

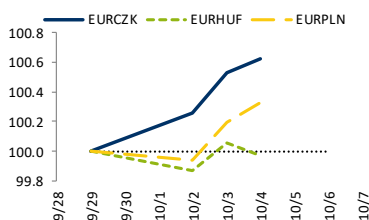
# Central Europe Wednesday



Moving forward  
together.

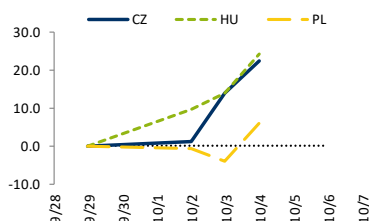
Wednesday, 04 October 2023

## Forex markets (index)



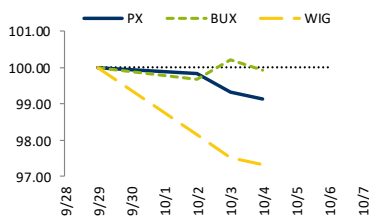
	LAST	PREVIOUS	CHANGE (%)
EURCZK	24.53	24.50	0.09
EURHUF	389.1	389.4	-0.09
EURPLN	4.636	4.630	0.13

## Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	5.011	4.926	8.5
HUGB 10Y	7.62	7.51	1.4
PLGB 10Y	5.96	5.86	1.7

## Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1337.7	1340.2	-0.19
BUX	55794	55959	-0.30
WIG	63643	63777	-0.21

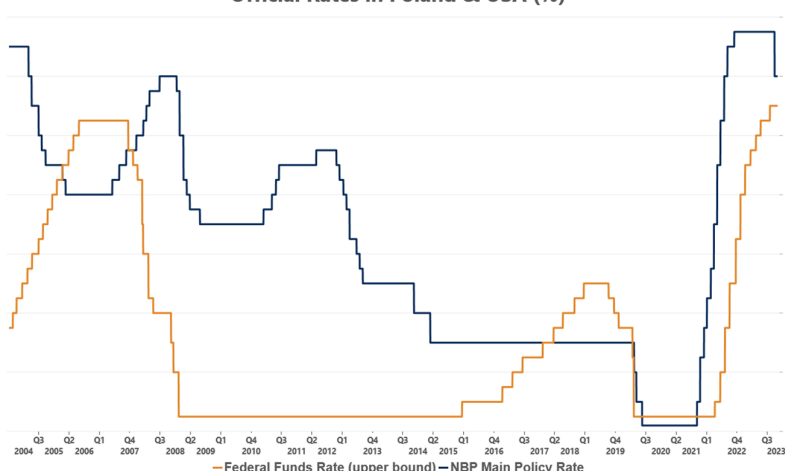
## Our regional insights:

### NBP meets again and all CE currencies are watching

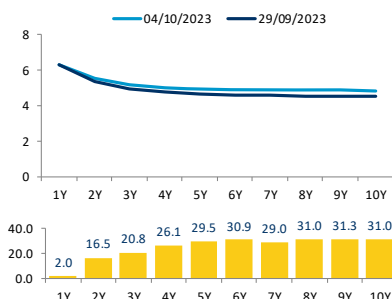
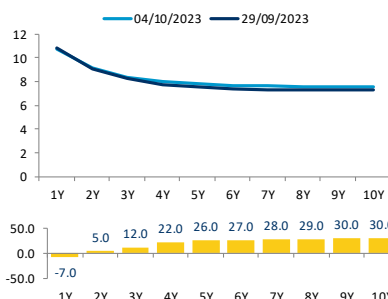
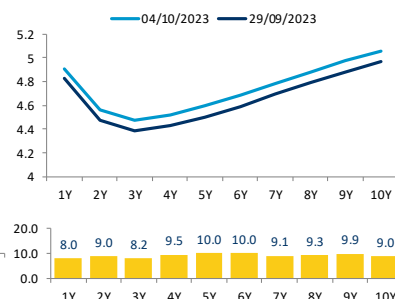
The Polish central bank, which surprisingly cut rates by 75 basis points in September, meets again this afternoon. The radical drop in inflation in September would theoretically call for another aggressive easing, but the NBP cannot afford to do so in order to maintain the stability of the zloty (especially ahead of the October 15 elections). The rhetoric from NBP President Glapinski and other doves on the Monetary Policy Committee suggested a cautious approach, which would imply that this time official rates will be cut only minimally - i.e. by only 25 basis points. This move seems to be priced-in and it is in-line with our expectations too. However, if, for example, there is a 50 bps cut, then Polish official interest rates will effectively reach the US Fed funds rate, which may make the zloty vulnerable as it is significantly cheaper to take long positions on the EUR/PLN pair (see the chart below).

The NBP's decision will also be closely monitored by other regional currencies as there was an immediate weakening of the zloty after the September meeting, which had a partially negative impact on other currencies (especially the Czech koruna at that time). Let's add that even if the NBP cuts rates by 25 bps as expected, the markets must also watch out for NBP President Glapinski's press conference tomorrow afternoon.

### Official Rates in Poland & USA (%)



## 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	10/04	9:00	Retail sales	%	08/01/2023					-7.1		-5.7	-7.6
CZ	10/04	12:00	CZ bond auction 2023-2029, 5.75%	CZK B	10/01/2023					6			
CZ	10/04	12:00	CZ Bond auction 2023-2032, 4.50%	CZK B	10/01/2023					4			
CZ	10/04	12:00	CZ bond auction 2022-2035, 2.50%	CZK B	10/01/2023					2			
PL	10/04	16:00	NBP meeting	%	10/01/2023	5.75				5.75		6.00	
HU	10/06	8:30	Industrial output	%	08/01/2023							2.8	-2.5
CZ	10/06	9:00	Retail sales ex autos	%	08/01/2023								-1.8
CZ	10/06	9:00	CNB minutes		09/01/2023								
PL	10/06	14:00	NBP minutes	NBP	10/01/2023								

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