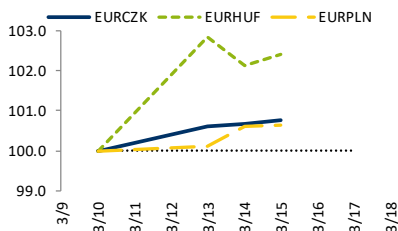
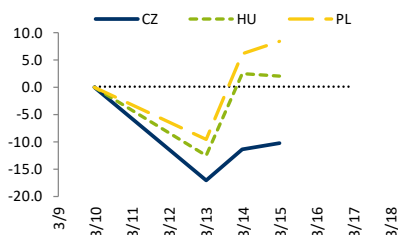


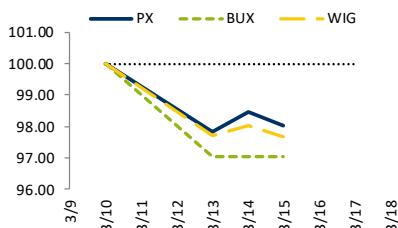
Wednesday, 15 March 2023

**Forex markets (index)**

	LAST	PREVIOUS	CHANGE (%)
EURCZK	23.81	23.79	0.10
EURHUF	391.4	390.3	0.29
EURPLN	4.710	4.708	0.04

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

	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	4.654	4.641	1.3
HUGB 10Y	8.66	8.66	-0.1
PLGB 10Y	6.18	6.16	0.4

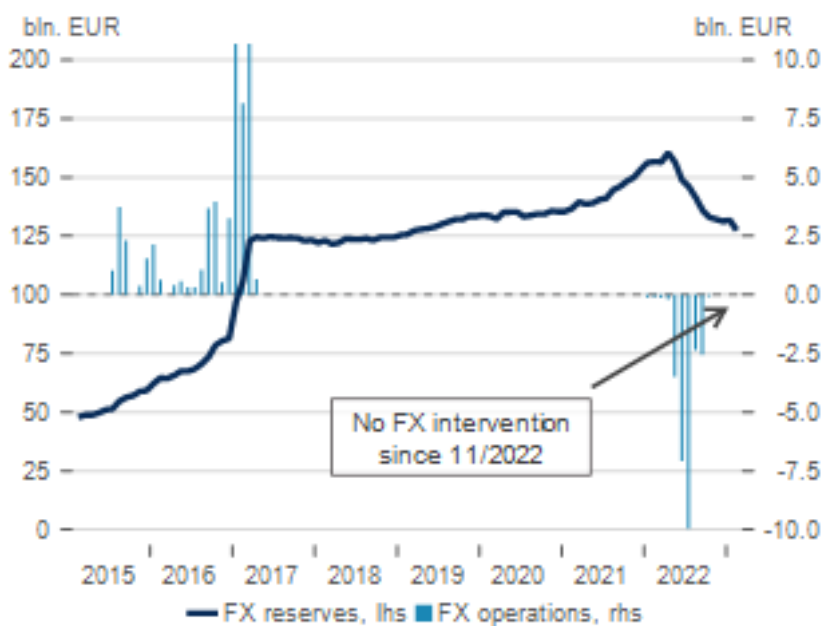
**Equity indices (index)**

	LAST	PREVIOUS	CHANGE (%)
PX	1349.0	1355.2	-0.46
BUX	41807	41807	0.00
WIG	58193	58386	-0.33

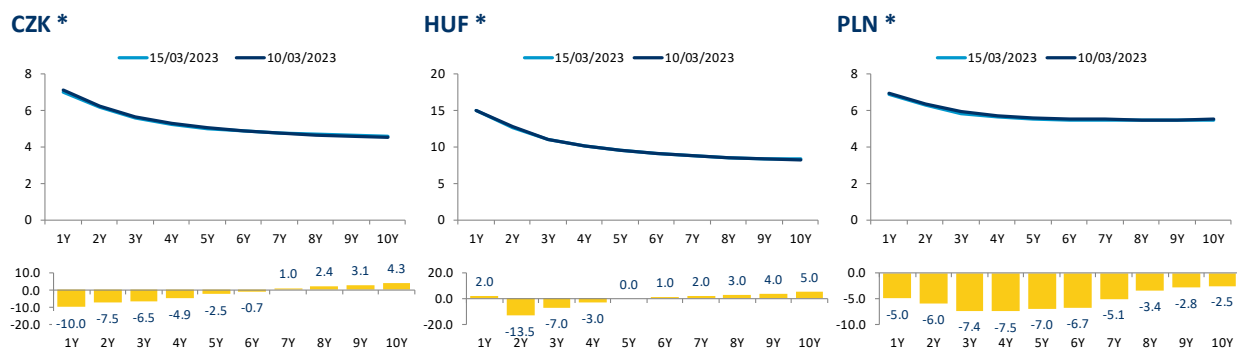
**Our regional insights:****Is the Czech koruna losing its shine?**

Global market jitters related the collapse of the US banks - SVB and Signature Bank - has partly spread to the Central European foreign exchange markets. While the forint, as usual, proved to be the most vulnerable regional currency to the financial contagion, this time the sell-off affected the Czech koruna too. Hence, the latest developments in the Czech forex market just underline our view that the koruna safe-haven status will be exhausted in the face of a narrowing interest rate differential between CZK and euro or US dollar rates.

However, the CNB's forex commitment not to let the koruna weaken significantly, supported by robust firepower on the FX reserves side (EUR 127.4bn or almost 50% of GDP – see the chart below), will continue to play an important stabilising role. From the koruna's perspective, it will also be important how the current financial stability issues translate into monetary policy of the Fed and the ECB, respectively. We do not believe that the two above-mentioned central banks are ready to resign from the inflation fight completely, so the ECB will probably hike official interest rates by 50 bps tomorrow and the Fed probably by 25 bps next Wednesday. For this reason, we do not see much room for the koruna to bounce back to stronger levels, and on the contrary, we continue to anticipate a tightening of the interest rate differential and the associated intensification of selling pressures in the medium term.



## 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	03/15	9:00	PPI	%	02/01/2023			-0.3	16.0	0.4	16.8	5.8	19.0
PL	03/15	10:00	CPI	%	02/01/2023			1.2	18.4	0.8	18.5	2.4	17.2
CZ	03/16	10:00	Current account	CZK B	01/01/2023							-7.8	
PL	03/16	14:00	Current account	EUR M	01/01/2023					-1008		-2526	
PL	03/16	14:00	Trade balance	EUR M	01/01/2023					-1200		-2716	
PL	03/16	14:00	Core CPI	%	02/01/2023					1.1	11.9		
PL	03/20	10:00	PPI	%	02/01/2023							0.8	18.5
PL	03/20	10:00	Industrial output	%	02/01/2023							-2.5	2.6
PL	03/20	10:00	Wages	%	02/01/2023							-6.1	13.5

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