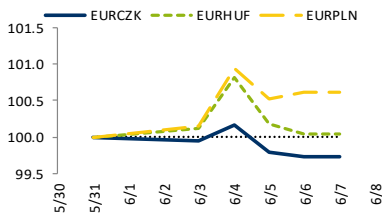


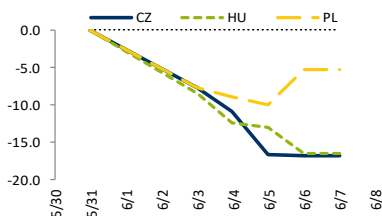
Friday, 07 June 2024

**Forex markets (index)**



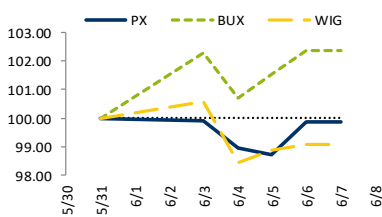
	LAST	PREVIOUS	CHANGE (%)
EURCZK	24.62	24.62	0.00
EURHUF	390.1	390.1	0.00
EURPLN	4.296	4.296	0.00

**Gov. bonds 10 Y (bps change)**



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	4.164	4.164	0.0
HUGB 10Y	6.70	6.70	0.0
PLGB 10Y	5.64	5.64	0.0

**Equity indices (index)**



	LAST	PREVIOUS	CHANGE (%)
PX	1551.8	1551.8	0.00
BUX	69504	69504	0.00
WIG	85522	85522	0.00

## Regional insights

### Glapinski: no chance to cut rate this year

A press conference by NBP President Glapinski yesterday afternoon made clear the clear determination of the majority of the Monetary Policy Committee not to cut interest rates this year. In a prepared presentation, Glapinski argued that inflation will rise to substantially in the second half of the year thanks to the removal of energy price subsidies. Even based on this forecast, Glapinski would like to see interest rates cut (only) in mid-2025.

We take note of the NBP's policy, or the distribution of votes within the MPC, and therefore no longer foresee a rate cut in Poland this year in our outlook. Perhaps needless to say, NBP's hawkish stance is definitely good news for the zloty.

### Czech industry continues to recover

Czech industrial production rose by 0.6% month-on-month in April, which implies almost flat growth in year-on-year terms (-0.2%).

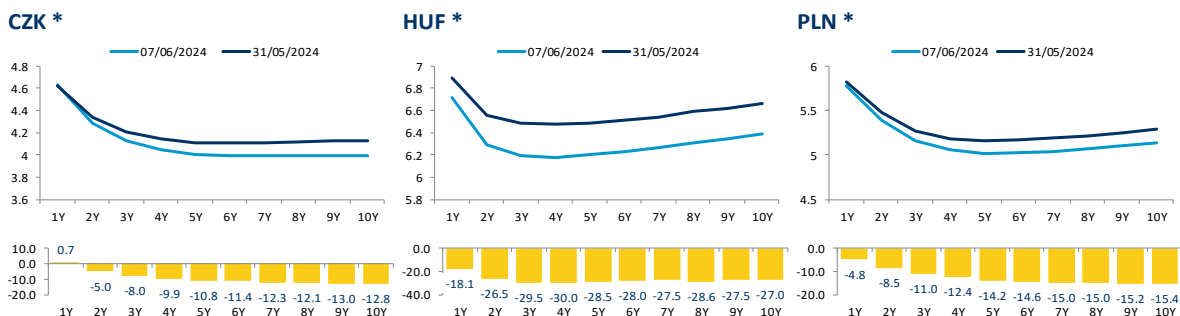
Manufacturing continued to fare better, while mining and energy production lagged and deteriorated. However, we see significant differences within manufacturing.

On the other hand, a more positive turnaround in production (month-on-month) is reported by the important engineering industry, which is also supported by growth in new orders. Although engineering numbers are usually very cyclical, this is the most positive signal from the April industry - if the positive turnaround in one of the most cyclical sectors is confirmed, it may point to a stabilization of domestic and foreign investment demand.

By contrast, the automotive segment is not reporting anything surprisingly positive this time - seasonally adjusted production is rising slightly month-on-month, but new orders are falling. We continue to expect a weaker performance from the automotive perspective this year.

Taken together with April's retail sales figures, today's industry results are in line with our bets for a continued recovery in the Czech economy. We therefore continue to forecast growth of +0.5% q-o-q in Q2 2024 and 1.4% for the full year (in line with the latest CNB staff forecast).

## 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	06/07	8:30	Industrial output	%	04/2024		-0.7	-2.4	1.2	0.7	-3	-2.8
CZ	06/07	10:00	FX reserves of the CNB	EUR B	05/2024		136.4				136.4	
PL	06/07	14:00	Minutes of the monetary policy meeting	NBP	06/2024							
HU	06/10	8:30	CPI	%	05/2024						0.7	3.7
CZ	06/10	9:00	Unemployment rate 15-64	%	05/2024						3.7	
HU	06/10	11:00	Budget balance	HUF B	05/2024						-2597.5	
CZ	06/11	9:00	CPI	%	05/2024						0.7	2.9
CZ	06/12	12:00	CZ Bond auction 2023-2032, 4.50%	CZK B	06/2024					3		
CZ	06/12	12:00	CZ bond auction 2023-2034, 4.90%	CZK B	06/2024					3		
CZ	06/12	12:00	CZ bond auction 2021-2037, 1.95%	CZK B	06/2024					1		

## Contacts

Brussels Research (KBC)			Global Sales Force		
Mathias van der Jeugt	+32 2 417 51 94		<b>Brussels</b>		
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
<b>Prague Research (CSOB)</b>			<b>Prague</b>		
Jan Čermák	+420 2 6135 3578		Prague (Equities)		+420 2 2142 4216
Jan Bureš	+420 2 6135 3574				
<b>Bratislava Research (CSOB)</b>			<b>Bratislava</b>		
Marek Gabris	+421 2 5966 8809				+421 2 5966 8820
<b>Budapest Research</b>			<b>Budapest</b>		
David Nemeth	+36 1 328 9989				+36 1 328 99 85

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