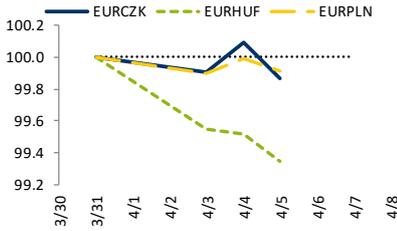




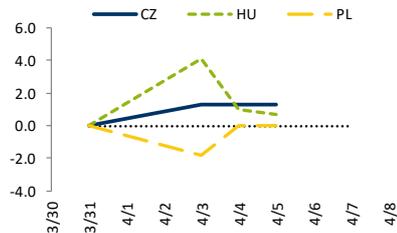
Wednesday, 05 April 2023

**Forex markets (index)**



	LAST	PREVIOUS	CHANGE (%)
EURCZK	23.43	23.48	-0.23
EURHUF	377.3	377.9	-0.17
EURPLN	4.675	4.678	-0.08

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	4.602	4.602	0.0
HUGB 10Y	8.50	8.51	0.0
PLGB 10Y	6.03	6.04	-0.3

**Equity indices (index)**



	LAST	PREVIOUS	CHANGE (%)
PX	1362.9	1362.9	0.00
BUX	43667	43667	0.00
WIG	59027	59027	0.00

**Our regional insights:**

**Faster stabilization of the Czech consumption?**

The Czech retail sales surprised on the upside in February. After a relatively significant increase in sales in January, due, among other things, to the fact that many goods (for example, textiles) started to become seasonally cheaper again, unlike in 2022, we had expected a more significant February decline. This was not the case, as retail sales fell by only 0.4% in real terms month-on-month, thus moderating the year-on-year rate of decline in retail sales again (to -6.4% vs. our estimate of -8%).

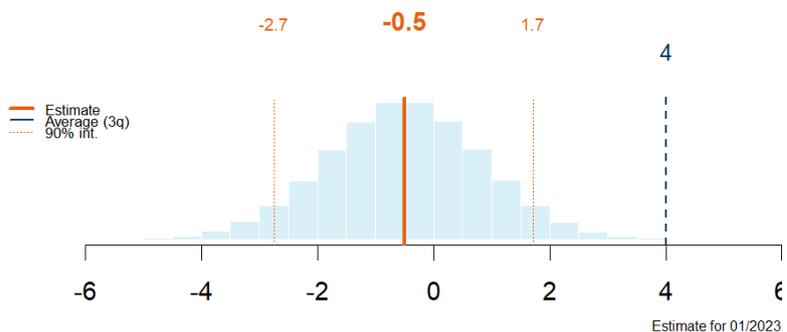
This was mainly due to seasonally cheaper non-food goods - sales at clothing and footwear stores rose by 4.8% yoy, as did sales at computer and electronics stores (+3.8%). On the other hand, food again deepened its decline in February.

Looking at the consumer sentiment among Czech households, there is no reason for great optimism yet. Real wages of Czech households will remain under pressure for at least most of the first half of the year, and despite the stabilisation of the overall mood, key sub-indices - the intention to make major purchases - remain extremely low. On the other hand, today's releases suggest that consumption could ultimately stabilise a little faster than expected in the first half of the year.

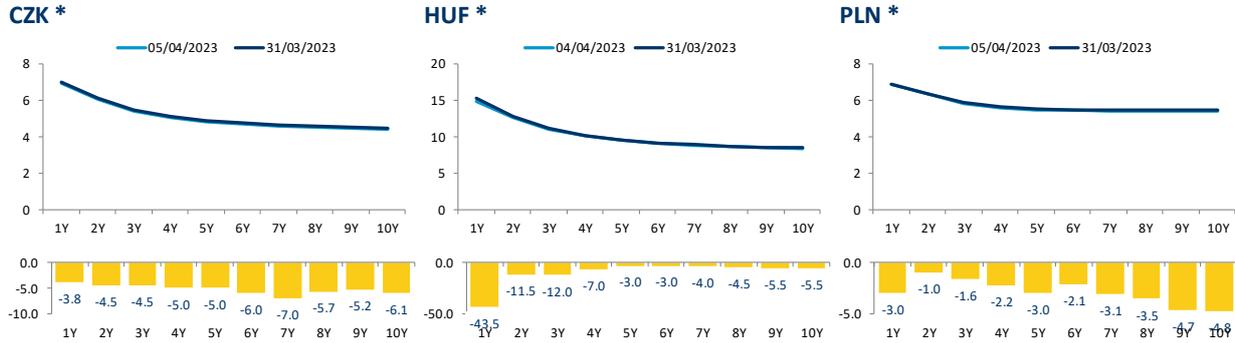
**The NBP on hold again**

The Polish central bank will meet today. The NBP's monetary policy is expected to stay on hold - in other words, the main official interest rate will remain at 6.75%. As for the NBP's commentary on the Monetary Policy Committee's decision - it is unlikely to change much too. However, this time the NBP may point out that the Polish economy is slowing down further. After all, this was shown by the PMI index published on Monday, which also stagnated at a very low level of 48.3 points in March. Hence, businesses in the manufacturing sector continue to be pessimistic, which does not give a very good outlook for GDP growth in the second quarter of this year, as manufacturing, along with construction (as opposed to retail), has been the main driver of the economy. As for first quarter growth, our nowcast indicates that GDP growth should be negative (on a year-over-year basis). Let's add that the more interesting monetary policy outcomes should come tomorrow, when NBP President Glapinski holds his press conference.

**Nowcast of the Polish GDP for 2023Q1 (yoy change in %)**



## 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	Unit	Period	Forecast		Actual		Consensus		Previous	
						m/m	y/y	m/m	y/y	m/m	y/y	m/m	y/y
HU	04/05	8:30	Industrial output	%	02/01/2023			0.3	-4.6	-1.5	-5.1	-3.2	
CZ	04/05	9:00	Retail sales ex autos	%	02/01/2023				-6.4	-7.0	-7.7		
PL	04/05	16:00	NBP meeting	%	04/01/2023	6.75				6.75	6.75		
HU	04/06	8:30	Retail sales	%	02/01/2023								-4.5
HU	04/06	8:30	Trade balance	EUR M	02/2023 *P								-413
CZ	04/06	9:00	Construction output	%	02/01/2023								5.4
CZ	04/06	9:00	Industrial output	%	02/01/2023					1.3			1.3
CZ	04/06	9:00	Trade balance (national)	CZK B	02/01/2023					11.1			9.5
PL	04/07	14:00	NBP minutes	NBP	04/01/2023								

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