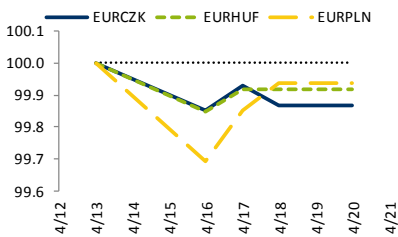




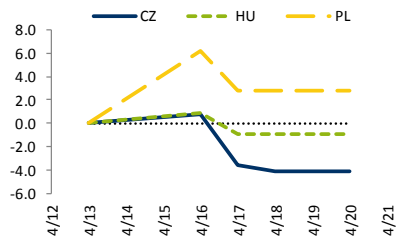
Friday, 20 April 2018

Forex markets (index)



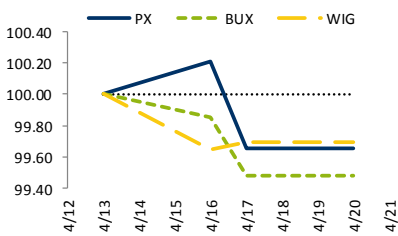
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.26	25.26	0.00
EURHUF	310.4	310.4	0.00
EURPLN	4.164	4.164	0.00

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.707	1.707	0.0
HUGB 10Y	2.41	2.41	0.0
PLGB 10Y	3.04	3.04	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1130.3	1130.3	0.00
BUX	38154	38154	0.00
WIG	60294	60294	0.00

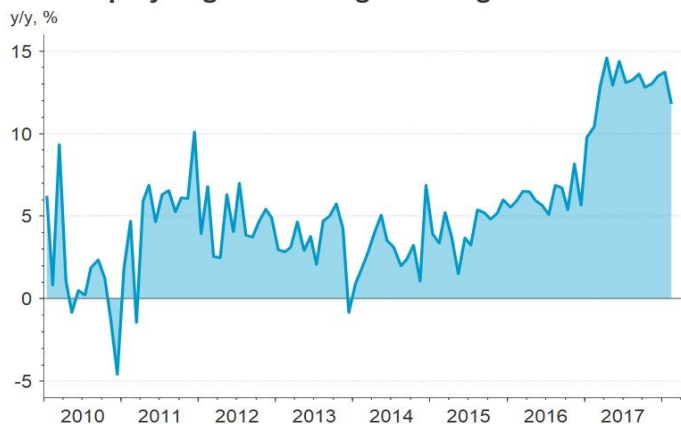
Regional insights

Hungarian wage growth still in double digist

The Hungarian labor market is still in a good shape. According to just released figures the Hungarian wages increased by 11.9% year-on-year in February – slightly down from strong 13.8% y/y growth recorded in January. The salaries in the public sector rose faster than in the private sector thanks to the government’s wage adjust program. The number of the employees were up by 1.4% y/y. The biggest increase was in the construction sector by 8.1% y/y, but the number of employees rose in 16 sectors out of the 21. The main diver of the wage rise is the minimum wage increase of 8% YoY in 2018, but also the lack of labor force pushes the salaries up. We expect that the labor market may remain tight in this year, so the wage pressure may remain. We see gross wage growth around 10% y/y and the net real wage growth around 8% y/y for 2018.

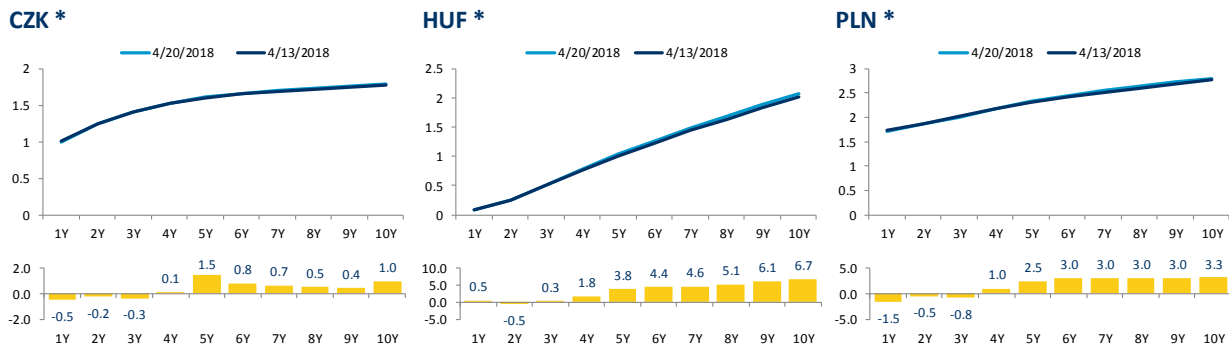
Meanwhile, the Hungarian currency has continued to fluctuate at levels around EUR/HUF 310, while the next big domestic event will be a rate setting meeting of the National Bank of Hungary (NBH) held on next Tuesday. We think that the current macro data including the wage figures won’t change the stance of the statement. The inflation is still running close to the lower edge of the NBH’s inflation target range. Additionally the vice-governor started to talk about low level of loans’ stock and they support an aggressive – over 10% Y/Y – increase of the stock in the next 10 years. It suggest that the NBH won’t hurry with fast rate hikes, which might put some weakening pressure on the HUF in medium term. Additionally it also won’t support the flattening of the yield-curve especially in case inflation starts to pick up. Let us add that we expect headline inflation may reach 3% y/y level around the end of this year.

HU: Employee gross average earnings



Zdroj: Thomson Reuters Datastream / Fathom Consulting

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	Time	Indicator	Period	Forecast		Actual		Consensus		Previous	
				m/m	y/y	m/m	y/y	m/m	y/y	m/m	y/y
HU	9:00	Wages	% ytd. 02/01/2018					11.9		12.3	13.8
CZ	17:00	Review rating - Moody's	A1 1st revision								

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