demand from the eurozone's main trading partners, and we expect October's current account to have remained in solid surplus. That said, the industry is still not showing a solid pickup despite recent stabilisation. Hence, the PPI's annual decline likely became even more pronounced in November, particularly amid severe competition against cheap imports from China.
- **Rate decision** (Thur): A hold at the Czech National Bank meeting is expected, despite headline inflation slipping close to the target in November and core inflation easing. Nevertheless, the economy is doing well, and solid household income can keep the wheels of spending turning, so there is no need for a change unless something starts going south.

#### Armenia (Dmitry Dolgin)

- **Rate decision** (Tue); We expect the Central Bank of Armenia to keep its policy rate unchanged at 6.75% on Tuesday, though an alternative, more dovish scenario cannot be ruled out. The likelihood of resuming the rate-cutting cycle has increased, as headline CPI slowed more than anticipated to 3.1% YoY in November, down from 3.7% in the previous two months. Household inflation expectations have also improved significantly. Meanwhile, the recent decline in CPI is confined to the food segment, influenced by global food prices, while core CPI has risen to 3.6% YoY. On the demand side, inflationary pressures persist, with GDP growth surpassing expectations at 6.2% YoY in the third quarter of 2025, a fiscal deficit remaining elevated at 3.6% of GDP, and lending growth outpacing funding. Therefore, we maintain an unchanged policy rate as our base scenario.

## Key events next week in developed markets

Country	Time Data/event	ING	Prev.
<b>Monday 15 December</b>			
Eurozone	1000 Oct Industrial Production (MoM%/YoY%)	-/-	0.2/1.2
Canada	1330 Nov CPI (MoM%/YoY%)	0.2/2.4	0.2/2.2
<b>Tuesday 16 December</b>			
US	1330 Nov Non-Farm Payrolls (000s)	40	119
	1330 Nov Private Payrolls (000s)	40	97
	1330 Nov Unemployment Rate	4.4	4.4
	1330 Oct Retail Sales (MoM%/YoY%)	0.0	0.2
	1445 Dec S&P Global Manufacturing PMI Flash	-	52.2
	1445 Dec S&P Global Services PMI Flash	-	54.1
	1445 Dec S&P Global Composite PMI Flash	-	54.2
Eurozone	0900 Dec HCOB Manufacturing PMI Flash	-	49.6
	0900 Dec HCOB Services PMI Flash	-	53.6
	0900 Dec HCOB Composite PMI Flash	-	52.8
	1000 Oct Total Trade Balance (EUR bn)	-	19.4
Germany	0830 Dec HCOB Manufacturing PMI Flash	48	48.2
	0830 Dec HCOB Service PMI Flash	52.8	53.1
	0830 Dec HCOB Composite PMI Flash	52	52.4
France	0815 Dec HCOB Composite PMI Flash	-	50.4
UK	0700 Oct Average Weekly Earnings 3M (YoY%)	4.4	4.8
	0700 Oct Weekly Earnings ex Bonus 3M (YoY%)	4.5	4.6
	0700 Oct Private Earnings ex Bonus 3M (YoY%)	3.8	4.2
	0700 Oct ILO Unemployment Rate 3Mths (YoY%)	5.1	5
	0700 Oct Employment Change 3M/3M	-60	-22
	0700 Nov Payrolled Employees Monthly Change	-20	-32
	0930 Dec S&P Global UK Services PMI	52	51.3
	0930 Dec S&P Global UK Manufacturing PMI	50	50.2
	0930 Dec S&P Global UK Composite PMI	51.8	51.2
<b>Wednesday 17 December</b>			
Eurozone	1000 Nov CPI Final (YoY%)	-	2.4
Germany	0900 Dec Ifo Business Climate	87.5	88.1
	0900 Dec Ifo Current Conditions	85.8	85.6
	0900 Dec Ifo Expectations	89.8	90.6
UK	0700 Nov Core CPI (YoY%)	3.5	3.4
	0700 Nov CPI (MoM%/YoY%)	0.1/3.6	0.4/3.6
	0700 Nov CPI Services (YoY%)	4.5	4.5
<b>Thursday 18 December</b>			
US	1330 Nov Core CPI (YoY%)	3.2	3.0
	1330 Nov CPI (YoY%)	3.2	3.0
	1330 Initial jobless claims (000s)	230	236.0
Eurozone	1315 Dec ECB Refinancing Rate	2.15	2.15
	1315 Dec ECB Deposit Rate	2	2.00
UK	1200 Dec BoE Bank Rate	-	4.00
Norway	0900 Rate Decision	-	4.00
Sweden	0830 Rate Decision	-	1.75
<b>Friday 19 December</b>			
US	1500 Nov Existing Home Sales (mn)	4.15	4.1
	1500 Dec Michigan Sentiment Final	53.0	53.3
Eurozone	0800 Oct Current Account SA (EUR bn)	-	23.1
	1500 Dec Consumer Confidence Flash	-	-14.2
Germany	0700 Jan Consumer Sentiment	-23.4	-23.2
	0700 Nov PPI (MoM%/YoY%)	-/-	0.1/-1.8
France	0745 Dec PPI (MoM%/YoY%)	-/-	0/-0.8
UK	0700 Nov Retail Sales (MoM%/YoY%)	1/1.6	-1.1/0.2
	0700 Nov Public Sector Net Borrowing (GBP bn)	9	17.4
	0700 Nov Retail Sales Ex Auto Fuel (MoM%/YoY%)	0.8/2.2	-1/1.2
Italy	0900 Dec Consumer Confidence	96	95
Canada	1330 Oct Retail Sales (MoM%/YoY%)	-/-	-0.7/3.4

Source: Refinitiv, ING

## Key events in EMEA next week

Country	Time (BST)	Data/event	ING	Prev.
<b>Monday 15 December</b>				
Turkey	0800	Nov Budget Balance (TRY bn)	-	-223.2
Poland	0900	Nov CPI (MoM%/YoY%)	-/-	0.1/2.4
	1300	Oct Current Account (EUR mn)	440	-725
Czech Rep	0900	Oct Current Account Balance (CZK bn)	22.36	29.36
Ukraine	1400	Oct Trade Balance (USD bn)	-	-3.6
Kazakhstan		- Nov Industrial Production (YoY%)	-	7.1
		- Nov GDP (YoY%)	-	9.1
Croatia	1000	Nov CPI (YoY%)	3.8	3.6
<b>Tuesday 16 December</b>				
Poland	1300	Nov Core CPI (YoY%)	2.8	3
Armenia		- Rate Decision	6.75	6.75
Czech Rep	0800	PPI (MoM%/YoY%)	0.0/-1.6	-0.1/-1.2
Hungary	1300	Rate Decision	6.50	6.50
<b>Wednesday 17 December</b>				
Poland	0900	Dec Consumer Confidence	-	-9.9
Russia	1600	Nov PPI (MoM%/YoY%)	-/-	0.9/0.7
<b>Thursday 18 December</b>				
Turkey	1130	W O Gross FX Reserves	-	75.61
Poland	0900	Nov Employment Growth (YoY%)	-0.9	-0.8
	0900	Nov Industrial Output (YoY%)	2.8	3.2
	0900	Nov PPI (YoY%)	-2.5	-2.2
	0900	Nov Wages (YoY%)	6.1	6.6
Czech Rep	1330	Rate Decision	3.50	3.50
Russia	1600	PPI (MoM%/YoY%)	-/-	0.9/0.7
<b>Friday 19 December</b>				
Russia	1030	Rate Decision	16.00	16.50
Hungary	0730	Oct Average Gross Wages (YoY%)	9.7	9.5

Source: Refinitiv, ING

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