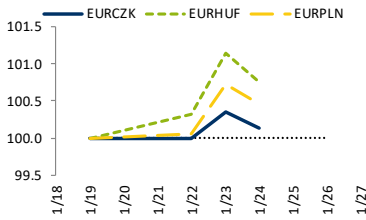


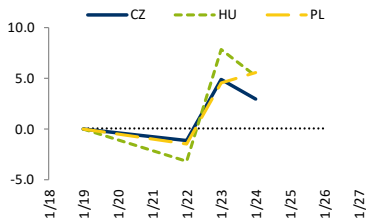
Wednesday, 24 January 2024

Forex markets (index)



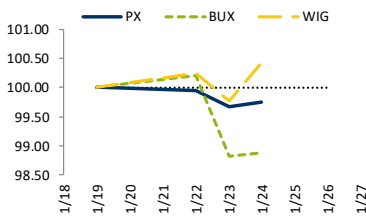
	LAST	PREVIOUS	CHANGE (%)
EURCZK	24.82	24.87	-0.22
EURHUF	385.1	386.6	-0.38
EURPLN	4.380	4.392	-0.26

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	3.916	3.936	-2.0
HUGB 10Y	6.04	6.07	-0.4
PLGB 10Y	5.32	5.31	0.2

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1438.6	1437.6	0.07
BUX	63864	63826	0.06
WIG	75097	74602	0.66

Our regional insights:

CE currencies under selling pressure

Central European currencies came under selling pressure this week as the Czech koruna fell to near two-year lows and the forint was the worst performing emerging market currency last week.

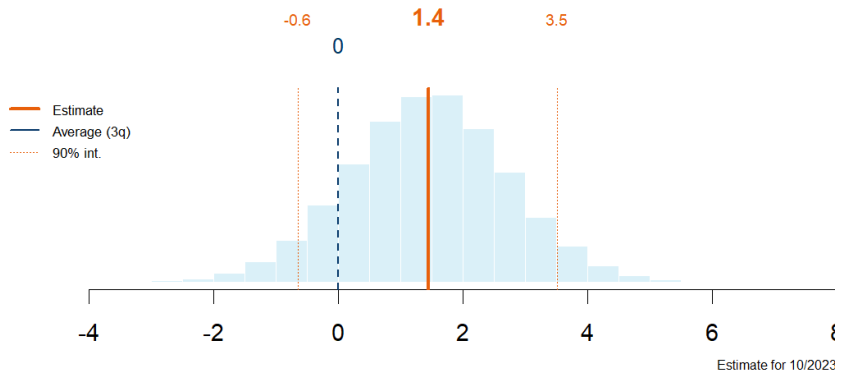
The sell-off may have had several causes, but uncertainty ahead of the upcoming CNB and NBH meetings is undoubtedly one of them. Both central banks will be deciding on official interest rate settings soon, with an acceleration of the easing cycle in play. In the Hungarian case, the NBH is threatening to cut the base rate by up to 100bps next Tuesday, while in the Czech case it could be a 50bps cut (the CNB board meeting is scheduled for 7 February).

Uncertainty surrounding official rates in the Czech Republic and Hungary is therefore likely to persist for at least a few more days, which could keep regional currencies under pressure. On the other hand, regional currencies are (and still could be) supported by developments in global markets and the persistence of extremely low risk aversion.

Polish data weaker in December, but still solid

Polish macroeconomic data for December, published in the last few days, have produced mixed results. Both retail sales and industrial production were down year-on-year and below market expectations. Nevertheless, we estimate that GDP growth in the fourth quarter of 2023 was solid. As a result, growth for the full year 2023 should be convincingly in positive territory (a flash estimate of full-year GDP growth will be released on 31 January).

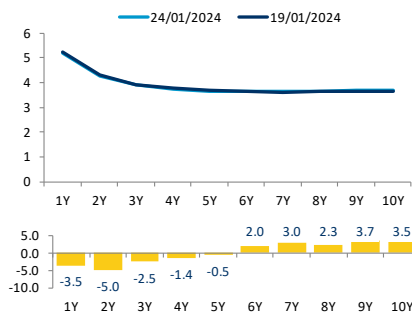
Nowcast of the Polish GDP for 2023Q4 (yoy change in %)



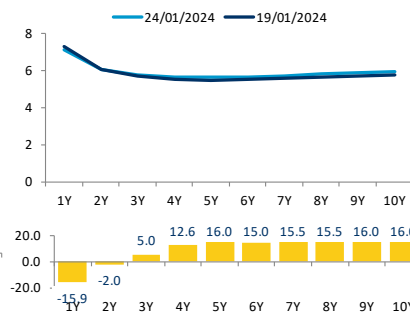
Estimate for 10/2023

Interest-rate Swap Curves

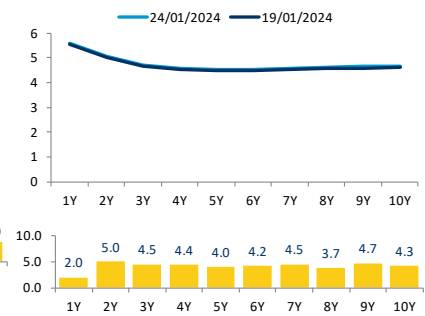
CZK *



HUF *



PLN *



* upper plot in each panel shows interest swap curve (%), lower plot shows change in interest rates in basis points (against previous Friday). Source for all market data: Bloomberg

Calendar

Country	Date	Time	Indicator	Period	Forecast		Actual		Consensus		Previous	
					m/m	y/y	m/m	y/y	m/m	y/y	m/m	y/y
PL	01/24	10:00	Unemployment rate	%	12/01/2023		5.1		5.1		5.0	
CZ	01/24	12:00	CZ bond auction 2017-2027, 0.25%	CZK B	01/01/2024				4			
CZ	01/24	12:00	CZ bond auction 2022-2035, 2.50%	CZK B	01/01/2024				3			
PL	01/24	14:00	Money supply M3	%	12/01/2023				1.1	8.3	-0.1	7.6
HU	01/26	8:30	Unemployment rate	%	12/01/2023				4.2		4.2	
CZ	01/30	9:00	GDP	%	4Q/2023 *A						-0.6	-0.8
HU	01/30	14:00	NBH meeting	NBH	01/01/2024						10.75	
CZ	01/31	10:00	Money supply M2	%	12/01/2023						7.9	
PL	01/31	15:00	Budget balance	PLN M	12/01/2023						-42643	

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