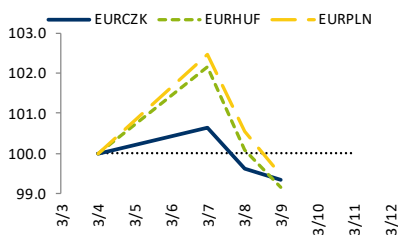




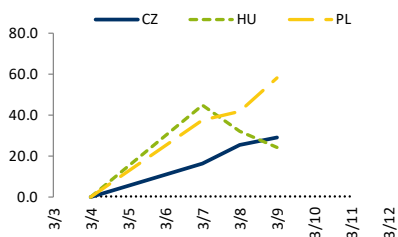
Wednesday, 09 March 2022

Forex markets (index)



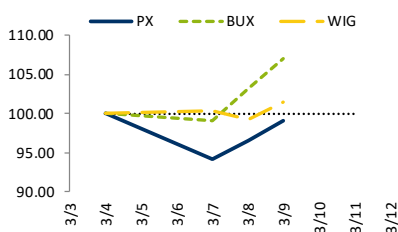
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.43	25.50	-0.28
EURHUF	382.7	386.2	-0.91
EURPLN	4,839	4,891	-1.07

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	3.389	3.350	3.9
HUGB 10Y	5.74	5.82	-1.3
PLGB 10Y	4.92	4.76	3.4

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1294.9	1261.6	2.64
BUX	43073	41516	3.75
WIG	59218	57909	2.26

Our regional insights:

The NBP hikes by 75 bps but it stays neutral

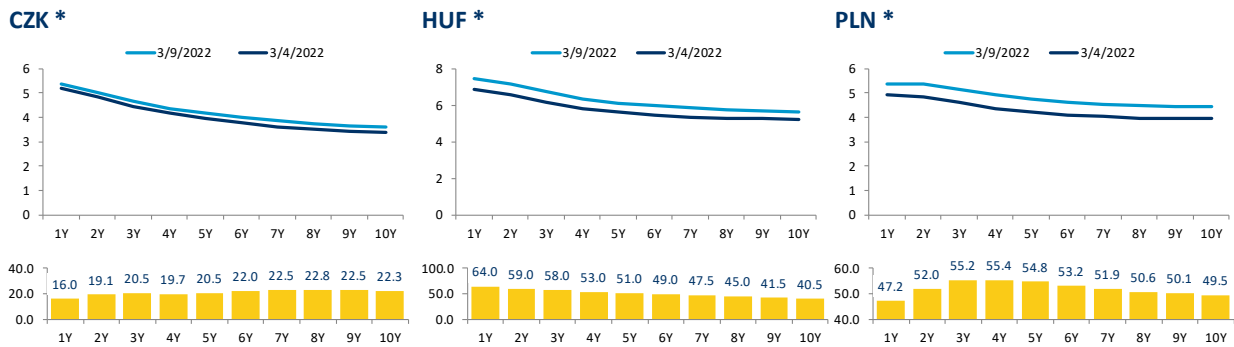
Yesterday, the Polish Central Bank hiked its base rate by 75 basis points, which was a little more than expected, but its subsequent comment was unexpectedly neutral. In view of the Russian invasion of Ukraine and its impact on the Polish economy, the NBP did not declare that it would continue the cycle of tightening monetary policy. The NBP only stated that it would monitor incoming data and situation. At the same time, this neutral comment comes in a situation where the new staff projection sees average inflation at the level of 9% in 2023 and at the level of 3.8% in 2024!

In any case, it will be good to listen to the NBP President Glapinsky at his press conference, which should take place this afternoon at 3 p.m. However, if Glapinsky's words should sound as neutral as yesterday's comment from the NBP, it ultimately translates to the Polish Central Bank resigning to its inflation target (2.5% +/- 1 percentage point). Such a step is understandable in light of the immediate war conflict and the associated wave of migration. On the other hand, if the NBP makes such a decision, it must prepare for the fact that the depreciation pressure on the zloty may be more permanent.

Hungary's high inflation + weak HUF => NBH's hike

Although the forint has recouped some of its losses, the Hungarian currency has still remained weak, which together with higher-than-expected February's inflation (8.3% YoY and 1.1% MoM) calls for another rate hike of the NBH one-week repo rate. Recall that the NBH held its non-interest rate setting meeting yesterday afternoon, where it raised the upper end of the interest rate corridor, the overnight lending rate by 100 basis points, giving room for Thursday's one-week deposit rate to be raised up to 6.4%. Let us remind that the one-week repo rate stands now at 5.35%.

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	03/09	9:00	CPI	% 02/01/2022			1.1	8.3	0.8	8.1	1.4	7.9
CZ	03/09	12:00	CZ bond auction 2021-2031, floating rate	CZK B 03/01/2022					4			
CZ	03/09	12:00	CZ bond auction 2022-2035, 2.50%	CZK B 03/01/2022					8			
CZ	03/09	12:00	CZ bond auction 2020-2040, 1.50%	CZK B 03/01/2022					2			
HU	03/09	14:00	NBH minutes	03/01/2022								
CZ	03/10	9:00	CPI	% 02/01/2022					0.6	10.4	4.4	9.9
HU	03/10	9:30	One week deposit rate	% 03/01/2022					6.00		5.35	
PL	03/10	14:00	NBP minutes	NBP 03/01/2022								
CZ	03/11	9:00	Trade balance (national)	CZK B 01/01/2022					1.1		-15.0	

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