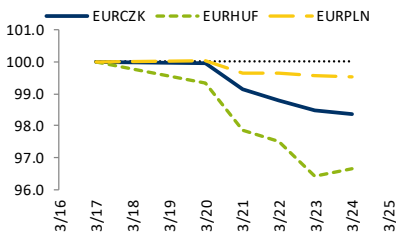


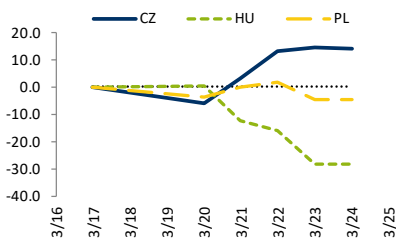
Friday, 24 March 2023

**Forex markets (index)**



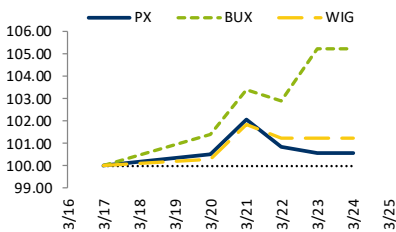
	LAST	PREVIOUS	CHANGE (%)
EURCZK	23.60	23.63	-0.14
EURHUF	384.4	383.4	0.26
EURPLN	4.682	4.682	-0.02

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	4.570	4.575	-0.5
HUGB 10Y	8.40	8.40	0.0
PLGB 10Y	5.93	5.93	0.0

**Equity indices (index)**



	LAST	PREVIOUS	CHANGE (%)
PX	1325.3	1325.3	0.00
BUX	42906	42906	0.00
WIG	56984	56984	0.00

**Regional insights**

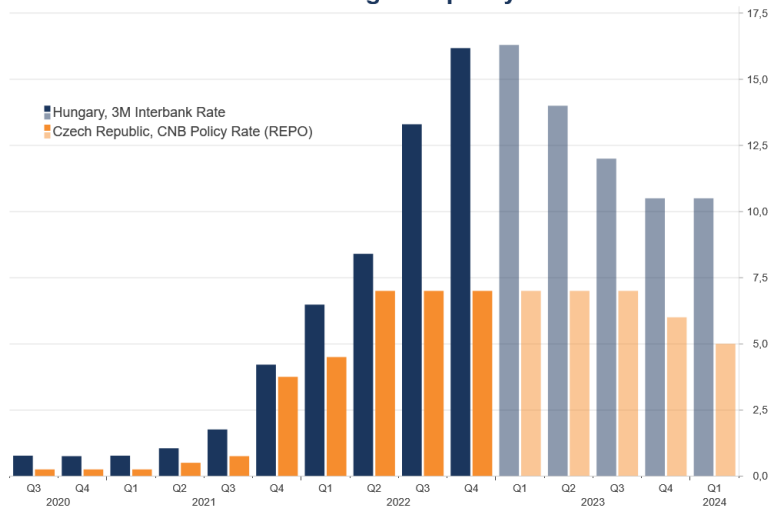
**CZK's and HUF's comebacks will not alter outcomes of the CNB & NBH meetings**

Both the Czech koruna and the Hungarian forint have erased their losses, which had been triggered by the Fed & ECB hawkishness before the banking mini-crisis arrived. Although both currencies are trading at strong levels and that is why they tighten monetary conditions in respective economies we do not need to alter our view for upcoming monetary policy meetings next week.

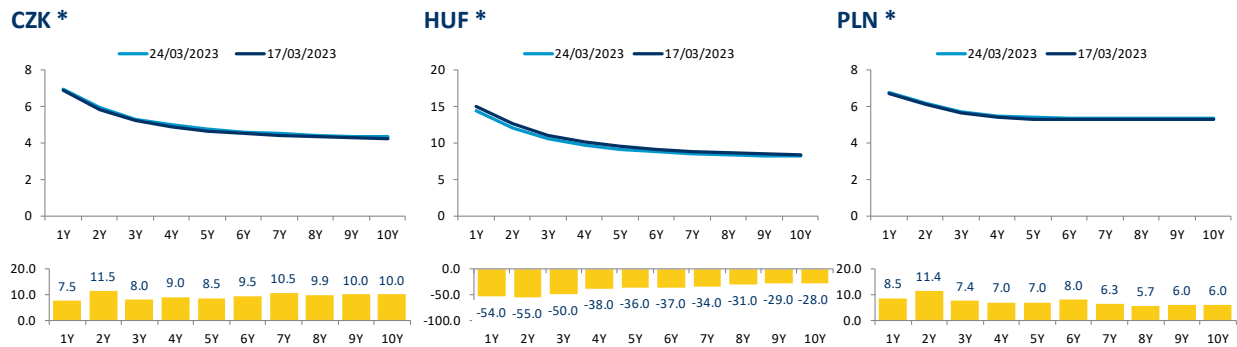
So, we believe that **(on Thursday) the NBH postpones a decision to close the gap between the O/N deposit rate and base rate for the autumn.** The March inflationary report will play key role in NBH's decision making, especially that there are some small sings towards the direction, that disinflation process in the coming months could be even slightly faster than earlier expected - especially in case of food products. So, all in all it seems that a chance has been increased towards a start of the NBH cutting to (only) May or June.

Regarding **the CNB's meeting (on Thursday)** - our outlook for the Czech inflation continues to assume significant persistence of core inflation (adjusted for imputed rents). Headline inflation may ease due to mild decrease in energy prices and favorable energy and fuel base effect. Even so, we expect inflation to remain double digit throughout the first half of 2023 (close to 11% for the full year) and still above the CNB's target in 2024. That is why we continue to believe the CNB will be cautious assessing the timing of the first interest rate cut. Hence, **we remain comfortable with our scenario, in which we expect the first rate cut only in the last quarter of this year.**

**Czech and Hungarian policy rates**



## 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
HU	03/24	8:30	Unemployment rate	% 02/01/2023			4.0		4.0		3.9	
HU	03/28	8:30	Wages	%, y td. 01/01/2023								18.1
HU	03/28	8:30	Current account	HUF B 4Q/2022								-4469
HU	03/28	14:00	NBH meeting	% 03/01/2023								13.00
CZ	03/29	14:30	CNB meeting	% 03/01/2023								7.00
HU	03/31	8:30	PPI	% 02/01/2023							0.8	35.0
HU	03/31	8:30	Trade balance	EUR M 01/2023 *F								-165
CZ	03/31	9:00	GDP	% 4Q/2022 *F							-0.4	0.2
CZ	03/31	10:00	Money supply M2	% 02/01/2023								6.3
PL	03/31	10:00	CPI	% 03/2023 *P							1.2	18.4
PL	03/31	15:00	Budget balance	PLN M 02/01/2023								11232

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