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CZECH REPUBLIC HUNGARY

CEE & CCA week ahead: Central bank decisions and inflation data in focus

Poland and Turkey will announce monetary policy decisions next week, while Hungary and the Czech Republic will release key inflation and activity data

We expect the National Bank of Poland to keep rates on hold next week despite recent dovish comments from Governor Adam Glapiński

Poland: NBP set to stay on hold despite governor's dovish tone

While National Bank of Poland Governor Adam Glapiński was surprisingly dovish at the July press conference – even raising the suggestion of a rate cut after the summer holiday – the rest of the Monetary Policy Council was more cautious about the room for monetary easing. Given uncertainties regarding the inflation outlook and the fact that, according to the August flash estimate, it rose towards the upper bound of acceptable deviations from the central bank target, we expect the main policy rate to remain unchanged at 3.75% not only this Wednesday but also for the rest of the year.

Hungary: Inflation set to pick up after months of disinflation

Following a disappointing performance in June, we expect a rebound in industrial production in Monday's release, which is in line with the jigsaw pattern of monthly performance that has recently emerged. A good start to the third quarter will be crucial for avoiding a quarterly drop in GDP, as the heatwave and the related energy crisis will definitely bring a significant decrease in industrial production volumes in August due to voluntary production reduction.

Tuesday brings the release of August inflation. The latest increase in fuel prices will not go unnoticed this time, as the government phased out price caps in late June and the timing of data collection was favourable in July. We estimate that fuel prices will add roughly 0.10-0.15ppt to the monthly inflation rate in August. Additionally, the weakening of the forint since mid-June may also have an impact, primarily on processed food and durables. However, some seasonal factors will counterbalance this, with an expected 0.2% monthly inflation reading pushing up the headline figure after months of disinflation. In our view, the 1.4% figure itself won't make the Monetary Council stop cutting interest rates. Still, rising yields, higher energy prices and a weaker HUF make the picture more complex.

Czech Republic: Industrial strength and inflation details in focus

Industrial output growth likely remained robust in July, as the Czech industrial base has found solid ground and is propelled by a solid inflow of new orders. The trade balance is set to have flipped into a slight deficit in the same month. The unemployment rate is expected to have remained unchanged in August despite the renewed hiring in manufacturing, as it will take a bit of time before it gains tangible strength. The August headline inflation reading is set to be confirmed in the refined release, while the focus will be on imputed rents and regulated energy prices, which we expect to have firmed up.

Turkey: CBT likely to remain on hold after liquidity move

Towards the end of August, the Central Bank of Turkey took a step to normalise liquidity and started weekly repo auctions. Accordingly, the effective cost of funding and TLREF dropped directly to the level of the policy rate at 37% from 40%. The CBT is likely to remain on hold in the September meeting this Thursday after this liquidity move. We see two 100bp cuts to 35% in the last quarter given the weaker-than-expected 2Q GDP data and further gradual cooling of inflation, though any further escalation in the Gulf conflict would add to upside risks. We see the policy rate at 35% by the end of 2026.

Key events in CEE & CCA next week

Country	Time (BST)	Data/event	ING	
		Monday 7 September		
Poland	1300	Aug FX Reserves (USD bn)	-	295
Czech Rep	0800	Jul Industrial Output (YoY%, WDSA)	4.3	4.4
	0800	Jul Trade Balance (CZK bn)	-1.8	15.5
Hungary	0730	Jul Industrial Output Prelim (YoY%)	5.0	10.1
		Tuesday 8 September		
Czech Rep	0900	Aug Unemployment Rate	5.0	5.0
Hungary	0730	Aug Core CPI (YoY%)	1.9	1.9
	0730	Aug CPI (MoM%/YoY%)	0.2/1.4	-0.1/1.2
		Wednesday 9 September		
Poland	1400	Rate Decision	3.75	3.75
Ukraine	1200	Aug CPI (MoM%/YoY%)	-/-	0.3/7.7
		Thursday 10 September		
Turkey	0800	Jul Industrial Production (MoM%/YoY%)	-/-	0.1/-1.4
	1200	Rate Decision	37	37
	1200	Sep Overnight Lending Rate	40	40
	1200	Sep Overnight Borrowing Rate	35.5	35.5
	1230	Sep FX Reserves (USD bn)	76.6	74.2
Czech Rep	0800	Aug CPI (MoM%/YoY%)	0.3/1.9	0.6/1.7
Serbia	1100	Rate Decision	5.75	5.75
		Friday 11 September		
Russia	1130	Rate Decision	14.00	14.00
	1400	Jul Trade Balance (USD bn)	-	12.5
	1700	Aug CPI (MoM%/YoY%)	-0.1/6.3	0.5/6.0
Turkey	0800	Jul Current Account Balance (USD bn)	0.4	-4.2
	0800	Jul Retail Sales (MoM%/YoY%)	-/-	0.7/11.8
Romania	0700	Aug CPI (MoM%/YoY%)	0.1/6.6	0.6/8.2
Serbia	1100	Aug CPI (MoM%/YoY%)	0.4/2.2	-0.2/1.9

Source: Refinitiv, ING

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