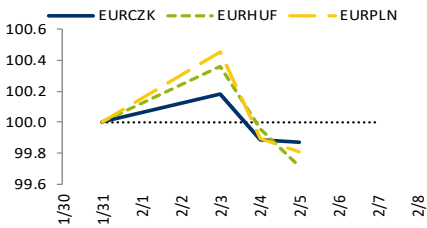


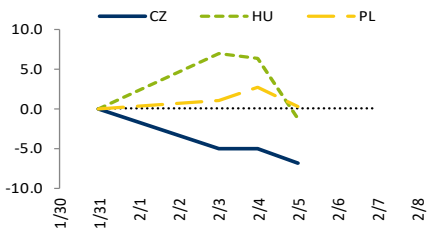
Wednesday, 05 February 2025

Forex markets (index)



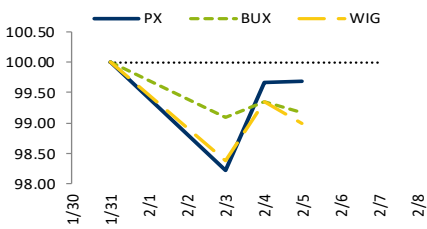
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.15	25.15	-0.02
EURHUF	406.1	407.1	-0.24
EURPLN	4.206	4.209	-0.09

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	3.895	3.913	-1.8
HUGB 10Y	6.63	6.70	-1.1
PLGB 10Y	5.84	5.86	-0.4

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1865.1	1864.8	0.02
BUX	84787	84941	-0.18
WIG	86497	86793	-0.34

Our regional insights:

The NBP on hold again

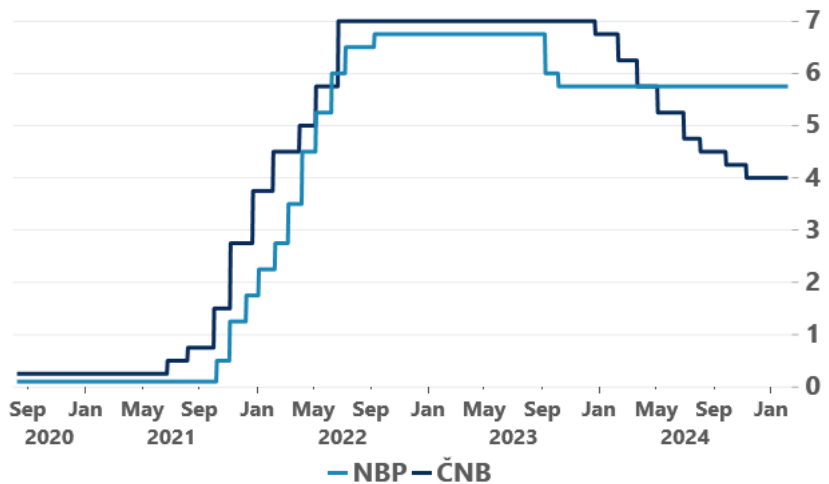
The National Bank of Poland meets this afternoon, and it will surely leave official interest rates unchanged this time as well. Inflation in Poland has remained above the upper limit of the targeted corridor, and it is still expected to reach a (local) high during this quarter. The hawkish NBP Monetary Policy Committee will therefore still have no reason to change the level of interest rates, despite the zloty continuing to appreciate thanks to the widening interest rate differential.

The CNB ready to cut by another 25bps

The Bank Board of the Czech National bank is going meet tomorrow and this time it can be 'a live meeting'. Recall that the CNB left the official rate unchanged at 4.0% in December and is expected to restart the cutting cycle in February 2025.

We continue to believe in two additional rate cuts (February, May) that should bring the base rate to 3.50% by the end of Q2 2025, where we assume longer-term stability of the interest rates. The risks are skewed towards lower interest rates trajectory mainly on the risks associated with weaker industrial performance and slightly higher unemployment. Additionally, weaker European growth could push European rates lower than we currently anticipate (2.0%) which could result in additional pressure to cut rates in Czechia at the end of the year.

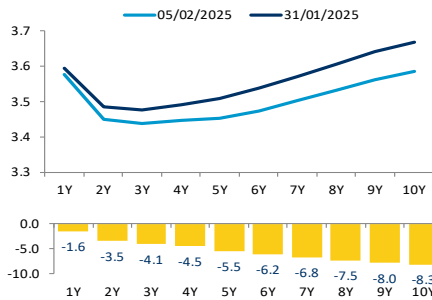
Official interest rates (in %)



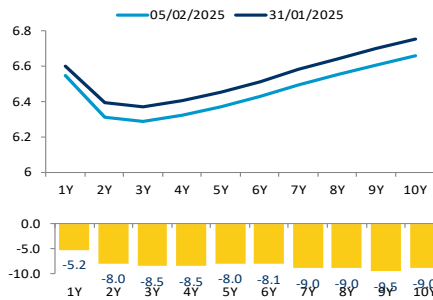
— NBP — ČNB

Interest-rate Swap Curves

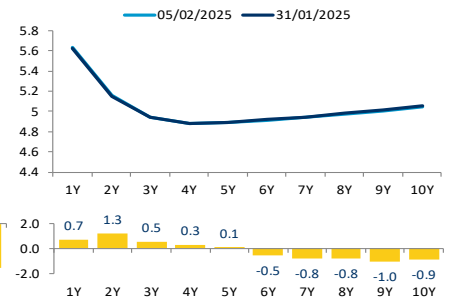
CZK *



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
CZ	02/05	9:00	Retail sales ex autos	%	12/2024	3.5	6.2		4.2		4.3	
PL	02/05	15:00	Policy rate	NBP	02/2025	5.75			5.75		5.75	
HU	02/06	8:30	Industrial output	%	12/2024				-3.4		-1.6	-2.9
HU	02/06	8:30	Retail sales	%	12/2024				1.8		4.1	
CZ	02/06	9:00	Construction output	%	12/2024						2.5	
CZ	02/06	9:00	Industrial output	%	12/2024	-3.5			-3.2		-2.7	
CZ	02/06	9:00	Trade balance (national)	CZK B	12/2024				5.3		23.6	
CZ	02/06	9:00	CPI	%	01/2025 *P	1.0	2.5		1.1	2.6	-0.3	3.0
CZ	02/06	14:30	Repo rate	CNB	02/2025	3.75			3.75		4.00	

Contacts

Brussels Research (KBC)		Global Sales Force	
Mathias van der Jeugt	+32 2 417 51 94	Brussels	
Peter Wuyts	+32 2 417 32 35	Corporate Desk	+32 2 417 45 82
Mathias Janssens	+32 2 417 51 95	Institutional Desk	+32 2 417 46 25
		France	+32 2 417 32 65
		London	+44 207 256 4848
		Singapore	+65 533 34 10
Prague Research (CSOB)		Prague	
Jan Čermák	+420 2 6135 3578	Prague (Equities)	+420 2 2142 4216
Jan Bureš	+420 2 6135 3574		
Bratislava Research (CSOB)		Bratislava	
Marek Gabris	+421 2 5966 8809		+421 2 5966 8820
Budapest Research		Budapest	
David Nemeth	+36 1 328 9989		+36 1 328 99 85

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