

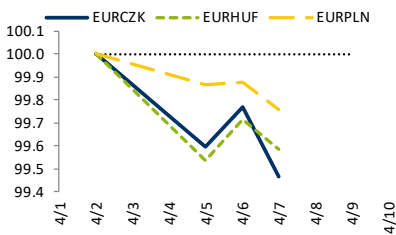


Central Europe

Wednesday

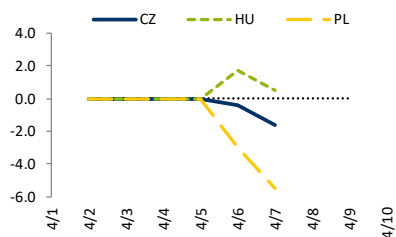
Wednesday, 07 April 2021

Forex markets (index)



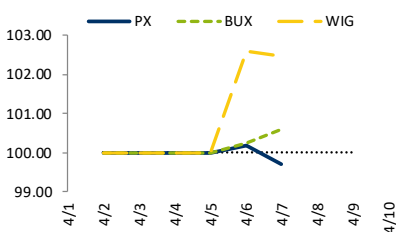
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.95	26.03	-0.30
EURHUF	360.4	360.9	-0.13
EURPLN	4,588	4,593	-0.12

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.927	1.939	-1.2
HUGB 10Y	2.71	2.73	-0.4
PLGB 10Y	1.54	1.56	-1.6

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1088.8	1093.9	-0.47
BUX	44512	44358	0.35
WIG	59957	60023	-0.11

Our regional insights:

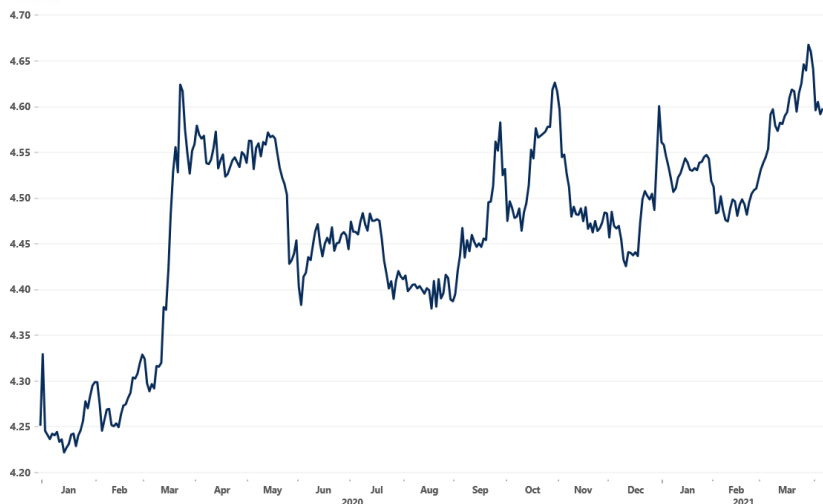
The NBP on hold despite the 3rd pandemic wave

Poland's central bank is holding its meeting today. While the press conference by the NBP president Glapinsky will not take place until 3 p.m. on Friday, the decision and statement of the Monetary Policy Committee is capable of grab market's attention. Poland is now facing the third wave of the pandemic and the NBP ranks among the most aggressive central banks in the region as regards prospective support of the economy from the monetary policy side. However, we are not expecting any change (or cut) in the official interest rate because this would mean moving it into negative territory (it is at 0.10% at the moment) for one thing, and the inflation has been significantly overshooting the inflation target once again (the headline was at 3.2% YoY in March) for another. Nevertheless, the NBP can still deliver in an aggressively dovish communication, taking into account the negative impact of the pandemic on the economy (the GDP growth in the first quarter was most probably negative and may still be very weak in the second quarter). The MPC will express not only the readiness to continue in purchasing government (and government-guaranteed) bonds but also the threat of possible FX interventions against the zloty (despite the fact that the Polish currency is already by 4% weaker compared to the level in the middle of December 2020 when the NBP intervened against the zloty for the first time).

As concerns the zloty – its reaction to the outcome of the NBP's meeting should not be dramatic. It seems that the Polish foreign exchange market has been recently more influenced by the development of interest rates in core markets - especially by the UST yields.

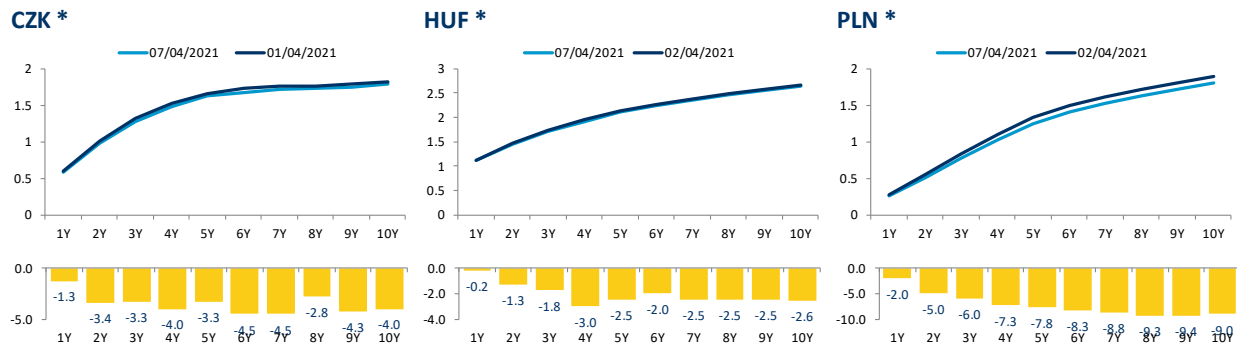
Jan Čermák, ČSOB

EURPLN spot rate in pandemic times



Source: KBC Economics based on Macrobond

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
CZ	04/07	9:00	Retail sales ex autos	%	02/01/2021	-8.0		-5.8		-8.0		-9.0	
CZ	04/07	10:00	FX reserves of the CNB	EUR B	03/01/2021							136.8	
PL	04/07	14:00	NBP meeting	%	04/01/2021					0.10		0.10	
CZ	04/08	9:00	Construction output	%	02/01/2021								-5.2
CZ	04/08	9:00	Trade balance (national)	CZK B	02/01/2021	22.0						24.6	
CZ	04/08	9:00	Industrial output	%	02/01/2021		0.7						-4.4
CZ	04/08	9:00	Unemployment rate 15-64	%	03/01/2021	4.2						4.3	
HU	04/08	9:00	Industrial output	%	02/01/2021							0.2	-2.8
HU	04/08	9:00	Trade balance	EUR M	02/2021 *P							855	

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