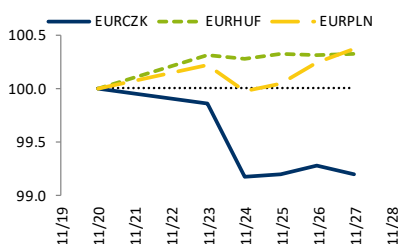




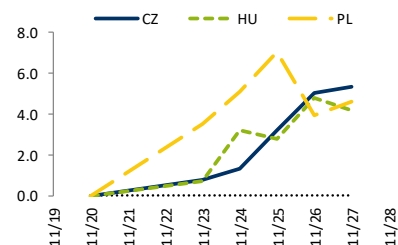
Friday, 27 November 2020

Forex markets (index)



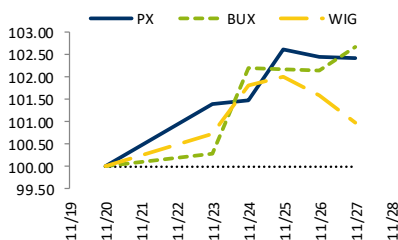
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.14	26.16	-0.08
EURHUF	361.0	361.0	0.01
EURPLN	4.480	4.474	0.13

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.239	1.236	0.3
HUGB 10Y	2.18	2.18	-0.3
PLGB 10Y	1.23	1.22	0.6

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	964.8	965.1	-0.03
BUX	39218	39024	0.50
WIG	52870	53187	-0.60

Regional insights

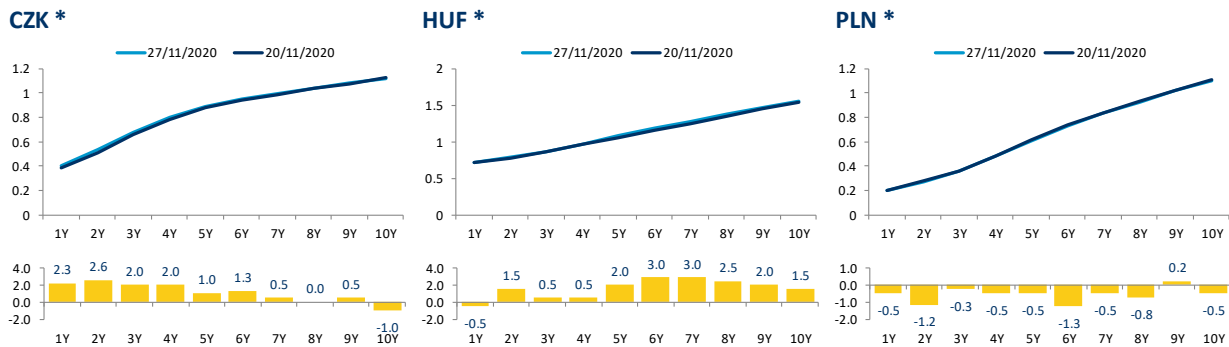
The unemployment rate remains flat in Hungary

The Hungarian unemployment rate moderated to 4.3% in the period of August-October from 4.4% in the period of July-September. The employment rate remains at 60.5%, which is 0.5%pt lower than its peak level at the end of 2019. The figure is quite impressive taking in account that the economy is in deep recession in 2020. The reasons behind it are on one hand that before the Covid-19 crisis there was not enough labor force on the market and on the other hand the government introduced measures in order to save jobs. The number of people who are still working regularly in part-time jobs doubled in October compared to February, while those number who are working occasionally in part-time are four times higher than before Covid-19. So, there is a clear shift from full-time work to part-time, without this effect the unemployment rate may be probably around 7-8%. Hence, we can conclude at this moment that the government's program was effective in order to save jobs, and the corporates are believing in that the economy may rebound quite fast.

But if we look in monthly figures, it shows that some deterioration has been started in October. The number of inactive people increased, so some of the people who lost their job left the labor market, so they are not part of unemployed people despite they have no job. As the pandemic situation became worse in November and the government introduced restrictions we expect that the figure may deteriorate further and it may be reflected in the unemployment figure as well, but we don't expect above 5% official rate till the end of the year.

It is important to emphasize that these are the official numbers, which we think that don't reflects the real situation of the labor market. There are sectors, which are suffering (mainly tourism, hospitality etc.), while others are less effected (like office works or agricultural production). The main question is that the second round of lay-offs will be temporary (like in many cases in the spring and summer times) or may last longer. It may highly depend on the developments of local and international demand. From that perspective the wage mass and the spending willingness matters mainly, which may both deteriorate as less people are employed in full time and families may become more cautious because of the uncertain outlook. All in all it suggest for us that although we may not see substantial increase of unemployment rate, the improvement of labor market may be gradually, so the wage increase might be substantial lower in 2021 than in the previous years and the tightness of the labor market may return only in 2022-2023.

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
HU	11/27	9:00	Unemployment rate	%	10/01/2020		4.3		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
CZ	12/01	9:00	GDP	%	3Q/2020 *P						6.20	-5.8
HU	12/01	9:00	PMI manufacturing		11/01/2020						50.1	
HU	12/01	9:00	GDP	%	3Q/2020 *F						11.3	-4.6
PL	12/01	9:00	PMI manufacturing		11/01/2020						50.8	
HU	12/01	9:00	PPI	%	10/01/2020						2.8	5.2
CZ	12/01	9:30	PMI manufacturing		11/01/2020						51.9	
PL	12/01	10:00	CPI	%	11/2020 *P						0.1	3.1
CZ	12/01	14:00	Budget balance	CZK B	11/01/2020						-274.0	
HU	12/02	9:00	Trade balance	EUR M	09/2020 *F						1141	
PL	12/02	14:00	NBP meeting	%	12/01/2020						0.1	
HU	12/03	9:00	Retail sales	%	10/01/2020							-2.0

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