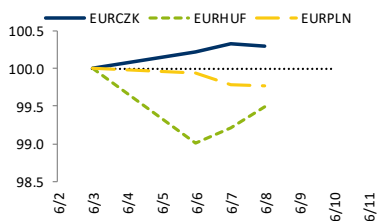




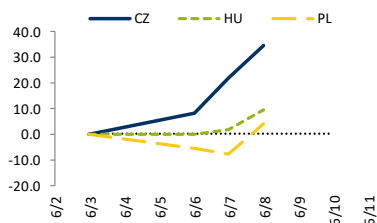
Wednesday, 08 June 2022

Forex markets (index)



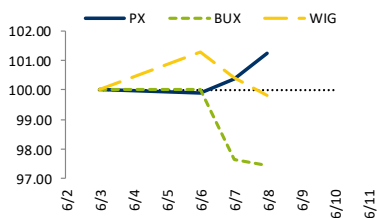
	LAST	PREVIOUS	CHANGE (%)
EURCZK	24.75	24.75	-0.02
EURHUF	389.9	388.8	0.29
EURPLN	4.581	4.582	-0.01

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	4.953	4.825	12.8
HUGB 10Y	7.22	7.15	1.1
PLGB 10Y	6.68	6.56	1.8

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1346.9	1335.1	0.88
BUX	40248	40331	-0.20
WIG	56747	57099	-0.62

Our regional insights:

The Czech President pushes the CNB into action

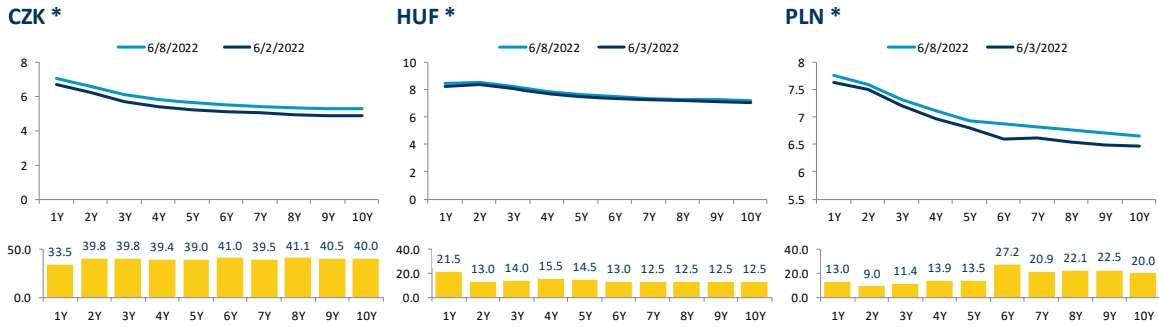
Czech President Miloš Zeman is going to appoint three new members of the CNB Bank Board today. We expect a confirmation of the speculation of *Hospodarske noviny* (business daily) that the appointments will be: economic professor Jan Frait, the head of the National Budget Council Eva Zamrazilová and the analyst of the Chamber of Commerce Karin Kubelková. Jan Frait will undoubtedly be received positively by the markets - he has been at the CNB for a long time and, although he has been profiled as a dove during his previous tenure (in the Bank Board), he is a macroeconomic expert who certainly does not pose a significant risk of discontinuity for the CNB. Eva Zamrazilova is well known to the Czech markets too; she is a rather more conservative banker who would probably not rule out further interest rate rises a priori. Karin Kubelková, who has not paid much attention to monetary policy, may be unknown to the investment and trading community.

Still, it may not be good news for the Czech financial markets that neither of the current members of the Bank Board (Tomáš Niedetzký, Vojtěch Benda) has been re-nominated, which will potentially weaken the hawkish wing of the Bank Board. Therefore, the koruna could remain under pressure at least in the short term and the CNB will have to defend it by FX interventions (in April, according to the official statistics, FX interventions amounted to about EUR 150mn, in May it was probably over EUR 4bn). Czech government bonds have been also under pressure. Logically, there is a growing risk for the outcome of the CNB Bank Board in June (22nd). It will still be held in its old composition, which might lead to a more significant increase in interest rates (than otherwise).

NBP meeting: another 75bps hike delivery?

The Polish central bank meets this afternoon and is expected to hike interest rates sharply again. Headline inflation in Poland hit 14% in May, with the core component jumping visibly above 8%. Real interest rates have effectively fallen even further into negative territory, which the NBP will have to compensate for. Hence, the MPC can be expected to raise official interest rates by 75 basis points (again), and it cannot be ruled out that it could be more.

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	06/08	9:00	Unemployment rate 15-64	% 05/01/2022			3.2		3.2		3.3	
HU	06/08	9:00	Industrial output	% 04/01/2022			-1.6	4.7		6.4	-0.1	4.2
HU	06/08	9:00	CPI	% 05/01/2022			1.7	10.7	1.2	10.4	1.6	9.5
HU	06/08	9:00	Trade balance	EUR M 04/2022 *P			-475				-708	
PL	06/08	16:00	NBP meeting	% 06/01/2022	6.00				6.00		5.25	
HU	06/09	9:00	Overnight deposit rate	% 06/01/2022					6.75		6.75	
HU	06/09	11:00	Budget balance	HUF B 05/01/2022							-2635.6	
CZ	06/10	9:00	CPI	% 05/01/2022					1.4	15.5	1.8	14.2
PL	06/10	14:00	NBP minutes	NBP 06/01/2022								

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