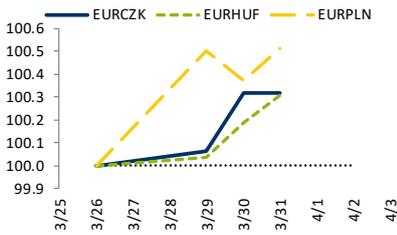




Central Europe
Wednesday

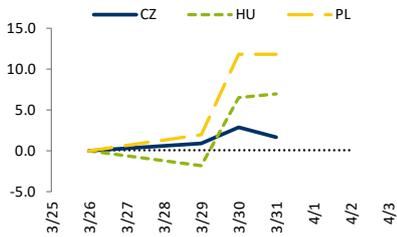
Wednesday, 31 March 2021

Forex markets (index)



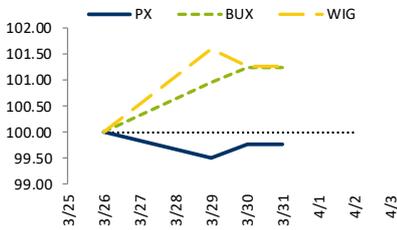
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.16	26.16	0.00
EURHUF	363.8	363.4	0.12
EURPLN	4.665	4.658	0.14

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.961	1.974	-1.3
HUGB 10Y	2.70	2.70	0.1
PLGB 10Y	1.59	1.59	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1092.0	1092.0	0.00
BUX	44747	44747	0.00
WIG	58249	58249	0.00

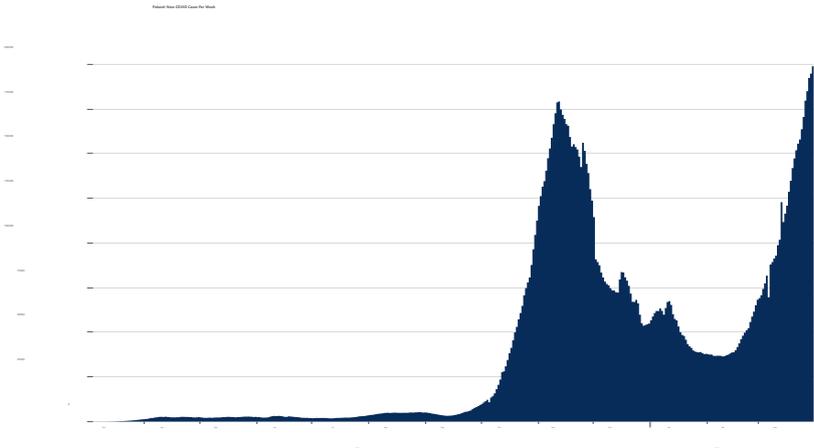
Our regional insights:

Easter break can complicate PLN's situation

The Polish zloty has been facing a perfect storm as rising US bond yields have been putting risky assets in emerging markets under downward pressure, while the domestic pandemic situation remains dire. Poland is clearly experiencing the third (and the most serious) pandemic wave (see the chart below), while materialization of this scenario was mentioned as a pre-condition for another aggressive dovish action from the Polish central bank. Recall NBP's President Glapinski even warned that in such a case the Central Bank could cut its official rate into negative territory (it currently stands at 0.1%). In this respect, today's slightly hawkish outcome of the March inflation release (the headline inflation moved to 3.2 % YoY on higher fuel prices) will not be a big deal for the MPC, which will focus on the pandemic development and its possible negative implication for growth (actually GDP growth could be very negative in 2021Q1 in quarter-on-quarter terms).

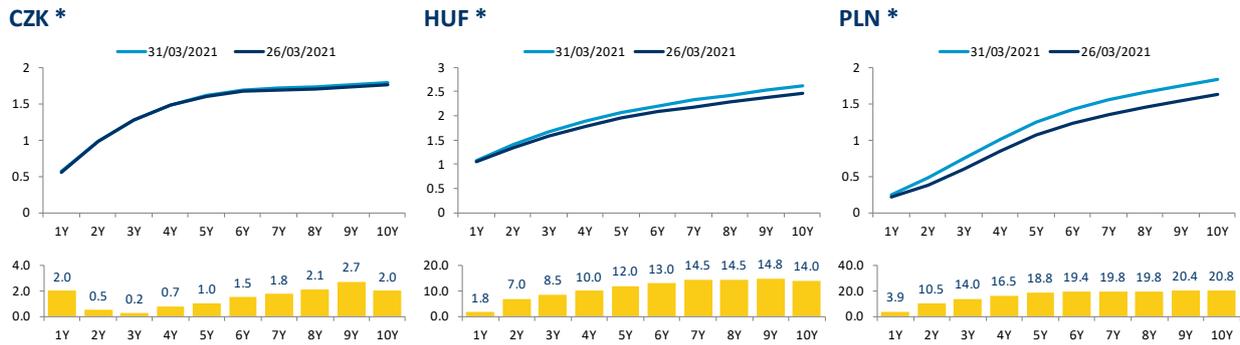
Hence, no wonder that the Polish forex market becomes nervous ahead of the Easter break. Beside an unpredictable impact of the US payrolls release (on Friday afternoon), market participants know very well that the upcoming NBP interest-rate-setting meeting is just around the corner as it is scheduled for April 7th.

Jan Čermák, ČSOB



Source: KBC Economics based on WHO

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	03/31	9:00	Wages	% , ytd. 01/01/2021				9.5		8.1		10.6
HU	03/31	9:00	PPI	% 02/01/2021			1.2	8.1			0.7	6.6
CZ	03/31	10:00	Money supply M2	% 02/01/2021				11.9				11.0
PL	03/31	10:00	CPI	% 03/2021 *P			1.0	3.2	0.6	2.8	0.5	2.4
HU	03/31	11:50	One week deposit rate	% 04/01/2021								0.75
CZ	03/31	12:00	CZ bond auction 2014-2025, 2.40%	CZK B 03/01/2021						5		
CZ	03/31	12:00	CZ bond auction 2020-2031, 1.20%	CZK B 03/01/2021						6		
CZ	03/31	12:00	CZ Bond auction 2006-2036, 4.20%	CZK B 03/01/2021						2		
CZ	04/01	9:00	GDP	% 4Q/2020 *F					0.6	-4.7	0.6	-4.7

Contacts

Brussels Research (KBC)			Global Sales Force		
Mathias van der Jeugt	+32 2 417 51 94		Brussels		
Peter Wuyts	+32 2 417 32 35		Corporate Desk		+32 2 417 45 82
Mathias Janssens	+32 2 417 51 95		Institutional Desk		+32 2 417 46 25
Dublin Research			France		
Austin Hughes	+353 1 664 6889		London		+44 207 256 4848
Shawn Britton	+353 1 664 6892		Singapore		+65 533 34 10
Prague Research (CSOB)			Prague		
Jan Čermák	+420 2 6135 3578		Prague (Equities)		+420 2 2142 4216
Petr Dufek	+420 2 6135 3560				
Bratislava Research (CSOB)			Bratislava		
Marek Gabris	+421 2 5966 8809				+421 2 5966 8820
Budapest Research			Budapest		
David Nemeth	+36 1 328 9989				+36 1 328 99 85

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