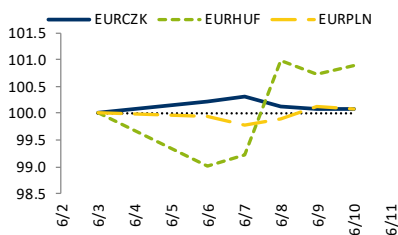




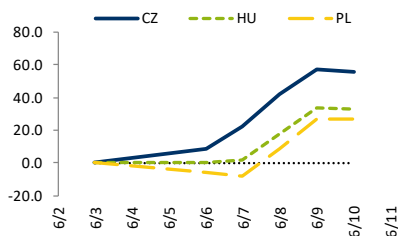
Friday, 10 June 2022

Forex markets (index)



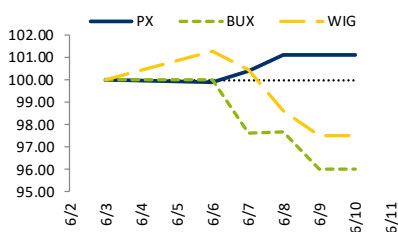
| | LAST | PREVIOUS | CHANGE (%) |
|--------|-------|----------|------------|
| EURCZK | 24.69 | 24.69 | 0.00 |
| EURHUF | 395.3 | 394.7 | 0.15 |
| EURPLN | 4.596 | 4.598 | -0.04 |

Gov. bonds 10 Y (bps change)



| | LAST | PREVIOUS | CHANGE (bps) |
|----------|-------|----------|--------------|
| CZGB 10Y | 5.164 | 5.175 | -1.1 |
| HUGB 10Y | 7.46 | 7.46 | 0.0 |
| PLGB 10Y | 6.91 | 6.91 | 0.0 |

Equity indices (index)



| | LAST | PREVIOUS | CHANGE (%) |
|-----|--------|----------|------------|
| PX | 1345.1 | 1345.1 | 0.00 |
| BUX | 39663 | 39663 | 0.00 |
| WIG | 55440 | 55440 | 0.00 |

Regional insights

NBP's President Glapiński leans dovish again

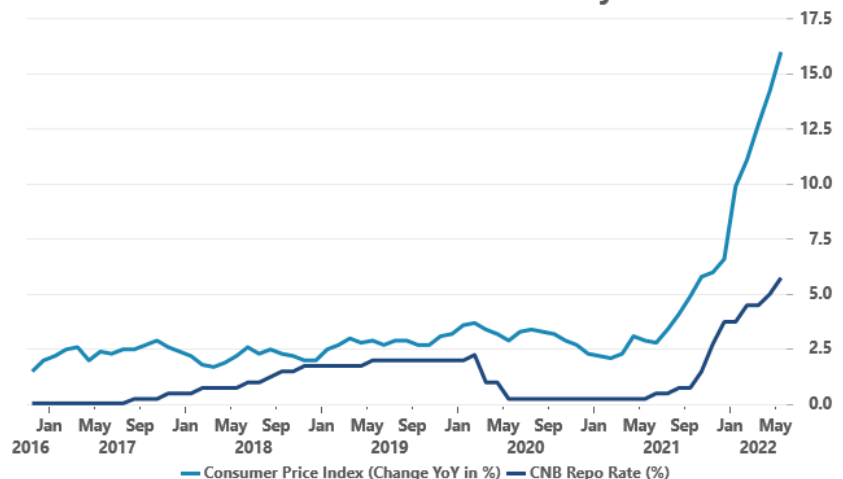
While the Hungarian forint remains partly under pressure from financial contagion from Turkey, the Polish zloty has lost some ground due to the domestic central bank as its chief leans dovish again. At least, this is how we can interpret yesterday's words by NBP President Glapiński, who said that the monetary tightening cycle was closer to its end than to its beginning. Actually, Glapiński might be right about this, as the NBP started raising interest rates already last October, but the personal inflation outlook provided by the head of the Polish central bank may still be relatively optimistic. Glapiński said that inflation was accelerating even further in June, but should stabilize during the summer and begin to decline. In such a case, Glapiński added, the NBP could even cut interest rates in 2023. Once again, the NBP President's communication, which followed the sharp increase in official interest rates on Wednesday, was in a dovish mode, which could not even be obscured by the claim that the NBP wished a strong zloty.

In our view, the monetary tightening cycle will continue through the summer, whereas the predominantly dovish Monetary Policy Committee can be expected to lower the scale of rate hikes (from 75bps to 50bps).

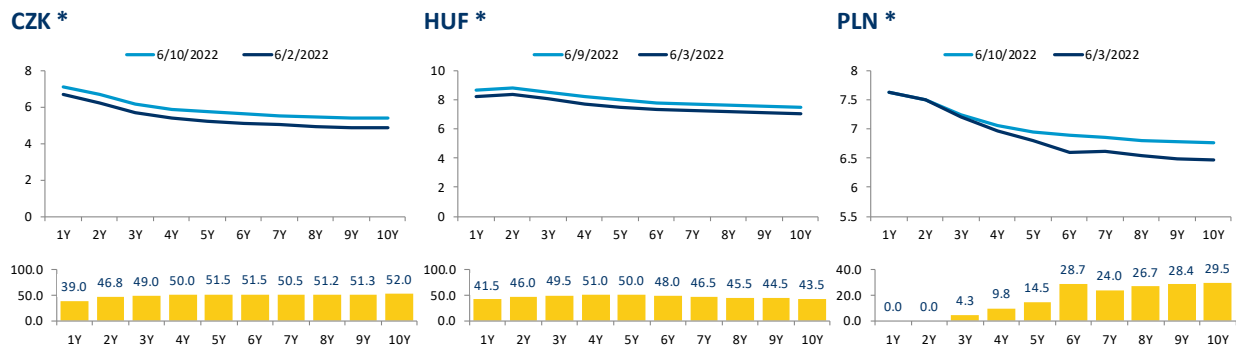
The Czech inflation hits 16% in May

The Czech inflation surprised on the upside again in May as the headline inflation accelerated to 16.0 YoY% (the month-on-month change reached robust 1.8%). The very high May inflation figure paves the way for an aggressive rate hike delivered by the CNB Bank Board on its next policy meeting held on June 22nd.

Czech headline inflation & Policy rate



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 | 06/10 | 9:00 | CPI | % | 05/01/2022 | | 1.8 | 16.0 | 1.4 | 15.5 | 1.8 | 14.2 |
| PL | 06/10 | 14:00 | NBP minutes | NBP | 06/01/2022 | | | | | | | |
| PL | 06/13 | 14:00 | Current account | EUR M | 04/01/2022 | | | | | | -2972 | |
| PL | 06/13 | 14:00 | Trade balance | EUR M | 04/01/2022 | | | | | | -3253 | |
| CZ | 06/14 | 10:00 | Current account | CZK B | 04/01/2022 | | | | | | -17.63 | |
| PL | 06/15 | 10:00 | CPI | % | 05/2022 *F | | | | | | 1.7 | 13.9 |
| CZ | 06/15 | 12:00 | CZ bond auction 2022-2024, floating rate | CZK B | 06/01/2022 | | | | 3 | | | |
| CZ | 06/15 | 12:00 | CZ bond auction 2022-2026, 6.00% | CZK B | 06/01/2022 | | | | 7 | | | |
| CZ | 06/15 | 12:00 | CZ bond auction 2022-2035, 2.50% | CZK B | 06/01/2022 | | | | 2 | | | |
| HU | 06/15 | 14:00 | NBH minutes | | 05/01/2022 | | | | | | | |
| CZ | 06/16 | 9:00 | PPI | % | 05/01/2022 | | | | | | 2.3 | 26.6 |
| HU | 06/16 | 9:00 | One week deposit rate | % | 06/01/2022 | | | | | | 6.75 | |
| PL | 06/17 | 14:00 | Core CPI | % | 05/01/2022 | | | | | | 1.3 | 7.7 |

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