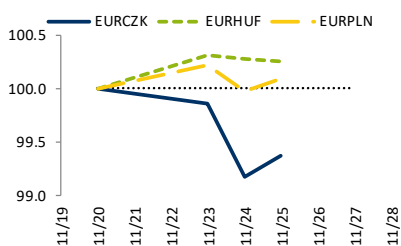




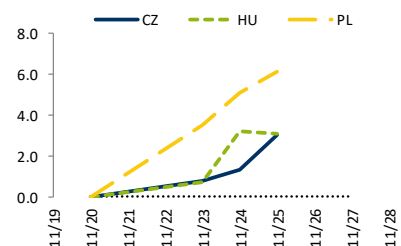
Wednesday, 25 November 2020

Forex markets (index)



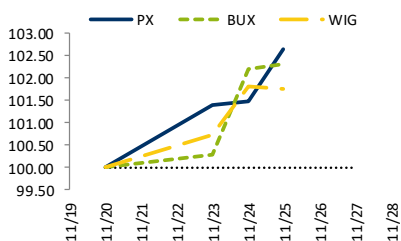
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.19	26.14	0.20
EURHUF	360.8	360.9	-0.03
EURPLN	4.467	4.462	0.12

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.216	1.199	1.7
HUGB 10Y	2.17	2.17	0.0
PLGB 10Y	1.24	1.23	0.8

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	967.0	956.1	1.14
BUX	39091	39047	0.11
WIG	53275	53303	-0.05

Our regional insights:

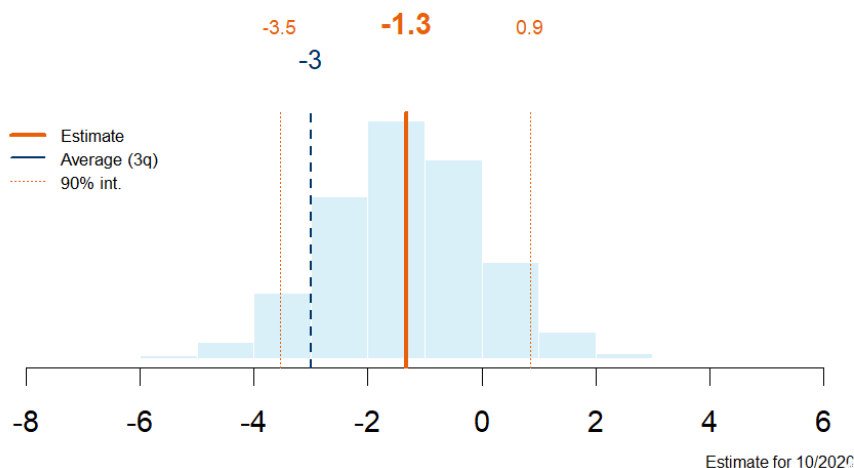
The Polish macro figures will be worse, before they will get better (probably in 2021Q1)

The October figures for industrial production, retail sales and construction in Poland showed that the Polish economy had not entered the last quarter successfully. However, the macroeconomic statistics for October are only the beginning of an influx of bad news from this quarter. The second wave of the pandemic and the partial lockdown will not become fully visible until the figures for November are released (so in the mid of December). That is why we still consider our nowcast for the GDP growth rate in Poland to be an overly optimistic estimate (see below), which will certainly worsen in a month.

The question is how the Polish economy will be doing in December, as some restrictions are to be lifted as early as on 28 November (e.g., it will be possible to go to shopping malls again). It is already clear that a part of the services' sector will remain either completely unavailable up until 28 December (cinemas, theatres, fitness centres) or their operation will be significantly limited (hotels, restaurants). The decline in the services sector is therefore very likely to continue over the last month of this year, so we rather bet on the Polish economy fall again in the last quarter. Thus, the pandemic could disrupt - at least temporarily - the real convergence process - a positive phenomenon that the Polish economy has enjoyed for more than the last 25 years. Specifically, taking into account our GDP nowcasts for the fourth quarter, it is possible that Poland will just 'mirror' German GDP performance for three quarters in row (hence, no growth outperformance as was observed before the outbreak of the pandemic).

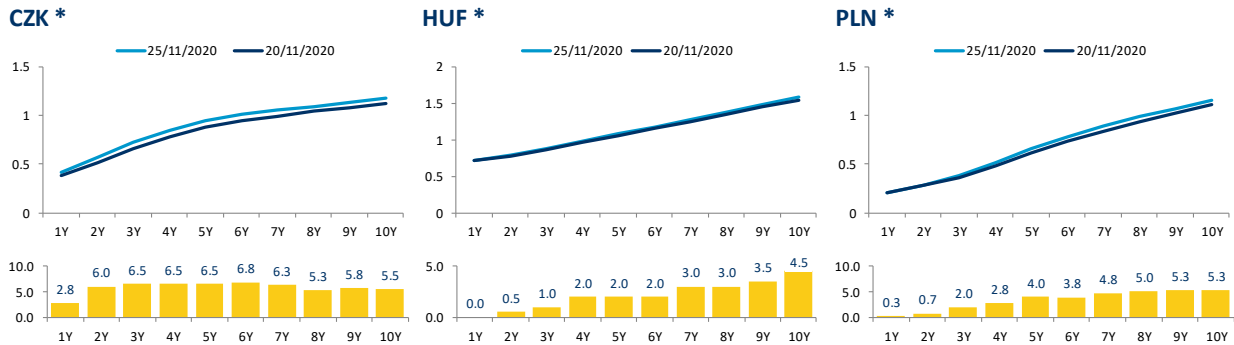
For more on this - see also our Economic Opinion: <https://bit.ly/2HD2u7s>).

Nowcast of the Polish GDP for 2020Q4 (yoy change in %)



Estimate for 10/2020

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	Unit	Period	Forecast		Actual		Consensus		Previous	
						m/m	y/y	m/m	y/y	m/m	y/y	m/m	y/y
PL	11/25	10:00	Unemployment rate	%	10/01/2020					6.1		6.1	
CZ	11/25	12:00	CZ bond auction 2014-2027, floating rate	CZK B	11/01/2020					2			
CZ	11/25	12:00	CZ bond auction 2020-2029, 0.05%	CZK B	11/01/2020					5			
CZ	11/25	12:00	CZ bond auction 2020-2040, 1.50%	CZK B	11/01/2020					2			
HU	11/26	11:50	One week deposit rate	%	11/01/2020							0.75	
HU	11/27	9:00	Unemployment rate	%	10/01/2020					4.6		4.4	
HU	11/30	9:00	Wages	%, ytd.	09/01/2020							9.1	
PL	11/30	10:00	GDP	%	3Q/2020 *F							7.7	-1.6
CZ	11/30	10:00	Money supply M2	%	10/01/2020								11.2

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