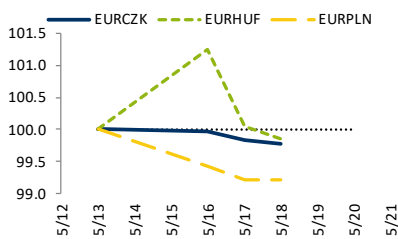




**Central  
Europe**  
Wednesday

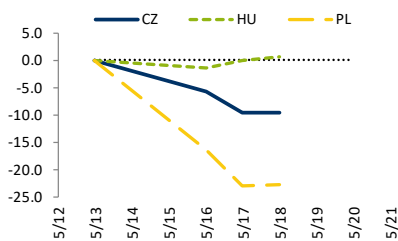
Wednesday, 18 May 2022

#### Forex markets (index)



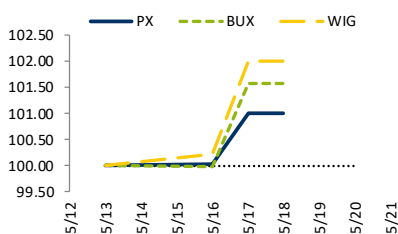
	LAST	PREVIOUS	CHANGE (%)
EURCZK	24.71	24.72	-0.07
EURHUF	385.3	386.1	-0.20
EURPLN	4.656	4.656	0.01

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	4.899	4.901	-0.2
HUGB 10Y	7.42	7.42	0.1
PLGB 10Y	6.58	6.58	0.0

#### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1309.9	1309.9	0.00
BUX	41907	41907	0.00
WIG	56248	56248	0.00

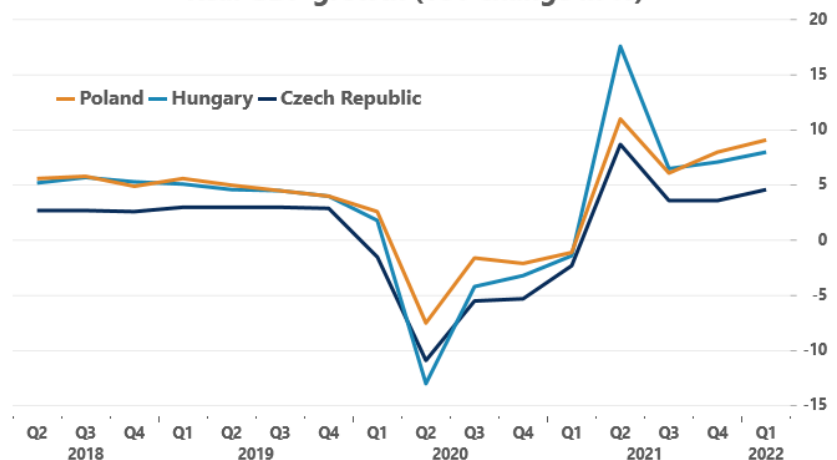
## Our regional insights:

### No slowdown visible in Hungary and Poland yet

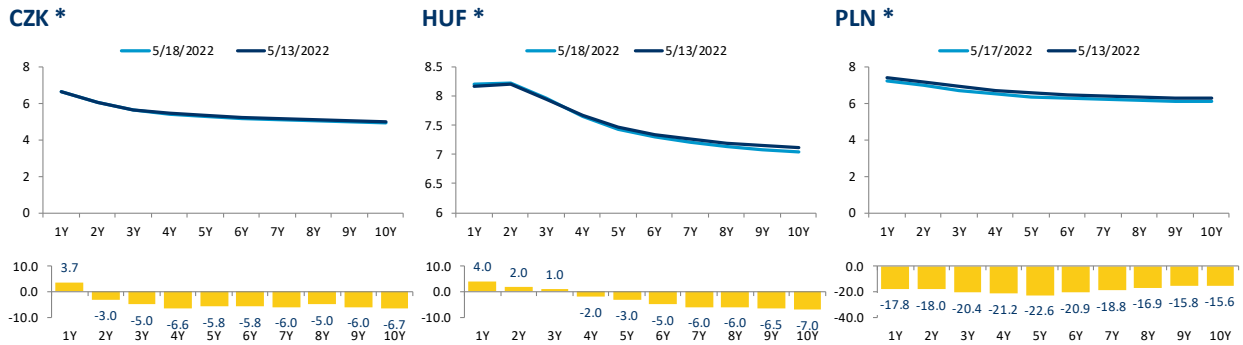
Notwithstanding the war in neighbouring Ukraine, both the Polish and Hungarian economies showed very rapid growth in the first quarter of this year. Real GDP increased in both cases by more than 2% quarter-on-quarter and more than 8% year-on-year. Subsequent quarters will undoubtedly be weaker, but these excellent figures give both the NBP and the NBH a strong enough case to continue in tightening of the monetary policy. The NBH's Deputy Governor Virag has also already expressed his views to this effect, stating that real interest rates should be positive in order to slow inflation. The forint managed to erase most of Monday's losses after these words.

The excellent performance of the Polish and Hungarian economies remains in sharp contrast to that of the Czech economy, which is still growing at a much slower pace (Q1 growth was 0.7% QoQ and 4.6% YoY). In our view, there are several reasons why Poland and Hungary are growing faster than the Czech Republic. First, it is the fiscal policy stance, which is probably much tighter in the Czech Republic than in the case of Hungary or Poland. The second main reason may be the Czech economy's far greater exposure to the German economy and hence to the problems in supply-chain disruptions and, indirectly, to lockdowns in China.

#### Real GDP growth (YoY change 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
CZ	05/18	12:00	CZ eurobond auction 2022-2024, 0.00%	EUR mil	05/01/2022				200			
HU	05/19	9:00	One week deposit rate	%	05/01/2022				6.45		6.45	
PL	05/20	10:00	Wages	%	04/01/2022				-2.0	12.8	7.2	12.4
PL	05/20	10:00	Industrial output	%	04/01/2022				-10.9	16.3	18.2	17.3
PL	05/20	10:00	PPI	%	04/01/2022				0.7	20.5	4.9	20.0
PL	05/23	10:00	Retail sales	%	04/01/2022						16.4	9.6
HU	05/24	9:00	Wages	%, ytd.	03/01/2022							31.7
PL	05/24	14:00	Money supply M3	%	04/01/2022						1.3	7.9
PL	05/25	10:00	Unemployment rate	%	04/01/2022						5.4	

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