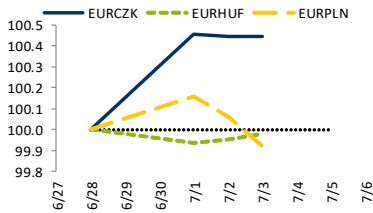


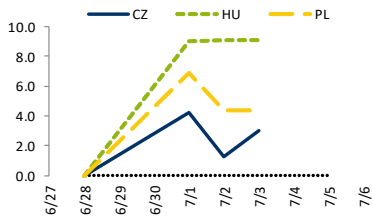
Wednesday, 03 July 2024

Forex markets (index)



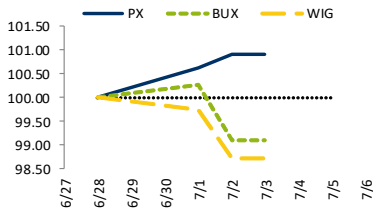
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.16	25.16	0.00
EURHUF	394.9	394.8	0.03
EURPLN	4.307	4.313	-0.14

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	4.208	4.191	1.7
HUGB 10Y	6.91	6.91	0.0
PLGB 10Y	5.78	5.78	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1559.7	1559.7	0.00
BUX	71456	71456	0.00
WIG	87485	87485	0.00

Our regional insights:

The NBP will keep official rates at high levels

The Polish central bank meets this afternoon, and despite low inflation (the headline basically sits at the NBP target of 2.5%), it is very likely that the MPC will leave official interest rates on hold again. There will probably be little change in the accompanying NBP statement, which will refer to substantial uncertainty, related to the impact of fiscal and regulatory policies on price developments. The NBP's new quarterly staff forecast will probably revise the outlook for GDP growth slightly downwards, while the relatively high inflation estimates for 2025 (especially as regards the core component) are very controversial.

Recall that there is a press conference by NBP President Glapinski scheduled for tomorrow afternoon. We'll see if he changes his hawkish rhetoric at least a bit - recall that after the last meeting Glapinski said he didn't see room for the NBP to cut official interest rates this year. Perhaps needless to say, as long as the NBP keeps the base rate at 5.75%, there is minimal room for any sustained depreciation of the zloty.

Regional PMI's disappointed in June

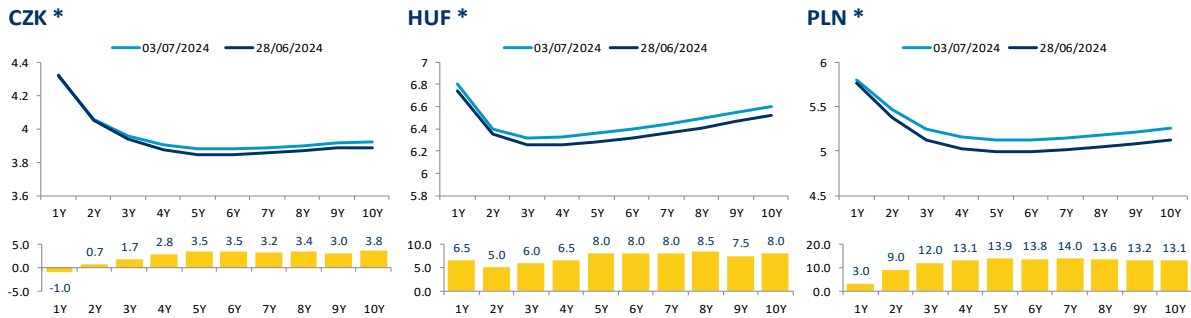
Business sentiment deteriorated in Central Europe in line with weaker German readings for June. Recall that PMI's in the Czech Rep., Hungary and Poland slipped below the key 50 pints level last month. A poor development of the new orders sub-index is a worrying development.

PMI Business Surveys in Manufacturing



Source: KBC Economics based on SAP Global, H&LPMI

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	Unit	Period	Forecast		Actual		Consensus		Previous	
						m/m	y/y	m/m	y/y	m/m	y/y	m/m	y/y
PL	07/03	16:00	Policy rate	NBP	07/2024	5.75				5.75		5.75	
CZ	07/04	9:00	Retail sales ex autos	%	05/2024	3.9				5.0		5.3	
PL	07/04	15:00	NBP President Press Conference	NBP	07/2024								
HU	07/05	8:30	Industrial output	%	05/2024					-2.1		-0.7	-2.4
HU	07/05	8:30	Retail sales	%	05/2024					4.4		3.2	
HU	07/05	8:30	Trade balance	EUR M	05/2024 *P							1750	
PL	07/05	14:00	Minutes of the monetary policy meeting	NBP	07/2024								
CZ	07/08	9:00	Construction output	%	05/2024								-0.3
CZ	07/08	9:00	Industrial output	%	05/2024		-1.5						9.0

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