

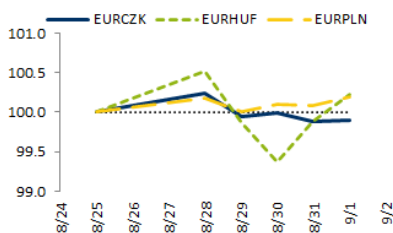
Central Europe Friday



Moving forward
together.

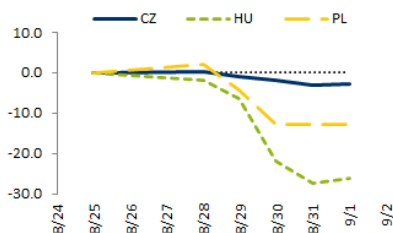
Friday, 01 September 2023

Forex markets (index)



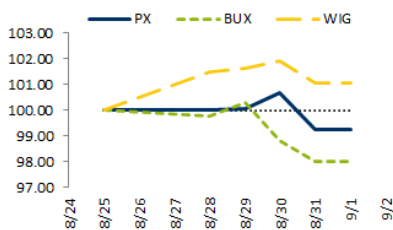
	LAST	PREVIOUS	CHANGE (%)
EURCZK	24.08	24.07	0.02
EURHUF	382.6	381.3	0.33
EURPLN	4.474	4.469	0.11

Gov. bonds 10Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	4.367	4.364	0.3
HUGB 10Y	7.04	7.02	0.2
PLGB 10Y	5.57	5.57	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1340.8	1340.8	0.00
BUX	55775	55775	0.00
WIG	68431	68431	0.00

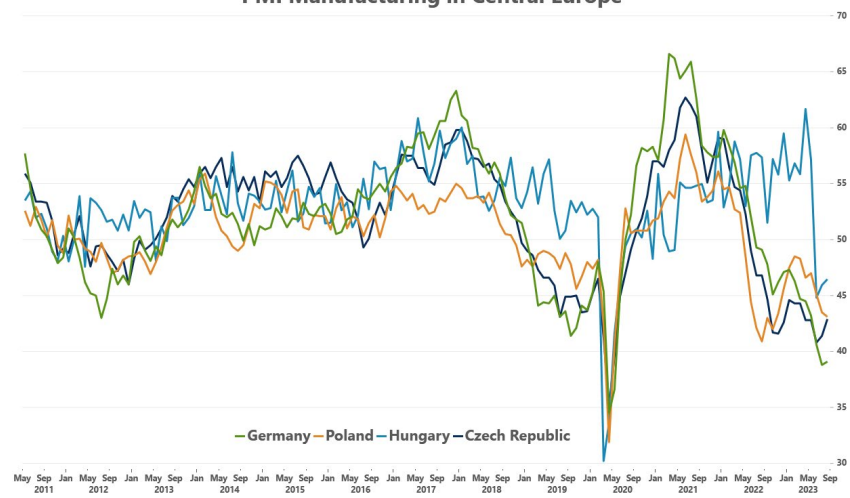
Regional insights

Weak PMIs support doves sitting the NBP

Business sentiment in Central European manufacturing remained in a deep downturn in August, but the dynamics seem to have differed from country to country. While Czech and Hungarian manufacturing sentiment has probably bottomed out in line with the better PMI data coming out of Germany, the situation in Poland continued to deteriorate. The Polish PMI index fell to a fresh post-COVID low of 43.5 points. A common regional phenomenon was a decline in new orders, which is a bad signal for future production. On the other hand, it has to be admitted that the hard data coming from the industry was not that bad. The last two monthly industrial production data coming out of Poland (and the Czech Republic) have been quite positive. Therefore, it is not surprising that our GDP nowcasts for Q3 for Poland and the Czech Republic are positive so far.

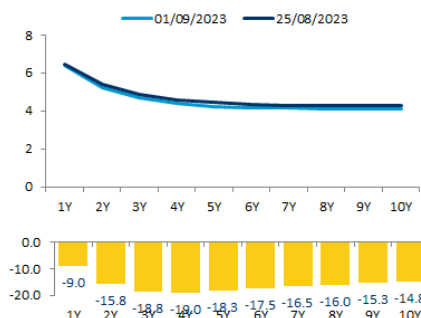
In general, the falling PMIs are another supportive argument for the doves sitting on the NBP Monetary Policy Council (and perhaps the CNB Board as well) to push for an early start of a new easing cycle. In Poland, however, the situation could be tricky as the interest rate setting meeting is scheduled for next Wednesday. While yesterday's inflation release showed that Poland's consumer price index (in year-on-year terms) remained in double digits in August, the NBP doves seem ready to start the easing cycle as soon as possible.

PMI Manufacturing in Central Europe

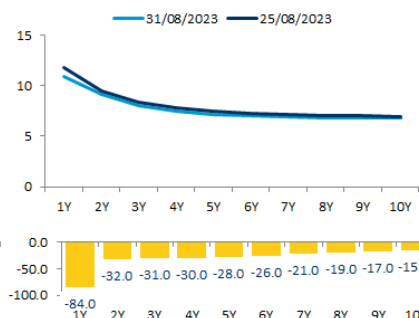


Interest-rate Swap Curves

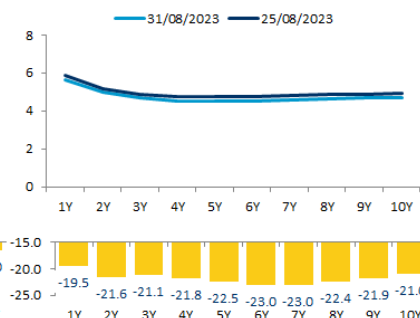
CZK *



HUF *



PLN *



* upper plot in each panel shows interest swap curve (%), lower plot shows change in interest rates in basis points (against previous Friday). Source for all market data: Bloomberg

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	09/01	8:30	GDP	%	2Q/2023 *F			-0.3	-2.4	-0.3	-2.4	-0.3	-2.4
HU	09/01	8:30	Trade balance	EUR M	06/2023 *F			1568				1481	
HU	09/01	9:00	PMI manufacturing		08/01/2023			46.5		45.3		45.70	
PL	09/01	9:00	PMI manufacturing		08/01/2023			43.1		43.9		43.5	
CZ	09/01	9:30	PMI manufacturing		08/01/2023			42.9		41.8		41.4	
CZ	09/01	14:00	Budget balance	CZK B	08/01/2023							-214.1	
CZ	09/04	9:00	Real wages	%	2Q/2023								-6.7
HU	09/06	8:30	Retail sales	%	07/01/2023								-8.3
CZ	09/06	9:00	Construction output	%	07/01/2023								1.0
CZ	09/06	9:00	Industrial output	%	07/01/2023								0.9
CZ	09/06	9:00	Trade balance (national)	CZK B	07/01/2023								18.2

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