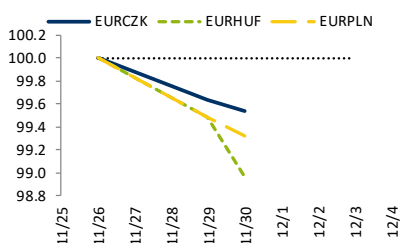




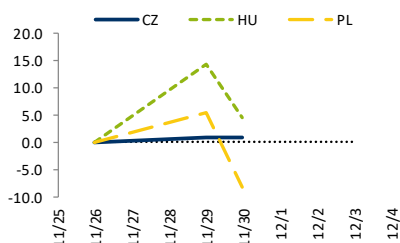
Wednesday, 01 December 2021

## Forex markets (index)



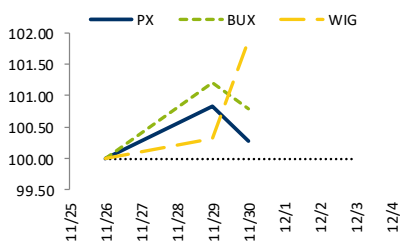
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.55	25.57	-0.10
EURHUF	365.8	367.7	-0.53
EURPLN	4.673	4.681	-0.17

## Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	2.481	2.482	-0.1
HUGB 10Y	4.32	4.41	-2.2
PLGB 10Y	3.02	3.16	-4.4

## Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1355.5	1363.0	-0.55
BUX	51366	51580	-0.41
WIG	67694	66649	1.57

## Our regional insights:

## As Polish inflation approaches 8%, NBP needs to act

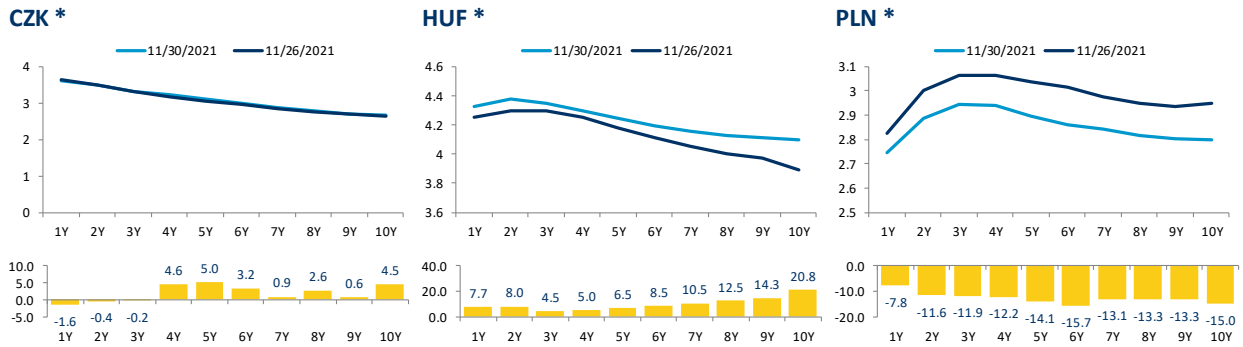
Polish inflation was surprisingly high in November and so the NBP will have to aggressively tighten monetary policy once again next week. The annual inflation rate increased by 1% last month, representing 7.7% year-on-year. Although the positive inflation-related surprise may be ascribed in particular to energy and fuels this time, the Polish Central Bank will nevertheless hardly tolerate such high inflation. This was also reflected in the first comments made by members of the Monetary Policy Committee, which were clearly hawkish. Moreover, even today's release of the PMI from the Polish manufacturing has confirmed strong price pressures in the economy. Polish firms indicated in the November PMI report that average input prices rose sharply and at the greatest pace since July.

Indeed, the actual inflation is already hovering above the recently published NBP's inflation staff forecast that led to a very surprising hike in the official interest rates by 75 bps at the last meeting. However, considering the very high inflation figure in November and other favourable macro data (the GDP for the third quarter or the strong data in October), we find our original estimate for a 50bps rate hike for the NBP meeting in December to be very moderate. Let us rather expect that the NBP will respond more aggressively, which might translate to a 100bps rate hike next week.

## PL: inflation year-on-year (in %)



## 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	12/01	9:00	PMI manufacturing	11/01/2021					53.4		53.1	
PL	12/01	9:00	PMI manufacturing	11/01/2021					53.9		53.8	
HU	12/01	9:00	GDP	% 3Q/2021 *F					0.7	6.1	0.7	6.1
HU	12/01	9:00	PPI	% 10/01/2021							2.4	14.0
CZ	12/01	9:30	PMI manufacturing	11/01/2021					55.5		55.1	
CZ	12/01	12:00	CZ bond auction 2021-2031, floating rate	CZK B 12/01/2021					5			
CZ	12/01	12:00	CZ bond auction 2021-2032, 1.75%	CZK B 12/01/2021					4			
CZ	12/01	14:00	Budget balance	CZK B 11/01/2021								-335.0
HU	12/01	14:00	NBH minutes	11/01/2021								

## Contacts

Brussels Research (KBC)			Global Sales Force		
Mathias van der Jeugt	+32 2 417 51 94		Brussels		
Peter Wuyts	+32 2 417 32 35		Corporate Desk		+32 2 417 45 82
Mathias Janssens	+32 2 417 51 95		Institutional Desk		+32 2 417 46 25
Dublin Research			France		+32 2 417 32 65
Austin Hughes	+353 1 664 6889		London		+44 207 256 4848
Shawn Britton	+353 1 664 6892		Singapore		+65 533 34 10
Prague Research (CSOB)			Prague		+420 2 6135 3535
Jan Čermák	+420 2 6135 3578		Prague (Equities)		+420 2 2142 4216
Petr Dufek	+420 2 6135 3560				
Bratislava Research (CSOB)			Bratislava		+421 2 5966 8820
Marek Gabris	+421 2 5966 8809				
Budapest Research			Budapest		+36 1 328 99 85
David Nemeth	+36 1 328 9989				

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