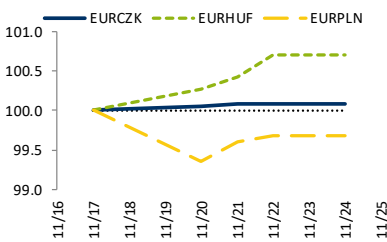


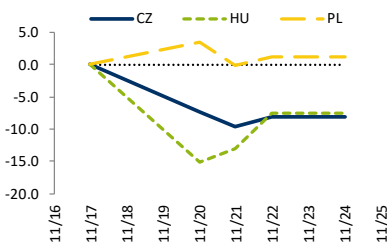
Friday, 24 November 2023

Forex markets (index)



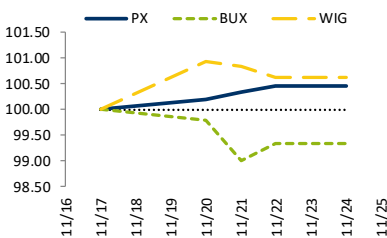
	LAST	PREVIOUS	CHANGE (%)
EURCZK	24.52	24.52	0.00
EURHUF	381.8	381.8	0.00
EURPLN	4.375	4.375	0.00

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	4.259	4.259	0.0
HUGB 10Y	6.80	6.80	0.0
PLGB 10Y	5.48	5.48	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1390.2	1390.2	0.00
BUX	56631	56631	0.00
WIG	74555	74555	0.00

Regional insights

Eva Zamrazilová stressed the importance of January inflation

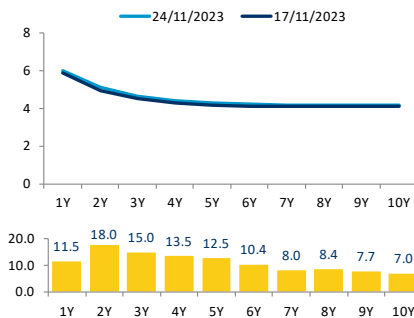
Deputy Governor Eva Zamrazilová's latest interview shows that she really wants to be sure about January inflation - especially the effect of January's repricing and the impact of the increase in regulated components on energy prices - before the first fall in interest rates. Zamrazilová reiterated the concerns mentioned in the last minutes of the CNB meeting - the risk associated with a premature fall in interest rates in an environment of poorly anchored inflation expectations is, in her view, greater than the risks associated with the negative impact of higher interest rates on economic growth. Zamrazilová's statement suggest that for our baseline scenario (a 25bps rate cut as early as in December) to materialise, the central bank will need to be more confident about the outcome of January inflation.

This is well possible. During the first half of December, when several energy providers may announce January tariff changes, it can become clearer what impact the combination of price decreases in the market component and significant increases in the regulatory component will have on the overall electricity and gas prices. In addition, shifts in the prices of some services (hospitality), subscriptions (newspapers, magazines), gift cards or annual passes may help to indicate the strength of the "January repricing" effect already during December.

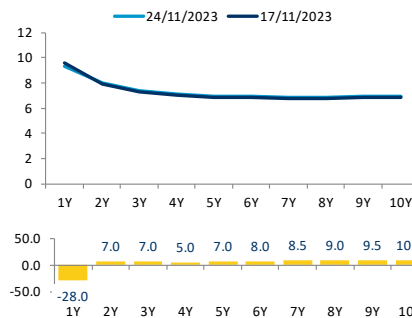
Simultaneously with emerging clearer picture on January inflation, data from the real economy may confirm continuing decline in industrial production and shift the balance of sentiment in the Board slightly towards the dovish wing. For now, we still consider the first, very cautious cut at the December meeting more likely than interest rate stability. The risks of the prediction are significant, though, and clearly skewed towards a later start of the monetary easing cycle - as, indeed, Vice Governor Zamrazilová's remarks in the latest interview indicated.

Interest-rate Swap Curves

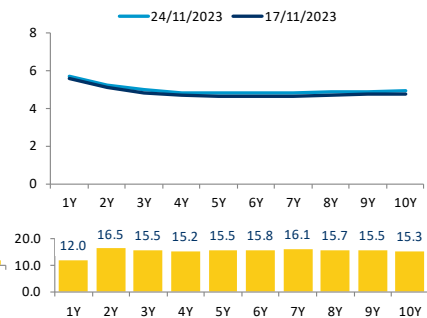
CZK *



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	11/24	8:30	Unemployment rate	%	10/01/2023		4.1		3.9		3.9	
PL	11/24	10:00	Unemployment rate	%	10/01/2023				5.0		5.0	
HU	11/30	8:30	PPI	%	10/01/2023						1.7	-2.5
PL	11/30	10:00	CPI	%	11/2023 *P						0.3	6.6
PL	11/30	10:00	GDP	%	3Q/2023 *F						1.4	0.4
CZ	11/30	11:00	Money supply M2	%	10/01/2023							8.2
PL	11/30	15:00	Budget balance	PLN M	10/01/2023							-34694
HU	12/01	8:30	GDP	%	3Q/2023 *F						0.9	-0.4
HU	12/01	8:30	Trade balance	EUR M	09/2023 *F							1263
CZ	12/01	9:00	GDP	%	3Q/2023 *P							-0.3

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

DISCOVER MORE ECONOMIC INSIGHTS AT WWW.KBCECONOMICS.COM

This non-exhaustive information is based on short-term forecasts for expected developments on the financial markets. KBC Bank cannot guarantee that these forecasts will materialize and cannot be held liable in any way for direct or consequential loss arising from any use of this document or its content. The document is not intended as personalized investment advice and does not constitute a recommendation to buy, sell or hold investments described herein. Although information has been obtained from and is based upon sources KBC believes to be reliable, KBC does not guarantee the accuracy of this information, which may be incomplete or condensed. All opinions and estimates constitute a KBC judgment as of the date of the report and are subject to change without notice.

