

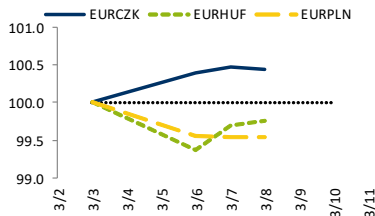
# Central Europe Wednesday



Moving forward  
together.

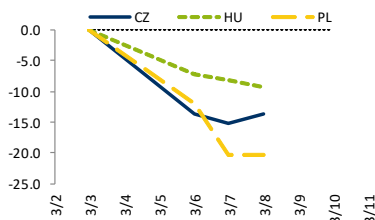
Wednesday, 08 March 2023

## Forex markets (index)



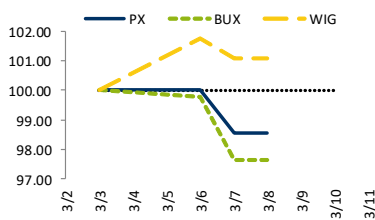
	LAST	PREVIOUS	CHANGE (%)
EURCZK	23.57	23.58	-0.04
EURHUF	378.5	378.3	0.06
EURPLN	4.689	4.689	0.00

## Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	4.962	4.948	1.4
HUGB 10Y	8.63	8.64	-0.1
PLGB 10Y	6.32	6.32	0.0

## Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1400.1	1400.1	0.00
BUX	43394	43391	0.01
WIG	60853	60853	0.00

## Our regional insights:

### NBP on hold with new projections in hand

The Polish central bank meets this afternoon and will almost certainly not change its monetary policy settings. Although the Monetary Policy Committee will have a new quarterly staff projections, it will hardly provide sufficient arguments for a change in a policy stance. More important than the forecast will be NBP President Glapinski's comments at tomorrow's press conference. Here, Glapinski could discuss the possibility of ending the monetary tightening cycle.

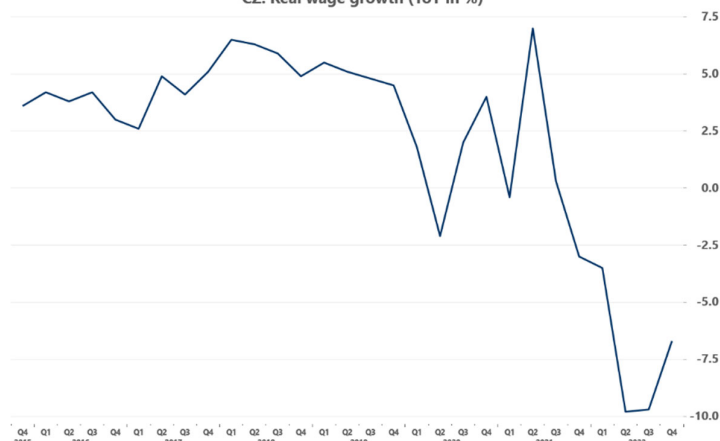
### Real wages fall as Czech labor market remains tight

As expected, wage growth in the Czech Republic accelerated at the end of 2022, with average wages increasing by 7.9% year-on-year (vs. 6.2% in Q3 2022) to CZK 43,412. However, after accounting for double-digit inflation, real wages fell by 6.7%, with a brisk decline in living standards on the part of domestic employees for five quarters in a row.

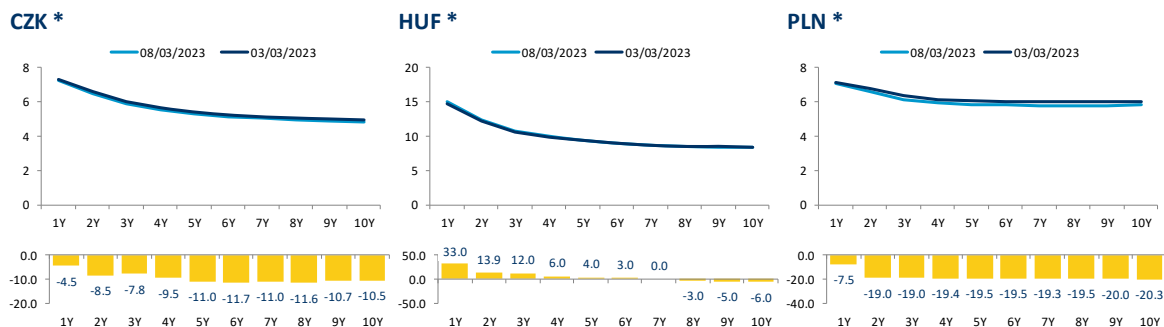
For the full year 2022, average wages rose by 6.5% y-o-y to CZK 40 353. However, in real terms, domestic wages have - as a result of a massive inflation shock - fallen back to 2018 levels. The decline in real wages will continue this year, albeit at a slower pace - nominal wage growth is expected to be between 7-8%, thanks to persistent labour market tightness. Recall that labour market data released this morning showed that the unemployment rate remained low (at 3.9%), while the number of new open positions even increased in February.

From a CNB's perspective, the wage numbers are not a major surprise, as wage growth fell slightly short of its estimate (8.3%). Overall, this does not materially change our bet on rate stability for the coming quarters, with the first rate cut not expected before the end of the year (Q4 2023).

CZ: Real wage growth (YoY in %)



## Interest-rate Swap Curves



## 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	03/08	8:30	CPI	%	02/01/2023			0.8	25.4	0.9	25.4	2.3	25.7
CZ	03/08	9:00	Unemployment rate 15-64	%	02/01/2023			3.9		3.9		3.9	
HU	03/08	11:00	Budget balance	HUF B	02/01/2023							-143.6	
CZ	03/08	12:00	CZ bond auction 2022-2030, 5.00%	CZK B	03/01/2023					7			
CZ	03/08	12:00	CZ bond auction 2021-2037, 1.95%	CZK B	03/01/2023					2			
PL	03/08	16:00	NBP meeting	%	03/01/2023	6.75				6.75		6.75	
CZ	03/09	9:00	Trade balance (national)	CZK B	01/01/2023					14.6		-1.2	
HU	03/10	8:30	Trade balance	EUR M	01/2023 *P							-168	
CZ	03/10	9:00	Construction output	%	01/01/2023							-0.2	

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