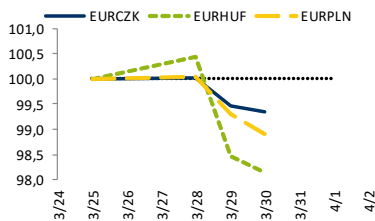




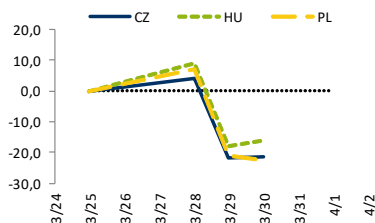
Wednesday, 30 March 2022

Forex markets (index)



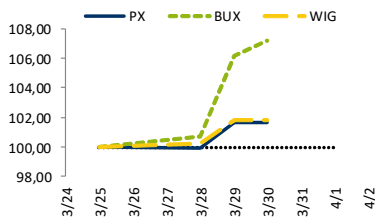
	LAST	PREVIOUS	CHANGE (%)
EURCZK	24,45	24,48	-0,10
EURHUF	366,6	367,8	-0,32
EURPLN	4,649	4,667	-0,39

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	3,754	3,749	0,5
HUGB 10Y	6,25	6,23	0,3
PLGB 10Y	5,16	5,18	-0,3

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1369,4	1369,4	0,00
BUX	47144	46708	0,94
WIG	65604	65604	0,00

Our regional insights:

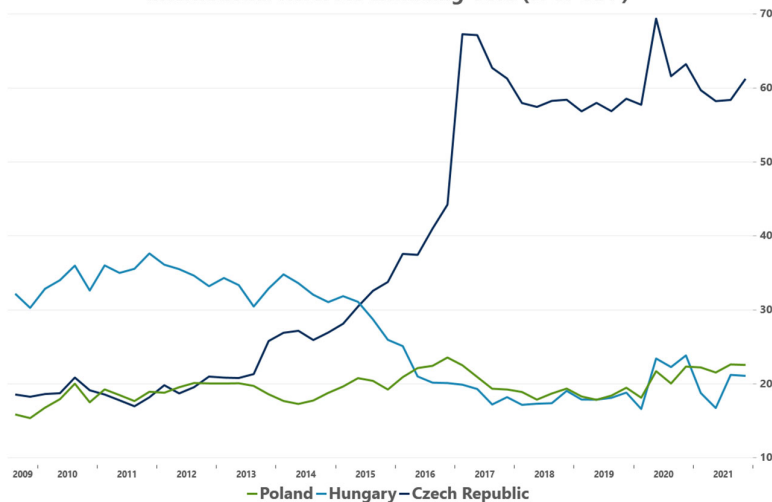
Tentative hope for ceasefire in Ukraine brings huge relief for CE assets. Will it last?

Relatively positive news from Istanbul, which signalled a positive shift in talks on a possible ceasefire between Russia and Ukraine, had a major positive impact on Central European markets. All regional currencies strengthened, with the Hungarian forint posting the largest gains (more than 2%). The decline in the risk premium for Central European assets was also huge for government bonds. For example, 10-year government bond yields fell by around 25 basis points.

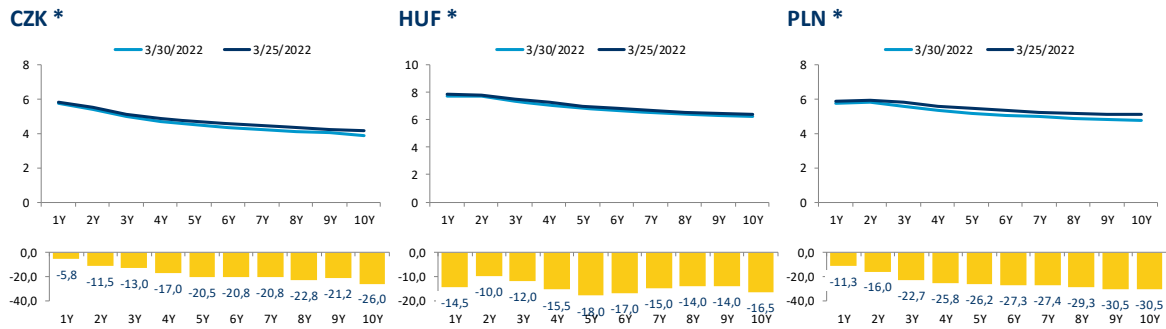
Moreover, the zloty and the forint were helped by the ECB, which announced yesterday that it had established swap lines with the NBP and the NBH. This measure, which was activated, for example, during the financial crisis in 2008 and 2009, will allow these central banks to help obtain euro liquidity in case of need. Specifically, the ECB and NBP set up new EUR 10bn swap line until 15 January 2023, while both central banks have agreed to set up a precautionary swap line to provide euro liquidity to financial institutions in Poland. The ECB also said that under the new swap line, the National Bank of Hungary can borrow up to EUR 4bn from the central bank.

Let us add that the ECB has not included the Czech National Bank among the central banks that will be able to draw on euro liquidity in the next ten months. Recall that the CNB has a much larger volume of foreign exchange reserves than NBH or NBP (see the chart below), while 57% of the reserves are denominated in euros. Therefore, the CNB does not need liquidity assistance from the ECB as it was the case during the global financial crisis.

International Reserves excluding Gold (% of GDP)



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	03/31	9:00	PPI	%	02/01/2022						0,6	22,3
CZ	03/31	9:00	GDP	%	4Q/2021 *F				0,9	3,6	0,9	3,6
HU	03/31	9:30	One week deposit rate	%	03/01/2022						6,15	
CZ	03/31	10:00	Money supply M2	%	02/01/2022							6,9
CZ	03/31	13:00	CNB meeting	%	03/01/2022	5,00			5,00		4,50	
PL	04/01	9:00	PMI manufacturing		03/01/2022						54,7	
HU	04/01	9:00	Trade balance	EUR M	01/2022 *F						-196	
HU	04/01	9:00	PMI manufacturing		03/01/2022						53,2	
CZ	04/01	9:30	PMI manufacturing		03/01/2022				55,4		56,5	

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