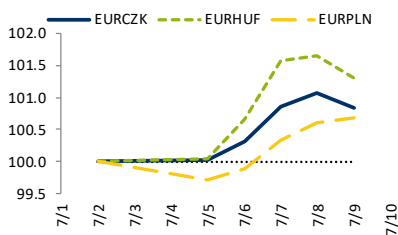




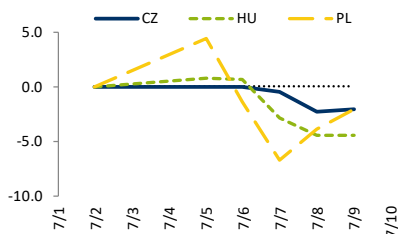
Friday, 09 July 2021

Forex markets (index)



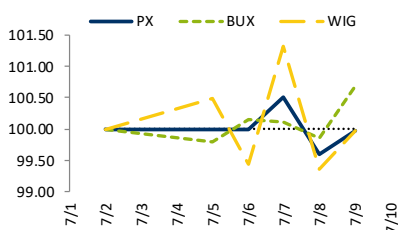
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.78	25.84	-0.23
EURHUF	356.1	357.3	-0.35
EURPLN	4.547	4.544	0.07

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.701	1.699	0.2
HUGB 10Y	2.81	2.81	0.0
PLGB 10Y	1.67	1.65	1.1

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1152.0	1147.6	0.38
BUX	47843	47453	0.82
WIG	67015	66598	0.63

Regional insights

The NBP keeps its dovish bias despite significant upward revisions in its projections

The Polish central bank (NBP) kept its dovish bias as it left its expansionary policy completely unchanged yesterday. The MPC statement still includes a threat of forex intervention against the zloty. Hence, the NBP base rate still hovers at all-time lows (0.1%) and the Central Bank continues to purchase government securities and government-guaranteed debt securities on the secondary market. The Polish rate-setters clearly shrug off a significant overshooting of the NBP inflation target as they believe that a key contribution to a (high) inflation story is beyond the control of the monetary policy (oil and electricity prices plus hikes in waste charges). Hence, the MPC stresses again that after the factors temporarily increasing price growth fade, inflation is expected to decrease again.

So, it seems that the NBP will stay in a dovish mode for quarters to come despite visible upward revisions in projected inflation and GDP growth (see the table below). With spreading the delta COVID variant across Europe it looks that the NBP will have a very low motivation to change anything – at least until the first half of next year when the composition of the MPC begins to change.

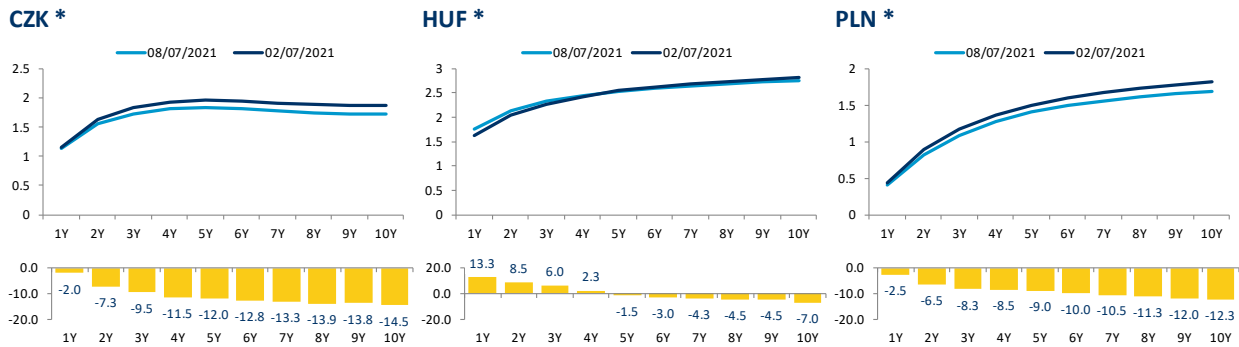
Obviously, the above mentioned NBP (dovish) policy bias will not be supportive for the zloty.

NBP's projections (based on the NECMOD model):

		2021	2022	2023
GDP growth	Actual (July)	5,0	5,4	5,3
	(annual change in %)	Previous (March)	4,0	5,5
Inflation	Actual (July)	4,1	3,3	3,2
	(annual change in %)	Previous (March)	3,2	2,8

Source: NBP

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	07/09	9:00	Trade balance	EUR M 05/2021 *P								347	
CZ	07/09	9:00	Unemployment rate 15-64	% 06/01/2021	3.8							3.9	
CZ	07/09	10:00	FX reserves of the CNB	EUR B 06/01/2021								138.6	
HU	07/09	11:00	Budget balance	HUF B 06/01/2021								-1313	
PL	07/09	14:00	NBP minutes	NBP 07/01/2021									
CZ	07/13	9:00	CPI	% 06/01/2021	0.4	2.7			0.4	2.7	0.2	2.9	
CZ	07/14	10:00	Current account	CZK B 05/01/2021								37.31	
CZ	07/14	12:00	CZ bond auction 2020-2029, 0.05%	CZK B 07/01/2021					4				
CZ	07/14	12:00	CZ bond auction 2021-2032, 1.75%	CZK B 07/01/2021					6				
CZ	07/14	12:00	CZ Bond auction 2006-2036, 4.20%	CZK B 07/01/2021					3				
PL	07/14	14:00	Current account	EUR M 05/01/2021					1318			1740	
PL	07/14	14:00	Trade balance	EUR M 05/01/2021					1015			1289	
PL	07/15	10:00	CPI	% 06/2021 *F								0.1	4.4
PL	07/16	14:00	Core CPI	% 06/01/2021					0.3	3.7	0.3	4.0	
PL	07/19	10:00	Wages	% 06/01/2021								-2.9	10.1

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