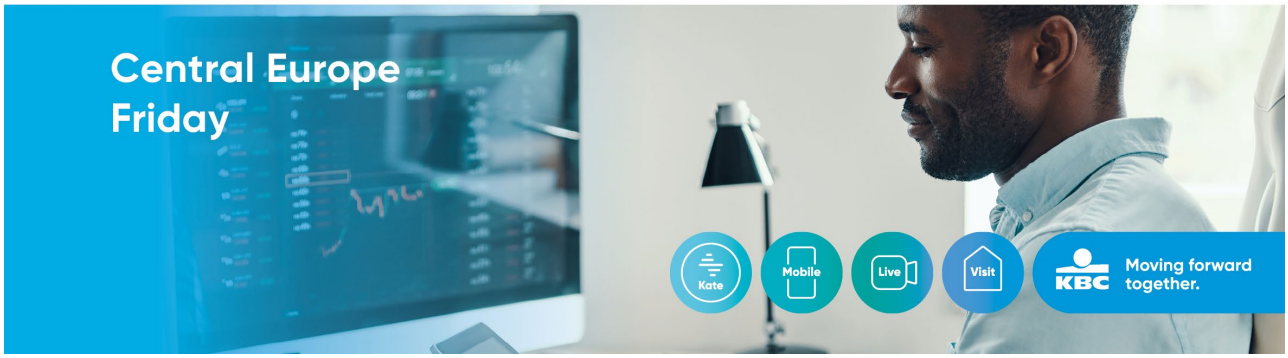
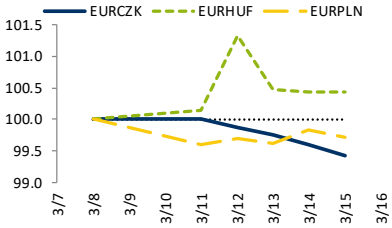


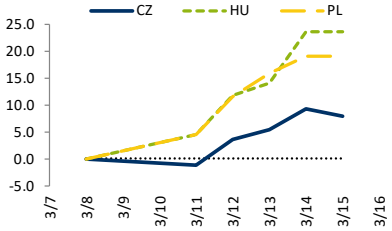
Friday, 15 March 2024

Forex markets (index)



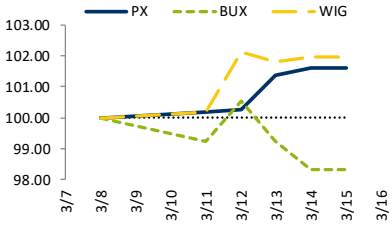
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.18	25.22	-0.17
EURHUF	395.8	395.8	-0.01
EURPLN	4.288	4.293	-0.11

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	3.787	3.801	-1.4
HUGB 10Y	6.51	6.51	0.0
PLGB 10Y	5.46	5.46	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1486.6	1486.6	0.00
BUX	64988	64988	0.00
WIG	81788	81788	0.00

Regional insights

Czech industry fell short of expectations in January and continues to stumble

January's industrial output fell short of our expectations and merely stagnated, while we and the market had expected annual growth of between 2-3%.

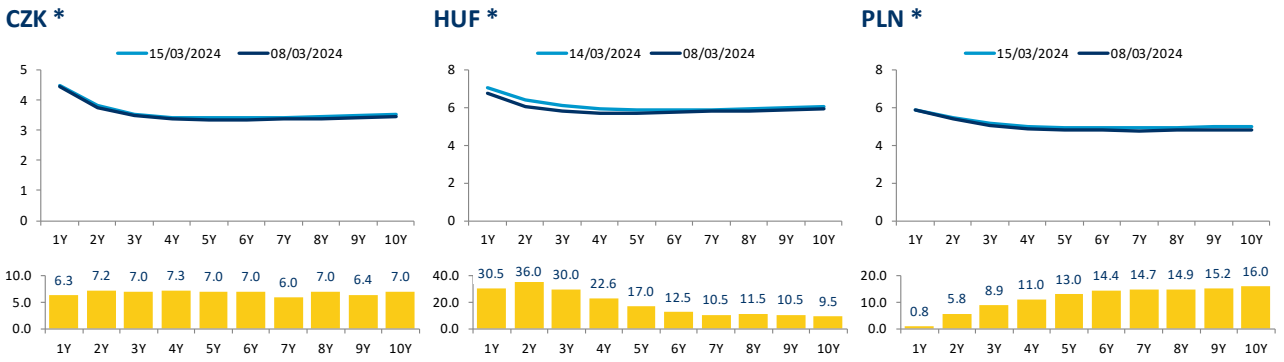
In terms of year-on-year dynamics, the automotive and electrical equipment manufacturers in particular continued to perform well, while miners, base metal processors and other energy-intensive industries continued to fare poorly. On a month-on-month basis, however, there was a decline in output in January (on a seasonally adjusted basis) across most key sectors, including machinery and the automotive segment. And unfortunately, we see similar developments in the core sectors when looking at new orders - representatives of Škoda Auto in Mladá Boleslav have warned in recent weeks that we will see a slight decline in new orders in their segment this year as well.

Although we believe that the January numbers may be slightly revised in February and March, the industry is likely to be a negative contributor to GDP in early 2024. Given the stabilisation of sentiment across Europe and the expected decline in interest rates, we continue to bet on the industrial recovery around mid-year.

Thus, at the beginning of 2024, we see again a two faces of the Czech economy - on the one hand, domestic consumption is starting to recover thanks to lower inflation (confirmed by the last strong retail sales), on the other hand, the pro-export industry faces weakening demand. In terms of the Q1 20204 GDP estimate, we expect the weaker industrial figures to be more or less offset by stronger retail. On the other hand, the risks to our estimate (+0.4% q/q) are skewed to the downside - the industrial surprise was more pronounced and the stumbling industry also reports a reduction in headcount (-2.0%), which could put a drag on consumer appetite over time.

SOurce: CSOB with use of CZSO

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	03/15	9:00	Construction output	%	01/2024				-5.9				-4.6
CZ	03/15	9:00	Industrial output	%	01/2024		2.9		0.0		2.0		-6.0
CZ	03/15	10:00	Current account	CZK B	01/2024			6.85		13.60		13.24	
PL	03/15	10:00	CPI	%	02/2024			0.3	2.8	0.5	3.2	0.4	3.9
PL	03/15	14:00	Current account	EUR M	01/2024					1459		-24	
PL	03/15	14:00	Trade balance	EUR M	01/2024					947		-556	
CZ	03/18	9:00	PPI	%	02/2024							2.5	-1.8
PL	03/18	14:00	Core CPI	%	02/2024					0.5	5.4		
PL	03/20	10:00	Wages	%	02/2024							-3	12.8
PL	03/20	10:00	Industrial output	%	02/2024							2.3	1.6
PL	03/20	10:00	PPI	%	02/2024							-0.2	-9.0

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