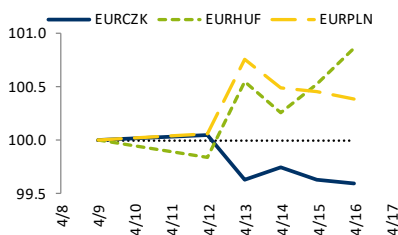




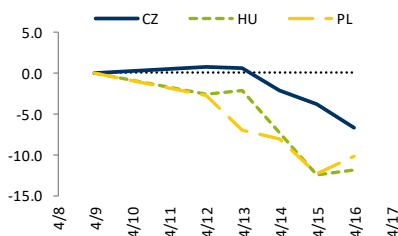
Friday, 16 April 2021

## Forex markets (index)



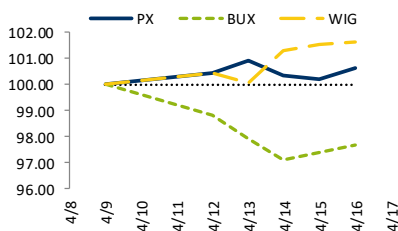
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.90	25.91	-0.03
EURHUF	360.5	359.3	0.34
EURPLN	4.549	4.552	-0.07

## Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.869	1.898	-2.9
HUGB 10Y	2.62	2.61	0.2
PLGB 10Y	1.47	1.44	1.5

## Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1098.4	1094.1	0.39
BUX	42763	42627	0.32
WIG	60352	60280	0.12

## Regional insights

## Hungary may re-open the economy relatively soon

There were quite mixed figures published in the recent days about the performance of the Hungarian economy.

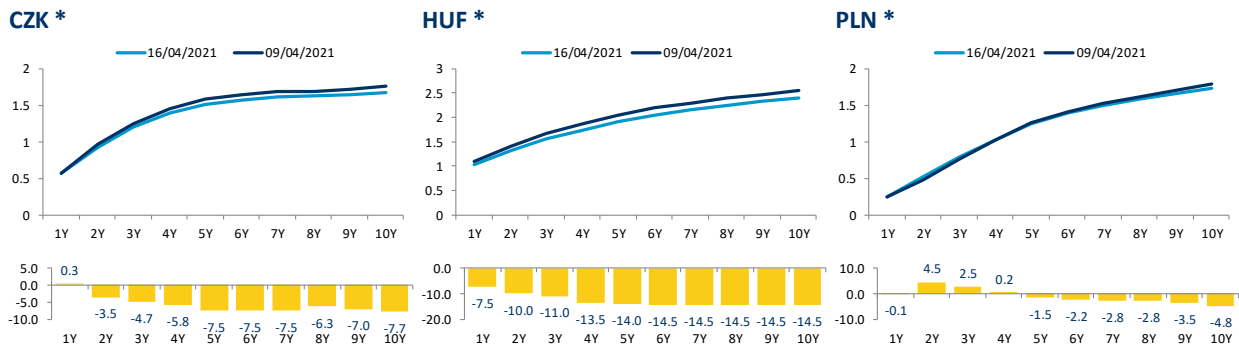
Recall that the industry expanded by 1.9% YoY despite of the suffering vehicle production which declined by 6.6% YoY. The electronic industry was by far the best performer among the major subgroups during the last year and its output has already exceeded its pre-crisis level. The production of electronic equipment was 35% in February higher in February than a year ago. The outlook of the sector is rather positive mainly thank to the 12% YoY increase of the domestic orders.

The construction had a very bad month in February as it fell by 16.1% YoY. On the first sight this figure looks shocking, but the sector had a good month in January (up by 11% YoY) and the base was high relatively high, so we think that this massive drop is only temporary and we might see some positive figure in March again. The new orders were increasing quite fast in since September, which may boost the sector in the coming months, but the February orders were a little disappointing, so we have to keep the eye on it. If the orders decrease further in the coming months, it may deteriorate the performance of the sector in second half of the year. We expect that the infrastructural investment financed partly from EU funds may boost the construction.

The retail sales based on the information the tax authority receives from online cash registers were falling again (around 3% YoY) in March. It is definitely the negative effect of the restriction which was introduced at the beginning of March in order to stop the rapid spread of the virus.

As the pandemic situation started to improve in Hungary in the last weeks the government started to ease the restriction measures last week. The seven-day moving average of new cases has moderated from its peak level of 9000 in the second half of March to around 5000 and the rate of the positive tests declined from around 28% to 18%. The healthcare system is still burdened, but the number of hospitalized patients decreased from 12000 to 9500 during the last two weeks. Unfortunately, in case of the number of the deaths we can see no improvement, it hovers at its peak level around 250 people per day. Still, the good news is that the vaccination process is fast in Hungary, 32% of the population has received the first doses, while 14% has got the second doses as well. Importantly, the Hungarian government approved the opening schedule of the economy during the last days. The shops and many service providers (like hairdressers or beautician etc.) could restarted their operation last week. **The restaurants can open their terrace when 3.5 million people receives their first doses of vaccine, which is expected to reach next week.** Based on the available vaccines, more than 50% of the population may get at least the first doses of vaccine till the end of May. **The main question is that the gradual opening of the economy may reverse the improving situation of pandemic in Hungary or not.** It is clear that the government would like to avoid the collapse of the healthcare system, but until the patients' care is manageable, they focus on the gradual opening of the economy. Taking all these in account we expect quite a fast (double digit) growth rebound in 2Q21 and we maintain our view that the economy can grow by 4.5% YoY in 2021.

## 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	04/16	14:00	Core CPI	%	03/01/2021				0.7	3.9	0.4	3.7
CZ	04/20	9:00	PPI	%	03/01/2021						0.7	1.4
PL	04/21	10:00	Wages	%	03/01/2021						0.6	4.5
PL	04/21	10:00	PPI	%	03/01/2021						0.8	2.0
PL	04/21	10:00	Industrial output	%	03/01/2021						4.3	2.7
CZ	04/21	12:00	CZ bond auction 2021-2024, 0.00%	CZK B	04/01/2021				6			
CZ	04/21	12:00	CZ bond auction 2021-2032, x.xx%	CZK B	04/01/2021				6			
PL	04/22	10:00	Retail sales	%	03/01/2021						3.5	-3.1
HU	04/22	11:50	One week deposit rate	%	04/01/2021							
PL	04/23	14:00	Money supply M3	%	03/01/2021						0.9	16.3

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