

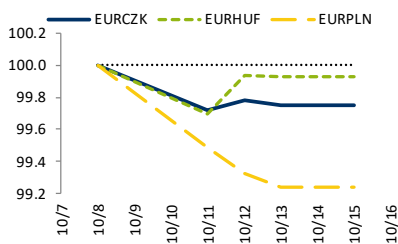


## Central Europe

Friday

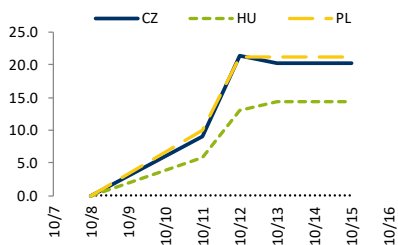
Friday, 15 October 2021

### Forex markets (index)



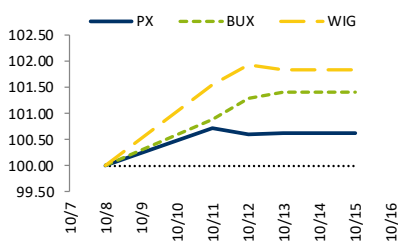
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.39	25.39	0.00
EURHUF	360.4	360.4	0.00
EURPLN	4.576	4.576	0.00

### Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	2.284	2.284	0.0
HUGB 10Y	3.66	3.66	0.0
PLGB 10Y	2.64	2.64	0.0

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1374.8	1374.8	0.00
BUX	54717	54717	0.00
WIG	74679	74679	0.00

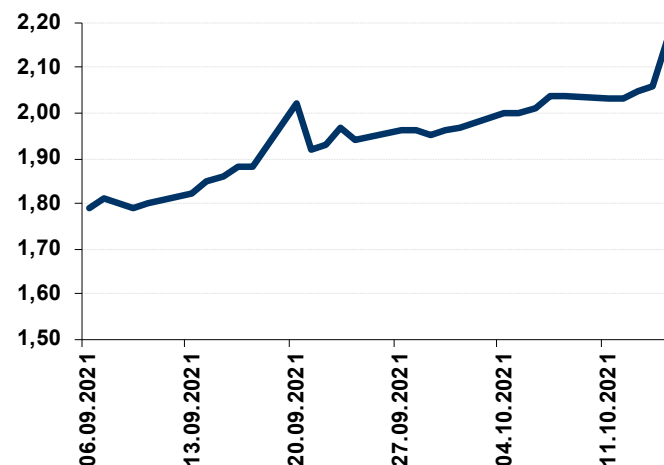
## Regional insights

### NBH's meeting next Tuesday: 15 or 30bps rate hike?

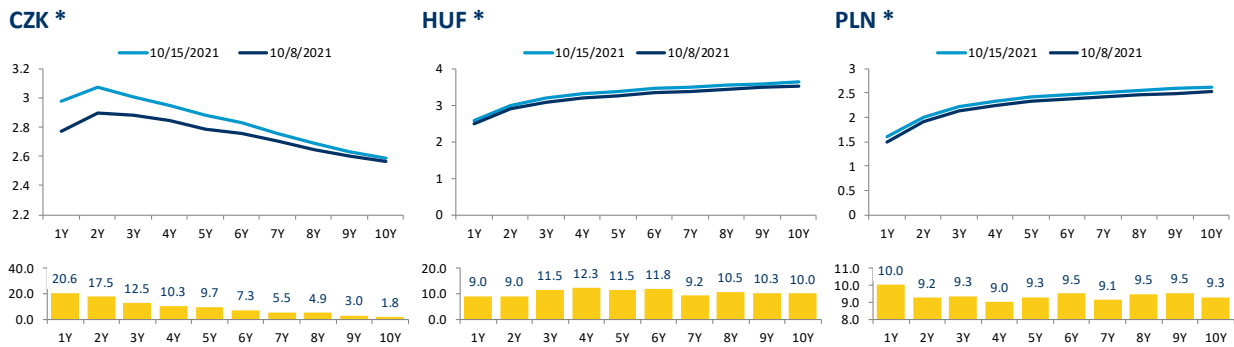
Hungarian markets have been waiting for the NBH's interest rate decision scheduled for next Tuesday. It seems that the market is not certain how the NBH will act this time. While the consensus among analysts is clearly in favour of a 15bps rate hike (from 1.65% to 1.80%), the money market starts to price in more (see the chart below).

Since the September NBH's rate setting meeting, inflation pressures in short run increased as energy prices were booming in the last weeks. It means that headline inflation may peak well above 6% in November followed by a gradual moderation in 2022. However, inflation may return to around 3% only in the last quarter of next year. On the other hand, the economic outlook has deteriorated because of component shortages and the new wave of pandemic, which was already emphasized in NBH's last statement. So, we expect that NBH's rate hike cycle may continue, but the size of the step is still questionable. Although the chance for a bigger-than-15bp rate hike has increased, we expect cautiousness from the NBH, so we see slightly bigger chance for 15bp rate hike again rather than 30bp. The statement might remain hawkish, highlighting that the tightening cycle will continue until upside inflation risks fade. We maintain our view that the NBH base rate might be increased to a minimum of 2.1% by the end of the year. The MPC may switch to a wait-and-see approach in 1Q22, when the base rate reaches 2.5%.

### HUF FRA 1x4



## 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	10/15	10:00	CPI	% 09/2021 *F			0.7	5.9			0.6	5.8
CZ	10/18	9:00	PPI	% 09/01/2021							1.2	9.3
PL	10/18	14:00	Core CPI	% 09/01/2021							0.2	3.9
PL	10/19	10:00	Wages	% 09/01/2021							-0.1	9.5
HU	10/19	14:00	NBH meeting	% 10/01/2021							1.65	
PL	10/20	10:00	PPI	% 09/01/2021							0.6	9.5
PL	10/20	10:00	Industrial output	% 09/01/2021							-2.5	13.2
PL	10/21	10:00	Retail sales	% 09/01/2021							-1.0	5.4
PL	10/22	14:00	Money supply M3	% 09/01/2021							0.4	9.1

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