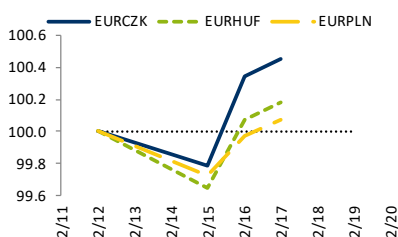




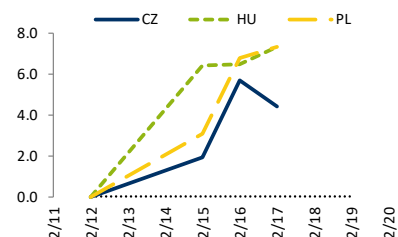
Wednesday, 17 February 2021

Forex markets (index)



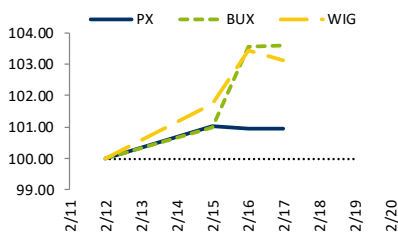
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.84	25.81	0.11
EURHUF	359.3	359.0	0.11
EURPLN	4,499	4,495	0.10

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.521	1.534	-1.3
HUGB 10Y	2.40	2.40	0.3
PLGB 10Y	1.38	1.38	0.4

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1070.3	1070.4	0.00
BUX	44956	44942	0.03
WIG	59216	59416	-0.34

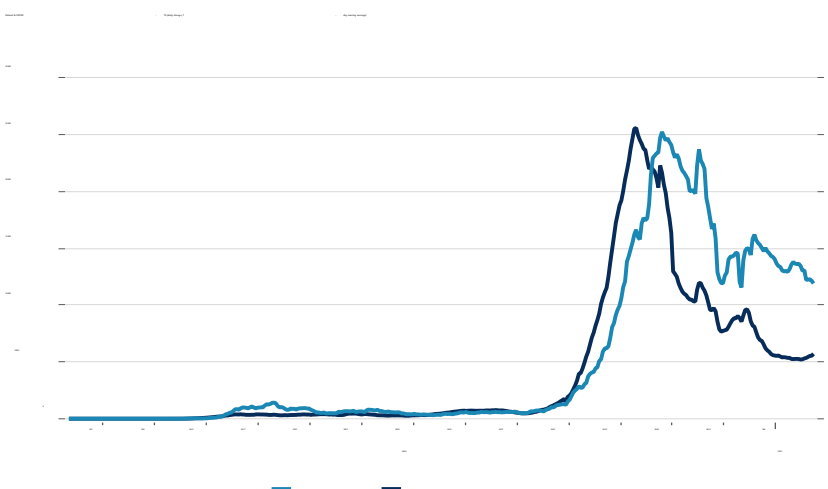
Our regional insights:

High core inflation & pandemic make PLN vulnerable

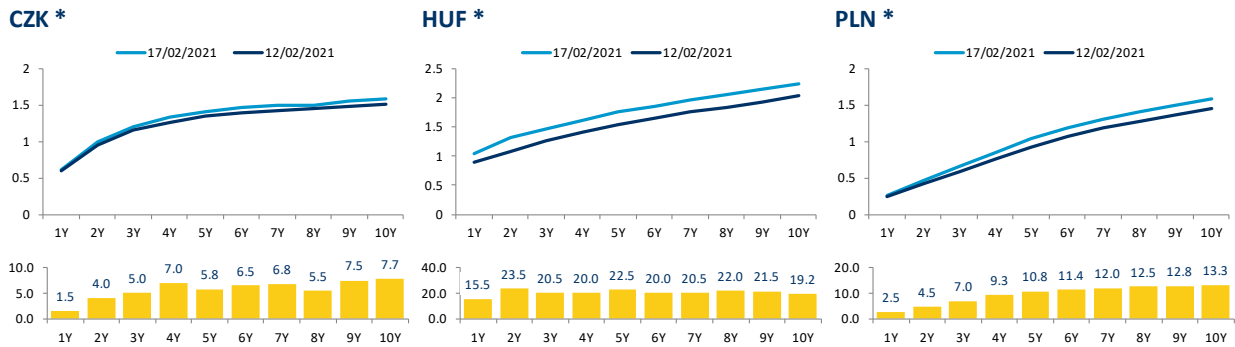
The short-term outlook for the Polish zloty remains uncertain after surprisingly high inflation for January was announced on Monday. It should be noted that the inflation data for last month provided a positive surprise, with core inflation even approaching 4% again. Although inflation is likely to fall in February due to a high comparative base, its currently relatively high level calls into question the need to further ease the monetary conditions in Poland. On the other hand, the NBP's determination not to allow a rapid pro-cyclical appreciation of the zloty has not diminished, as confirmed by the central bank's rhetoric this week.

In our opinion, however, the zloty, despite the high inflation or the current verbal intervention of Polish central bankers, will remain a hostage to pandemic statistics that will decide on how the NBP will act or evaluate a new macroeconomic forecast to be published at its next meeting (March 3rd). At the moment, given the high core inflation, no one expects the NBP to reduce the official interest rate in early March. However, if the number of new COVID-19 cases starts increasing markedly in Poland, which may be the effect of the recent relaxation of quarantine measures, the uncertainty about what the NBP will do, increases. Moreover, the Polish FX market may become nervous in particular in a situation when the NBP's meeting is approaching and central bankers no longer have the opportunity to comment on the macroeconomic situation with regard to the (traditionally) weekly black-out period. In such a situation, any significant increase in the number of new infections, or an increase in the number of deaths related to COVID, may move the EUR/PLN pair visibly higher above the 4.50 level. And of course, PLN's bears could be even more encouraged, if global bond yields continue to move north.

Jan Čermák (ČSOB)



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	02/17	10:00	Wages	% 01/01/2021					-7.0	5.1	8.9	6.6
CZ	02/17	12:00	CZ bond auction 2015-2026, 1.00%	CZK B 02/01/2021					5			
CZ	02/17	12:00	CZ bond auction 2014-2027, floating rate	CZK B 02/01/2021					5			
CZ	02/17	12:00	CZ bond auction 2020-2029, 0.05%	CZK B 02/01/2021					5			
PL	02/18	10:00	PPI	% 01/01/2021					0.5	0.6	0.2	0.0
PL	02/18	10:00	Industrial output	% 01/01/2021					-5.1	1.1	-4.4	11.2
HU	02/18	11:50	One week deposit rate	% 02/01/2021							0.75	
PL	02/19	10:00	Retail sales	% 01/01/2021					-24.3	20.0	20.0	-0.8
PL	02/22	14:00	Money supply M3	% 01/01/2021								

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