

THINK Ahead: CEE region in focus

Our take on what a quieter week ahead could bring for markets across Central and Eastern Europe



Snowfall on Charles Bridge, Prague

THINK Ahead for Central and Eastern Europe

Hungary (Peter Virovacz)

- **Current account (Mon):** Based on high frequency data, we see a significant deterioration in the current account surplus in the third quarter, mainly via the goods balance. Nevertheless, the year has turned out much better than expected, and the current account surplus will be well above 2% of GDP in 2024 as a whole.
- **PMI (Thu):** This is still a very unpredictable number, but in general we think it will continue to hover around the 50 mark. This time it will probably be a bit lower due to increasing uncertainty about external demand.

Czech Republic (David Havrlant)

- **Business and consumer confidence, (Mon):** Czech consumers' mood likely improved, as is usually the case in December, with most spenders feeling better when letting their savings flow toward a bit of happiness for their loved ones. Meanwhile, confidence in industry likely softened in the same month, correcting the previous gain.
- **PMI (Thu):** The doom in European industry sees no end, while recent price spikes in the

electricity market show that some pressing issues are deeply rooted, with a proper cure being anything but simple. This will also be reflected in a softer manufacturing PMI for December.

- **GDP (Fri):** We don't expect any surprises from the final GDP estimate for the third quarter of 2024. Household spending should be confirmed as a primary driver of the current economic rebound, while fixed investment may prove the main drag.

Turkey (Muhammet Mercan)

- The Central Bank of Turkey's communication suggested that we are nearing a gradual rate-cutting cycle, implying a December move as a real possibility. The revised guidance also tied rate cuts to both realised and expected inflation, implying that the bank will closely watch ex-ante and ex-post real rates. We expect a 250bp cut from the bank this month, though we do not rule out a smaller move given the higher than expected November inflation reading, which implies continuing challenges to disinflation efforts. In December, we expect the downtrend in annual inflation to continue from 47.1% a month ago to 44.8% (with 1.4% month-on-month).

Key events in developed markets next week

Country	Time	Data/event	ING	Prev.
Monday 23 December				
US	1500	Dec Consumer Confidence	-	111.7
UK	0700	Q3 GDP (QoQ%/YoY%)	0.1/1.0	0.1/1.0
	0700	Q3 Current Account (GBP bn)	-	-28,40
Spain	0800	Q3 GDP Final (QoQ%/YoY%)	-/-	0.8/3.4
Canada	1330	Oct GDP (MoM%)	-	0.1
Tuesday 24 December				
US	1330	Nov Durable Goods (MoM%)	-	0.3
	1500	Nov New Home Sales (mn)	-	0.61
Friday 27 December				
Spain	0800	Nov Retail Sales (YoY%)	-	3.5
Monday 30 December				
US	1445	Dec Chicago PMI	-	40.2
UK	0700	Dec Nationwide Housing Prices (MoM%/YoY%)	-/-	1.2/3.7
Spain	0800	Dec CPI (MoM%/YoY%)	-/-	0.2/2.4
Portugal	0930	Dec CPI (YoY%)	-	2.5
Tuesday 31 December				
US	1400	Oct Case-Shiller 20 (MoM%/YoY%)	-/-	0.2/4.6
Thursday 2 January				
UK	0930	Dec S&P Global Manufacturing PMI Final	-	47.3
Italy	0845	Dec HCOB Manufacturing PMI Flash	-	44.5
Eurozone	0900	Nov M3 Money Supply (YoY%)	-	3.4
	0900	Dec HCOB Manufacturing PMI Final	-	45.2
Friday 3 January				
US	1500	Dec ISM Manufacturing PMI	-	48.4
	1500	Dec ISM Manufacturing Prices Paid	-	50.3
Germany	0855	Dec Unemployment Rate SA	-	6.1
Italy	1000	Dec CPI Prelim (MoM%/YoY%)	-/-	-0.1/1.5

Source: Refinitiv, ING

Key events in EMEA next week

Country	Time Data/event	ING	Prev.
Monday 23 December			
Poland	0900 Nov Unemployment Rate	-	4.9
	1300 Nov M3 Money Supply (YoY%)	-	7.8
Czech Rep	0800 Dec Business Confidence	97	97.3
	0800 Dec Consumer Confidence	102.4	101.6
Hungary	0730 Q3 Current Account Balance (m EUR)	710	1.953
Wednesday 25 December			
Russia	1600 Nov Industrial Output	3.3	4.8
Turkey	0700 Dec Business Confidence	-	100.4
Thursday 26 December			
Turkey	1100 Dec CBT Weekly Repo Rate	47.5	50
	1100 Dec Overnight Lending Rate	50.5	53
	1100 Dec Overnight Borrowing Rate	44.5	47
Friday 27 December			
Russia	1600 Nov Retail Sales (YoY%)	5.4	4.8
	1600 Nov Unemployment Rate	2.3	2.3
	1600 Nov GDP (YoY%)	2.5	3.2
Sunday 29 December			
Russia	1600 Dec CPI (MoM%/YoY%)	1.3/9.5	1.4/8.9
Monday 30 December			
Turkey	0700 Dec Economic Confidence Index	-	97.1
Wednesday 1 January			
Russia	0600 Dec S&P Global Manufacturing PMI	-	51.3
Turkey	0700 Dec Manufacturing PMI	-	48.3
Thursday 2 January			
Poland	0800 Dec S&P Global Manufacturing PMI	-	48.9
Czech Rep	0830 Dec S&P Global Manufacturing PMI	45.8	46
Hungary	0800 Dec Manufacturing PMI	49.2	50.3
Friday 3 January			
Russia	0600 Dec S&P Global Services PMI	-	53.2
Turkey	0700 Dec CPI (MoM%/YoY%)	1.4/44.8	2.2/47.1
Czech Rep	0800 Q3 GDP final (QoQ/YoY%)	0.4/1.4	-0.1/1.5

Source: Refinitiv, ING

Authors

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.