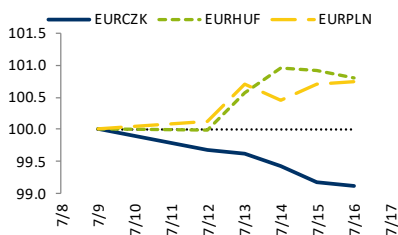




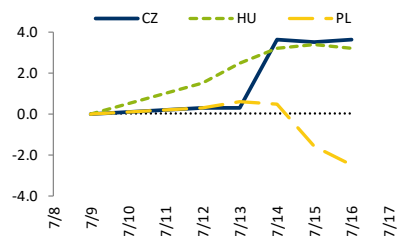
Friday, 16 July 2021

Forex markets (index)



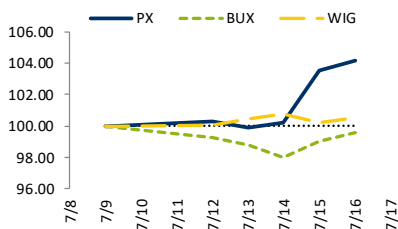
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.52	25.53	-0.06
EURHUF	358.3	358.7	-0.12
EURPLN	4.582	4.579	0.05

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.735	1.734	0.1
HUGB 10Y	2.84	2.84	-0.1
PLGB 10Y	1.65	1.66	-0.5

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1203.9	1197.2	0.56
BUX	47966	47678	0.60
WIG	67506	67293	0.32

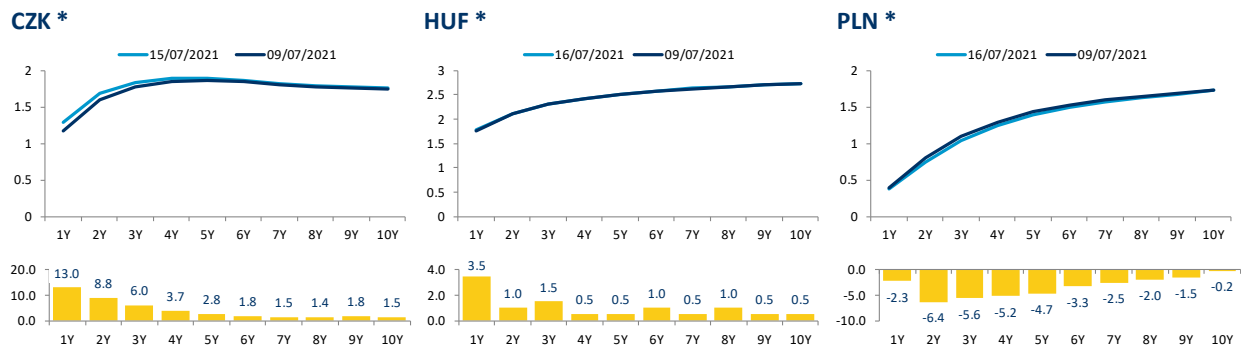
Regional insights

As Polish and Hungarian tensions with the EU are back, the zloty and the forint underperform

The zloty and the forint have underperformed the Czech koruna and some other emerging market currencies as disputes between the EU and the government in Warsaw and Budapest have escalated again. The situation seems to be more serious for Poland, because besides the fact that the European Commission has launched legal action against Poland and Hungary over alleged discriminatory practices against the LGBTQ+ community, the European Court of Justice (CJEU) also ruled that Poland's disciplinary procedure for judges violates European law. The recent dispute between the CJEU and the Polish authorities has serious implications for the whole EU as it challenges the supremacy of the EU law (above national legislation of the individual members of the Union). In this respect it is important to read that the Polish government and the ruling party PiS have already indicated that they have no plans to adjust the national legislation to comply with the CJEU order.

It is worth noting that the above-mentioned disputes have come in a sensitive period for both countries as they are currently waiting for EC's approvals of the national recovery and resilience plans, which should spend money from the EU recovery fund. Brussels' endorsement of the Polish and Hungarian recovery plans should happen in upcoming days and until that time both respective currencies could continue to underperform. The zloty might be more vulnerable than the forint as the NBH has already started its hiking cycle and the widening interest rate differential will make speculation against the currency less profitable. The NBP on the contrary holds an aggressively dovish policy stance and it explicitly says that it does not like a strong currency.

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	07/16	14:00	Core CPI	%	06/01/2021				-0.3	3.6	0.3	4.0
PL	07/19	10:00	Wages	%	06/01/2021						-2.9	10.1
CZ	07/20	9:00	PPI	%	06/01/2021						0.9	5.1
PL	07/20	10:00	PPI	%	06/01/2021						0.8	6.5
PL	07/20	10:00	Industrial output	%	06/01/2021						-0.8	29.8
PL	07/21	10:00	Retail sales	%	06/01/2021						8.2	13.9
PL	07/22	14:00	Money supply M3	%	06/01/2021						0.6	9.0
PL	07/23	10:00	Unemployment rate	%	06/01/2021						6.1	

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