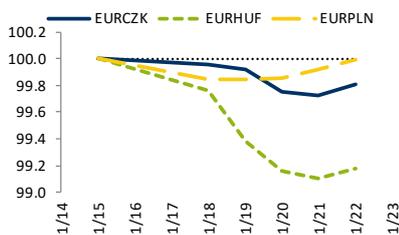




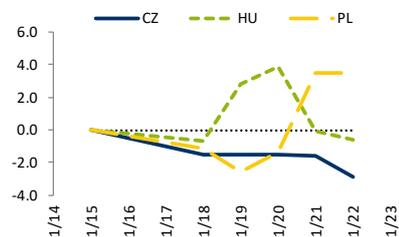
Friday, 22 January 2021

Forex markets (index)



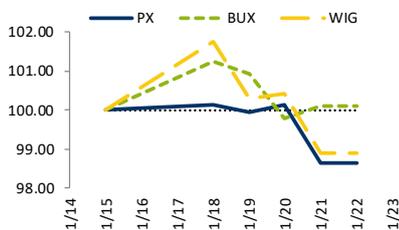
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.12	26.10	0.09
EURHUF	357.4	357.1	0.08
EURPLN	4.539	4.536	0.08

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.257	1.270	-1.3
HUGB 10Y	2.31	2.32	-0.2
PLGB 10Y	1.22	1.22	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1059.0	1059.0	0.00
BUX	44250	44250	0.00
WIG	57227	57227	0.00

Regional insights

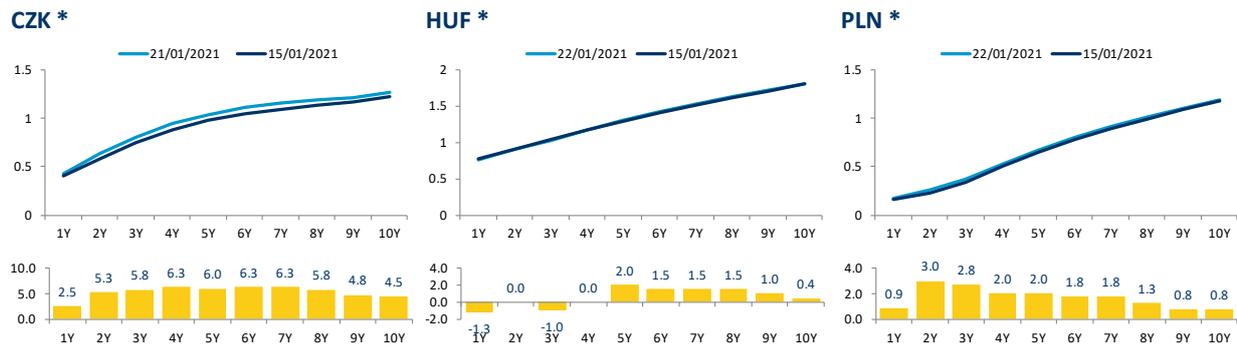
Preview on next week's NBH meeting

The National Bank of Hungary (NBH) will hold a rate setting meeting on 26th January and although we don't expect any change of monetary policy (key reference rates may be kept unchanged, non-conventional tools like bond purchase, funding for lending program, corporate bond issuance program will be continued) the statement might be quite interesting.

Vice-governor, Mr. Virag highlighted in interviews that the NBH doesn't plan to cut the one-week deposit rate to the level of base rate. Even more, in their view the next step might be a rate hike. The NBH is quite optimistic about the rebound of the economy. They think the economy may start to boom from 2Q21 (first in the industrial and construction sectors), the domestic demand may accelerate as well, which may keep inflation relatively high. Additionally, the base effect of 2020 inflation development pushes up 2Q21 the consumer price index substantially. So the communication of the NBH shifted to a wait and see approach, emphasizing that the upward inflationary risks may probably be higher than the downward risks. It might be an important change compared to the previous months, when the MPC said that the external low inflationary environment pushes down the Hungarian inflation.

In case of the government bond program, the NBH has to start buying shorter papers as well in case they want to maintain the weekly HUF 50bn purchase. They may start to buy 5-year papers from the market, which might be highlighted in the statement as well. The Monetary Council may suggest the exit strategy from the bond purchasing program as well, which may start from 2Q21 as the Debt Management Agency plans to cut back the bond auctions from the end of March.

Interest-rate Swap Curves



* upper plot in each panel shows interest swap curve (%), lower plot shows change in interest rates in basis points (against previous Friday).

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	01/22	10:00	PPI	%			0.2	0.0	0.2	-0.1	0.0	-0.2
PL	01/22	10:00	Retail sales	%			20.0	-0.8	18.3	1.4	-5.4	-5.3
PL	01/25	10:00	Industrial output	%							-1.6	5.4
PL	01/26	14:00	Money supply M3	%							0.5	16.1
HU	01/26	14:00	NBH meeting	%							0.60	
HU	01/26	14:00	Overnight deposit rate	%							-0.05	
PL	01/27	10:00	Unemployment rate	%							6.1	
CZ	01/27	12:00	CZ bond auction 2014-2027, floating rate	CZK B	01/01/2027					5		
CZ	01/27	12:00	CZ bond auction 2013-2028, 2.50%	CZK B	01/01/2021					4		
CZ	01/27	12:00	CZ bond auction 2020-2040, 1.50%	CZK B	01/01/2021					5		
HU	01/28	9:00	Unemployment rate	%	12/01/2020						4.4	
HU	01/29	9:00	Wages	%, ytd.	11/01/2020						8.8	
CZ	01/29	10:00	Money supply M2	%	12/01/2020						10.7	

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