

CIB WEEKLY REPORT



Contents

- **What to watch in the week ahead**
- **Summary of recent macro and market events**
- **Forecast tables**
- **Macro diary**

What to watch next week

Local market movers

The key event of the forthcoming week is going to be the Monetary Council meeting. According to the market consensus, the MC will raise the policy rate by 15 bps -in line with the September forward guidance. However, the inflation outlook has worsened, and the HUF has weakened since the last MC meeting. Therefore, it will be interesting to see, how the central bank reacts to the most recent market and inflation developments.

nk External developments

Final September inflation data and flash October PMI's are on the agenda in the euro zone. The HICP statistics are unlikely to bring any surprises, meanwhile the PMI's could confirm that the economy is losing momentum. Nonetheless, both the manufacturing and services PMIs will remain conveniently above the 50-point threshold.

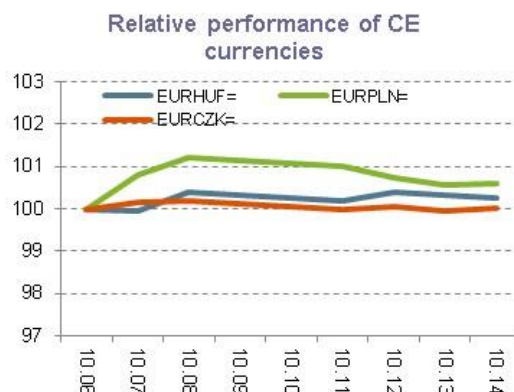
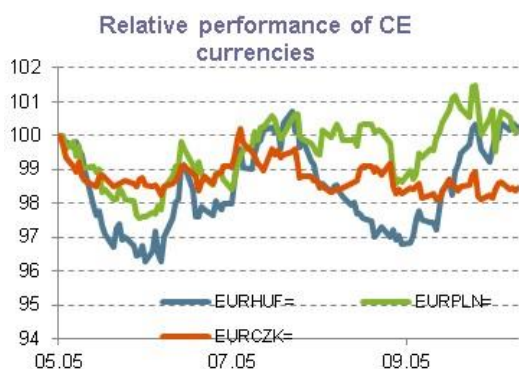
Housing figures, the most recent IP data and a few regional manufacturing indices will be released in the US. The figures are not likely to have a major impact on the outlook for Fed policy. The FOMC is widely expected to announce the official start of tapering in November.

Summary of recent macro and market developments

HUF eyes the MC meeting

The forint showed less volatile movements (compared to previous weeks) during the last couple of days, EUR/HUF moved in a very narrow range between 358-361. At the time of closing our weekly report, the market was moving in the lower part of this band, near 359. Lacking any domestic market-moving events the Hungarian unit fit into the regional trend, and moved in tandem with CZK and PLN. The market is in a wait-and-see mode ahead of next week's NBH meeting. Following the 15-bps rate hike in September (which was smaller than expected), the central bank hinted on yet another 15-bps increase in October. Although, the upside risks to the inflation outlook mainly due to the energy prices crisis and the global supply problems (such as the global chip and container shortage) may force the central bank to return to a brisker pace of monetary tightening, we do not expect a surprising step from the NBH.

QE will remain in the spotlight, too. Investors will keep a close eye on the NBH's amount of weekly purchases. According to the market expectations, the QE amount will be reduced again. Thus, yields at the long-end segment of the curve rose by 10-20 basispoints while the short end of the yield curve remained stable.



CE3 GOVERNMENT BOND YIELDS

	HU		PL		CZ		EU
SPOT (bid)	yield (%)	spread (bp)	yield (%)	spread (bp)	yield (%)	spread (bp)	yield (%)
1Y	1,58	226	1,64	231	2,32	300	-0,68
3Y	2,60	330	1,73	243	2,24	294	-0,70
5Y	3,08	357	2,20	269	2,38	287	-0,49
10Y	3,72	386	2,71	285	2,38	252	-0,14
60-DAY AVG	yield (%)	spread (bp)	yield (%)	spread (bp)	yield (%)	spread (bp)	yield (%)
1Y	1,28	194	0,66	132	1,37	203	-0,66
3Y	2,18	294	0,87	163	1,67	243	-0,76
5Y	2,47	313	1,37	202	1,86	252	-0,66
10Y	3,10	345	1,76	211	1,91	226	-0,35

Macroeconomic and market forecasts

	Unit	2017	2018	2019	2020	2021*	2022*
GDP growth, y/y - CIB forecast (*)	%	4,3	5,1	4,9	-5,1	7,0	5,0
GDP growth, y/y - Market consensus	%	-	-	-	-6,0	7,0	5,1
Industrial production, y/y	%	4,6	3,5	5,6	-6,1	11,5	5,5
CPI, y/y, average - CIB forecast	%	2,4	2,8	3,4	3,3	4,7	3,7
CPI, y/y, average - Market consensus	%	-	-	-	3,4	4,5	3,6
CPI, y/y, end of period - CIB forecast	%	2,1	2,7	4,0	2,7	5,7	3,3
CPI, y/y, end of period - Market consensus	%	-	-	-	-	-	-
Budget balance / GDP (ESA, including one-off revenues)	%	-2,2	-2,2	-1,6	-8,9	-7,5	-6,5
Unemployment rate	%	3,8	3,6	3,5	4,4	4,2	3,9

EXCHANGE RATES, QUARTERLY AVERAGE						
	2020 Q2	2020 Q4	2021Q2	2021 Q4	2022Q2	2022Q4
EUR/HUF	352	361	355	351	352	350
CHF/HUF	331	335	323	315	309	321
USD/HUF	320	303	294	301	294	289
EUR/CHF	1,06	1,08	1,10	1,11	1,14	1,14
EUR/USD	1,10	1,19	1,21	1,16	1,20	1,21
GBP/USD	1,24	1,32	1,40	1,38	1,43	1,45
GBP/HUF	397	399	412	416	418	418

INTEREST RATE FORECASTS						
(eop)	2020.06	2020.12	2021.06	2021.12	2022.06	2022.12
NHB base rate	0,75%	0,60%	0,90%	2,00%	2,00%	2,00%
HU 3M BUBOR	0,74%	0,75%	0,96%	2,05%	2,05%	2,05%
Fed Funds rate	0,25%	0,25%	0,25%	0,25%	0,25%	0,25%
ECB refi rate	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
SNB 3M Libor target	-0,75%	-0,75%	-0,75%	-0,75%	-0,75%	-0,75%



CIB BANK

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MONDAY 10/18/2021						
Country	Time	Data	Period	Previous	Forecast	Result
US	15:15	IP, prelim., m/m	September	0,4%	0,2%	
US	15:15	Capacity utilization	September	76,4%	76,5%	
TUESDAY 10/19/2021						
Country	Time	Data	Period	Previous	Forecast	Result
HU	14:00	NBH rate decision, base rate	October	1,65%	1,80%	
US	14:30	Building permits, mln unit	September	1,721	1,66	
US	14:30	Housing starts, mln unit	September	1,615	1,615	
AUKCIÓK						
			Amount	Previous	Forecast	Result
HU	11:30	3M T-bill	HUF 15 bln	1,25%		
WEDNESDAY 10/20/2021						
Country	Time	Data	Period	Previous	Forecast	Result
DE	8:00	PPI, y/y	September	12,0%		
DE	8:00	PPI, m/m	September	1,5%		
EZ	10:00	C/A balance, EUR m	August	21,6		
THURSDAY 10/21/2021						
Country	Time	Data	Period	Previous	Forecast	Result
EZ	16:00	Consumer confidence index	October	-4,0		
US	16:00	Initial jobless claims, thousands	weekly	293		
US	16:00	Leading index	September	0,9%	0,5%	
AUCTIONS						
			Amount	Previous	Forecast	Result
HU	11:30	5Y T-bond	HUF 20 bln	2,91%		
HU	11:30	10Y T-bond	HUF 20 bln	3,50%		
HU	11:30	15Y T-bond	HUF 15 bln	3,52%		
FRIDAY 10/22/2021						
Country	Time	Data	Period	Previous	Forecast	Result
DE	9:30	Manufacturing PMI, flash	October	58,4		
DE	9:30	Services PMI, flash	October	56,2		
DE	9:30	Composite PMI, flash	October	55,5		
EZ	10:00	Manufacturing PMI, flash	October	58,6	57,5	
EZ	10:00	Services PMI, flash	October	56,4	55,5	
EZ	10:00	Composite PMI, flash	October	56,2		
US	14:30	Manufacturing PMI, flash	October	60,7		
US	14:30	Services PMI, flash	October	54,9		
US	14:30	Composite PMI, flash	October	55,0		



MONDAY 10/11/2021						
Country	Time	Data	Period	Previous	Forecast	Result
		No major data release	#N/A			
TUESDAY 10/12/2021						
Country	Time	Data	Period	Previous	Forecast	Result
DE	11:00	ZEW index	October	26,5		22,3
AUKCIÓK						
			Amount	Previous	Forecast	Result
HU	11:30	3M T-bill	HUF 15 bln	1,21%		1,25%
WEDNESDAY 10/13/2021						
Country	Time	Data	Period	Previous	Forecast	Result
DE	8:00	HICP, y/y, final	September	4,1%	4,2%	4,1%
DE	8:00	HICP, m/m, final	September	0,0%	0,0%	0,0%
US	14:30	CPI, y/y	September	5,3%	5,3%	5,4%
US	14:30	CPI, m/m	September	0,3%	0,3%	0,4%
AUKCIÓK						
			Amount	Previous	Forecast	Result
HU	11:30	12M T-bill	HUF 10 bln	1,53%		1,54%
THURSDAY 10/14/2021						
Country	Time	Data	Period	Previous	Forecast	Result
US	14:30	Initial jobless claims, thousands	weekly	329		293
US	14:30	PPI, y/y	September	8,3%		8,6%
US	14:30	PPI, m/m	September	0,7%	0,5%	0,5%
FRIDAY 10/15/2021						
Country	Time	Data	Period	Previous	Forecast	Result
EZ	11:00	Trade balance, prelim., EUR m	August	20,7		
US	14:30	Retail sales, m/m	September	0,7%	-0,2%	



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