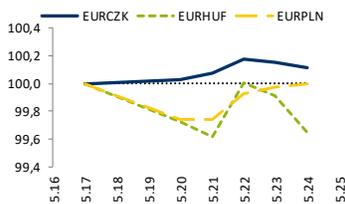




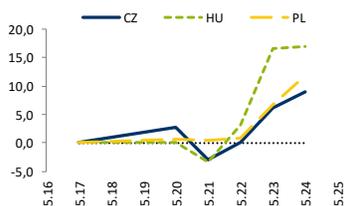
Friday, 24 May 2024

Forex markets (index)



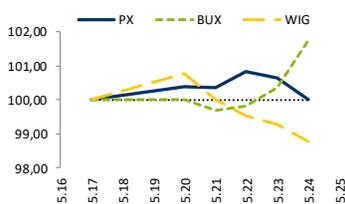
| | LAST | PREVIOUS | CHANGE (%) |
|--------|-------|----------|------------|
| EURCZK | 24,72 | 24,73 | -0,04 |
| EURHUF | 385,6 | 386,6 | -0,26 |
| EURPLN | 4,262 | 4,261 | 0,02 |

Gov. bonds 10 Y (bps change)



| | LAST | PREVIOUS | CHANGE (bps) |
|----------|-------|----------|--------------|
| CZGB 10Y | 4,209 | 4,182 | 2,7 |
| HUGB 10Y | 6,87 | 6,87 | 0,1 |
| PLGB 10Y | 5,78 | 5,73 | 0,9 |

Equity indices (index)



| | LAST | PREVIOUS | CHANGE (%) |
|-----|--------|----------|------------|
| PX | 1561,6 | 1571,2 | -0,61 |
| BUX | 69271 | 68320 | 1,39 |
| WIG | 87648 | 88091 | -0,50 |

Regional insights

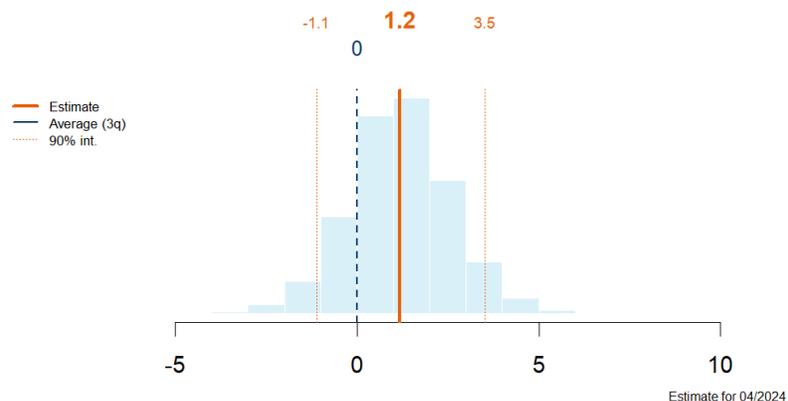
A solid start of the Polish economy into the 2nd quarter

The Polish economy entered the second quarter on a positive note and all indications are that growth should accelerate further. In fact, industrial production was very promising in April, growing by more than 7%, and importantly, the construction sector improved. In this case, output rose in April after falling throughout the first quarter.

The April retail sales result was somewhat disappointing, but we expect household consumption to be the main driver of growth in the second quarter. It should continue to be supported by very rapid real wage growth. In this context, let us recall that nominal wage growth was 11.3% year-on-year, implying that real wages are growing by almost 9%. This strong growth is due not only to the rapid decline in inflation, but also to a very tight labour market, with unemployment rates still close to historical levels. Interestingly, the labour market remains very tight even though the influx of migrants from war-affected Ukraine has not abated, but it has accelerated.

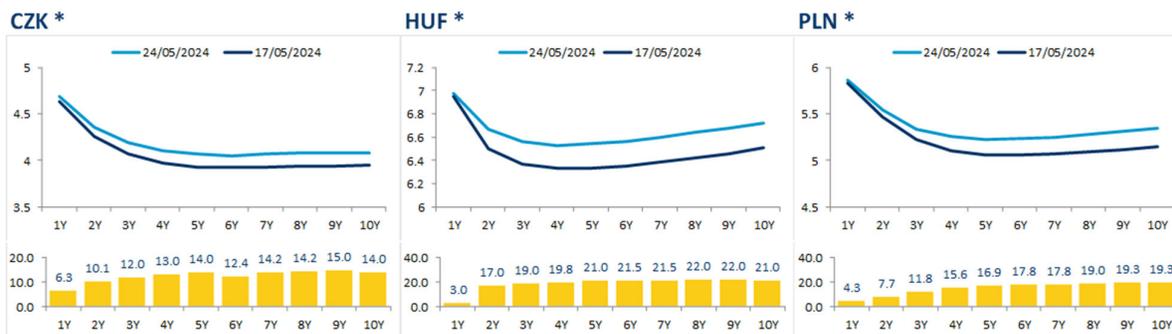
All in all, according to our nowcasts, the April set of estimates implies that quarter-on-quarter GDP growth could be 1.2%, or around 3% year-on-year. While this will be a further acceleration in growth, it is questionable whether such a number is cause for optimism. Let us add that, for example, the NBP staff forecast bets on faster growth, while the recent growth rate is still lagging behind the growth that the Polish economy was able to generate (on average) before the Covid pandemic.

Nowcast of the Polish GDP for 2024Q2 (QoQ change in %)



Estimate for 04/2024

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). 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 | 05.24 | 8:30 | Unemployment rate | % | 04/2024 | | | | 4,4 | | 4,4 | |
| PL | 05.24 | 14:00 | Money supply M3 | % | 04/2024 | | | | | 6,7 | -0,3 | 6,6 |
| PL | 05.27 | 10:00 | Unemployment rate | % | 04/2024 | | | | | | | |
| CZ | 05.29 | 12:00 | CZ bond auction 2024-2033, 3,00% | CZK B | 05/2024 | | | | 5 | | | |
| CZ | 05.29 | 12:00 | CZ bond auction 2022-2035, 2,50% | CZK B | 05/2024 | | | | 3 | | | |
| CZ | 05.29 | 12:00 | CZ bond auction 2020-2040, 1,50% | CZK B | 05/2024 | | | | 1 | | | |

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