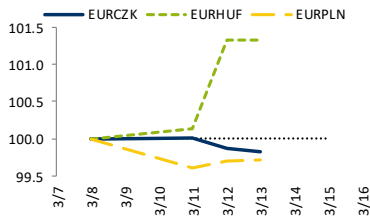


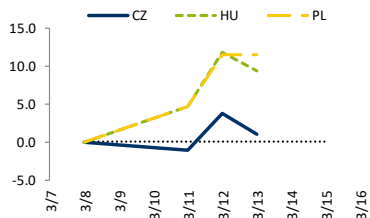
Wednesday, 13 March 2024

Forex markets (index)



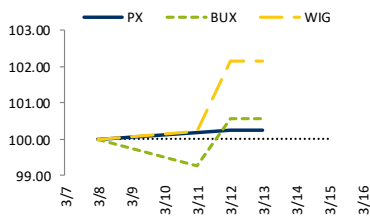
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.28	25.29	-0.04
EURHUF	399.3	399.4	0.00
EURPLN	4.288	4.287	0.02

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	3.718	3.745	-2.7
HUGB 10Y	6.37	6.40	-0.4
PLGB 10Y	5.38	5.38	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1466.9	1466.9	0.00
BUX	66455	66455	0.00
WIG	81916	81916	0.00

Our regional insights:

EUR/HUF tested the 400 figure

The forint was hit badly yesterday with the Hungarian currency weakening by more than 1% against the euro after US inflation data slightly exceeded expectations. This could mean a wait-and-see approach by the Fed to start cutting interest rates, which could cause headaches for the NBH, which has been cutting rates at a dynamic pace. The EUR/HUF pair was testing the 400 big figure, which it has failed to break above and it is trading visibly lower now.

Strong Czech retail: bullish signal to the CNB

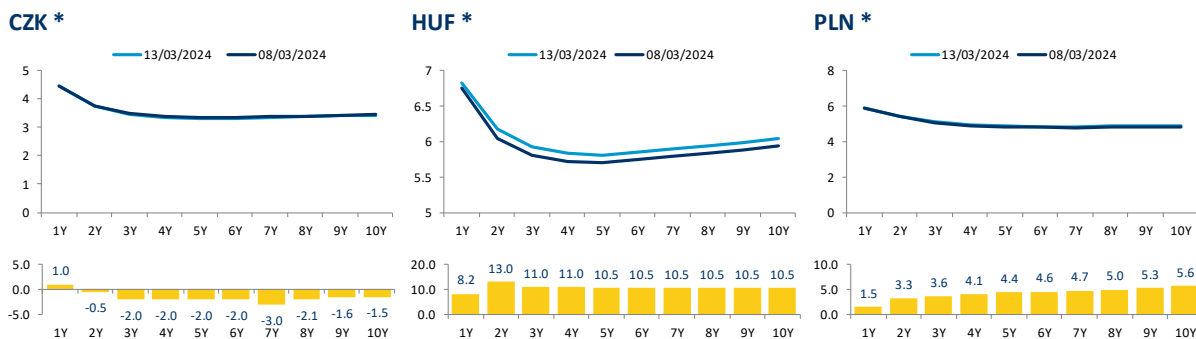
January's Czech retail sales grew at a faster pace (+2.4% YoY) than we and the market had expected (our estimate of +0.1%). This is positive news pointing to a continued recovery in consumption that has kicked in at the end of 2024.

After less than two years, real food spending grew again- mainly due to lower prices in stores (prices down more than 5% YoY). Real spending on non-food items also grew, although not in all types of stores. Sales in drugstores and pharmacies continued to grow visibly, and sales in the culture, sports and recreation segment also started to grow YoY. On the other hand, electronics and clothing stores, for example, are lagging behind. In the case of clothing and footwear, this may be, among other things, the result of persistent consumer inflation in this segment - in contrast to cheaper food, clothing prices continue to rise by more than 5% YoY.

Overall, however, the retail sales results for January are positive and so far confirm our bets on a visible recovery in real consumption in 2024. We continue to forecast consumption growth of 2.4% in 2024, while the Czech central bank has so far been much more cautious in its estimates (+1.4%).

If January industrial production figures meet our expectations, it will signal to the Czech National bank that the February staff forecast may have been too pessimistic given GDP growth this year (the CNB estimates +0.6% vs. our estimate of +1.4% for growth in 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
CZ	03/13	12:00	CZ bond auction 2024-2033, x.xx%	CZK B					5			
CZ	03/13	12:00	CZ bond auction 2023-2043, floating rate	CZK B					1			
HU	03/13	14:00	Minutes of the monetary policy meeting	NBH								
CZ	03/15	9:00	Construction output	%								-4.6
CZ	03/15	9:00	Industrial output	%		2.9			2.0			-6.0
CZ	03/15	10:00	Current account	CZK B					13.55			13.24
PL	03/15	10:00	CPI	%					0.5	3.2	0.4	3.9
PL	03/15	14:00	Current account	EUR M					1459			-24
PL	03/15	14:00	Trade balance	EUR M					918			-556

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