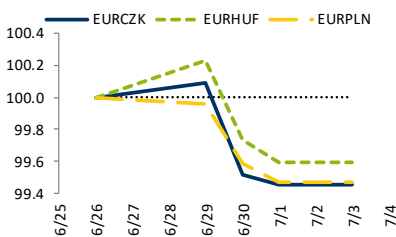




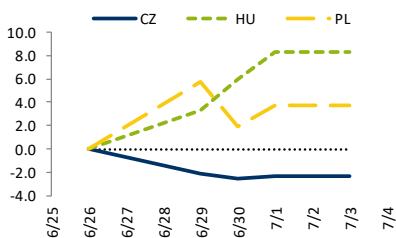
Friday, 03 July 2020

Forex markets (index)



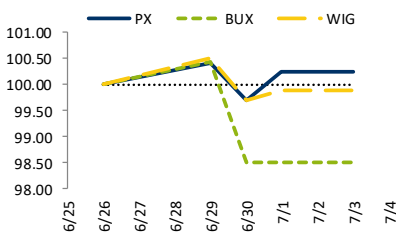
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.63	26.63	0.00
EURHUF	353.8	353.8	0.00
EURPLN	4.441	4.441	0.00

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.753	0.753	0.0
HUGB 10Y	2.17	2.17	0.0
PLGB 10Y	1.39	1.39	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	923.0	923.0	0.00
BUX	35818	35818	0.00
WIG	49668	49668	0.00

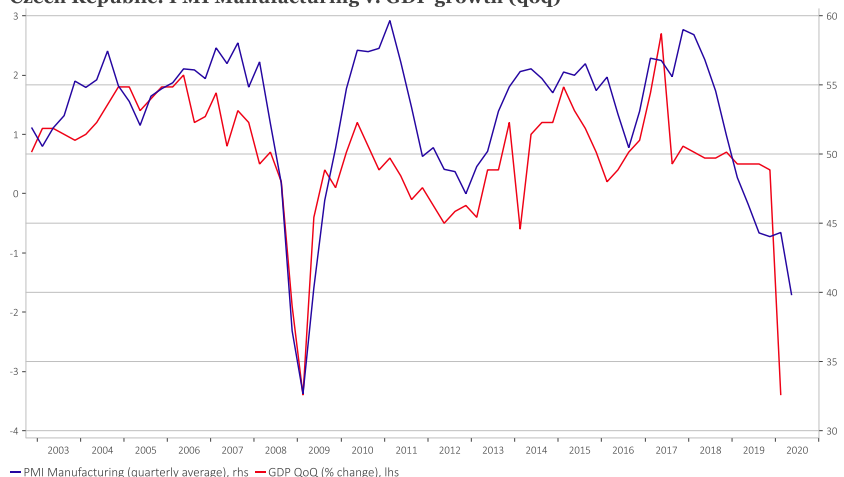
Regional insights

Czech recovery: rather swoosh than V-shape

The final PMI for the Eurozone published on Wednesday and today confirmed that the situation in European industry has started to stabilize. European companies are returning to their regular activities after most of the restrictive measures ended and the purchasing managers' indices have also returned to their pre-coronavirus levels.

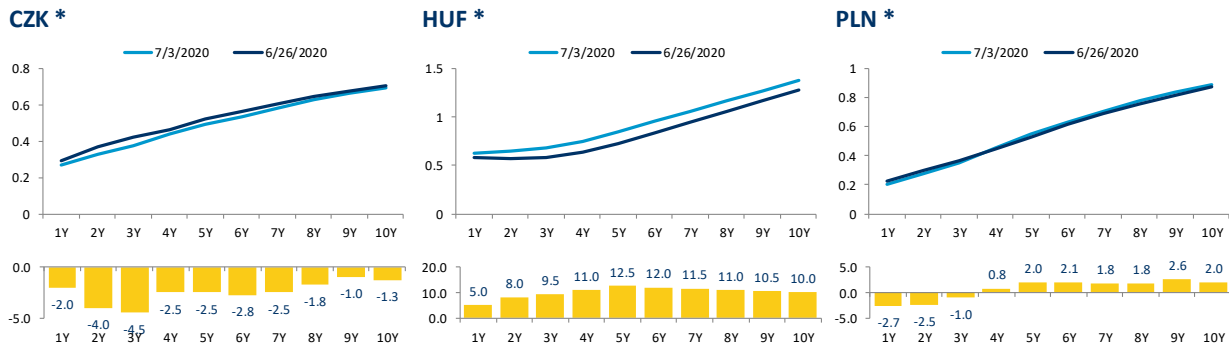
The development of the Czech PMI could be evaluated similarly as it climbed to 44.9 points in June. On one hand, the production is restarting and work in progress is getting finished. On the other hand however, there is the uncertain prospect of orders, layoffs and product price reductions. The automotive industry suffers the most as it has to deal with low demand on the European market and the regulation becoming more stringent, with a system of very strict fines prepared for the industry. As the June survey by the European Commission indicated, automotive businesses remain highly sceptical in the next three months, at least in the case of new orders, regardless of the fact that all manufacturers have restored their production. In the following months, they expect lower demand, growing stocks and higher prices. The overall results of the Czech industry might be better in the months to come. However, they will not be enough to return to the pre-crisis level. Therefore, we do not expect that the recovery of the Czech economy will be in a "V"-shape. In our opinion, the Czech economy should decrease by 15% in the second quarter and increase by 7% in the third. Overall, the slump in the Czech economy should be around 10% in the year 2020.

Czech Republic: PMI Manufacturing v. GDP growth (qoq)



— PMI Manufacturing (quarterly average), rhs — GDP QoQ (% change), lhs

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).

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

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