

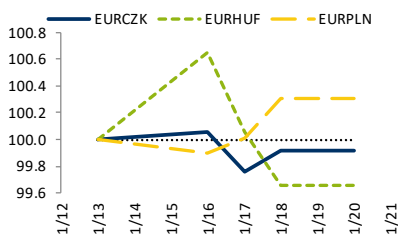
Central Europe Friday



Moving forward
together.

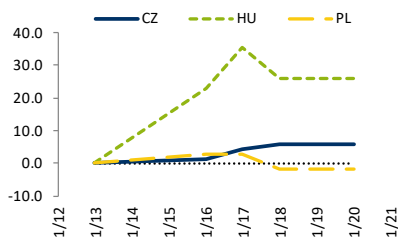
Friday, 20 January 2023

Forex markets (index)



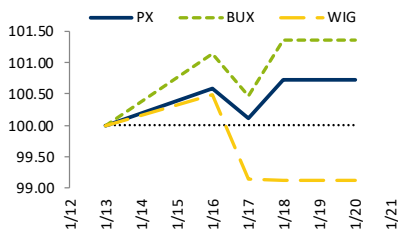
	LAST	PREVIOUS	CHANGE (%)
EURCZK	23.98	23.98	0.00
EURHUF	394.7	394.7	0.00
EURPLN	4.709	4.709	0.00

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	4.291	4.291	0.0
HUGB 10Y	7.40	7.40	0.0
PLGB 10Y	5.97	5.97	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1279.3	1279.3	0.00
BUX	46725	46725	0.00
WIG	61033	61033	0.00

Regional insights

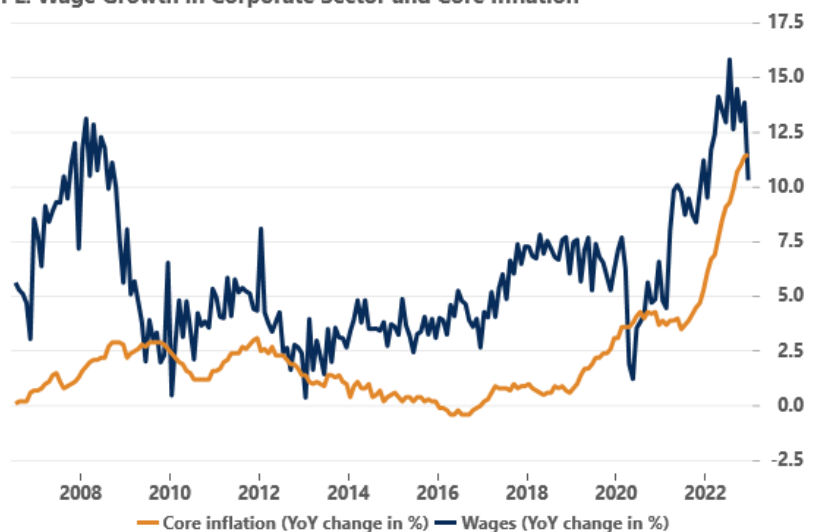
Polish corporate wages grew 13% in 2022

The Polish Statistical Office (GUS) released wage figures for December, which indicate that while a nominal growth stays quite high, real wages have been falling. Recall that according to the GUS average gross wages and salaries in the corporate sector in December 2022 compared to December 2021 were higher by 10.3% YoY. This represents an acceleration compared to the November figure (6.9% YoY). On the other hand the December wage growth figure was visible lower than the annual growth figure for the year 2022 (13% YoY). All in all, we are afraid the (nominal) wage growth remains very strong in Poland, reinforcing an unabated rise in services prices. In this respect it worth noting that core inflation is still rising and already exceeding 11%.

Meanwhile, headline inflation hasn't peaked yet, as the temporarily reduced VAT rates on fuel, energy, gas and heating will halt in January. Thus, Polish inflation will be approaching 20% in the first quarter of 2023, while it should record a significant decline in the second half of this year.

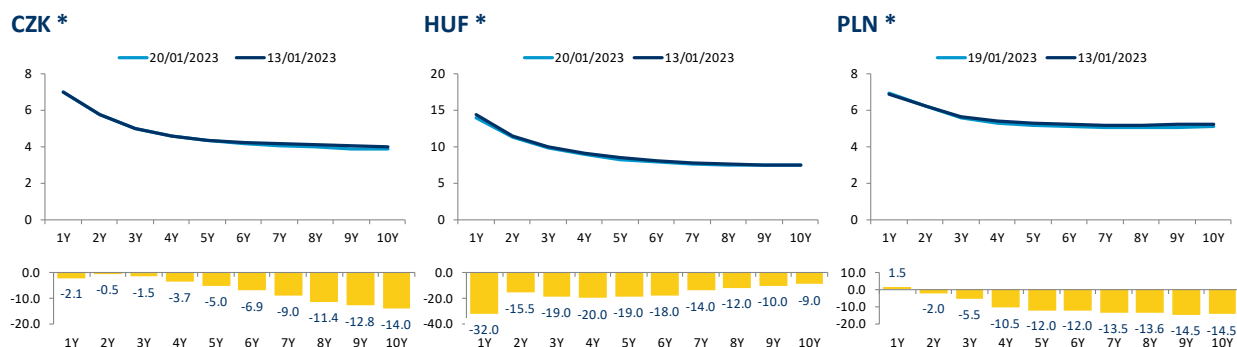
Regarding possible implications for the NBP policy – today's release of the wage figures has not altered our view that the dovish majority within the MPC, led by its President Glapinski, will be still tempted to announce an official end of the NBP's hiking cycle relatively soon. Meanwhile, NBP President Glapinski would continue to signal that the next central bank step will likely be a rate cut.

PL: Wage Growth in Corporate Sector and Core Inflation



Source: KBC Economics based on GUS, Eurostat, NBP

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
PL	01/20	10:00	Wages	%	12/01/2022			6.9	10.3	8.8	13.1	2.5	13.9
PL	01/24	14:00	Industrial output	%	12/01/2022							2.9	4.6
PL	01/24	14:00	PPI	%	12/01/2022							-0.5	20.8
PL	01/24	14:00	Money supply M3	%	12/01/2022							0.5	5.6
HU	01/24	14:00	NBH meeting	%	01/01/2023							13.00	
HU	01/25	9:00	Wages	%, y td.	11/01/2022								18.4
PL	01/25	10:00	Retail sales	%	12/01/2022							-0.3	1.6
PL	01/25	10:00	Unemployment rate	%	12/01/2022							5.1	
CZ	01/25	12:00	CZ bond auction 2017-2027, 0.25%	CZK B	01/01/2023					3			
CZ	01/25	12:00	CZ bond auction 2022-2030, 5.00%	CZK B	01/01/2023					7			
CZ	01/25	12:00	CZ bond auction 2020-2040, 1.50%	CZK B	01/01/2023					4			
HU	01/27	8:30	Unemployment rate	%	12/01/2022							3.8	

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