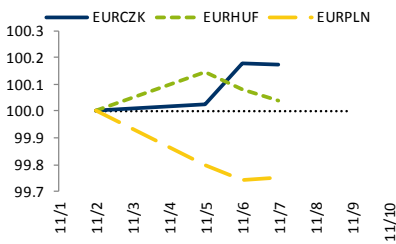




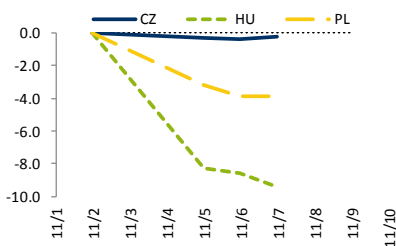
Wednesday, 07 November 2018

**Forex markets (index)**



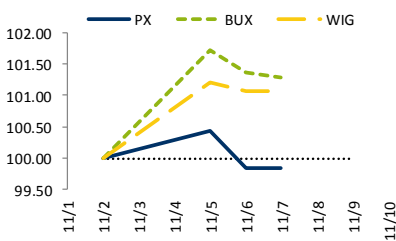
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.86	25.86	0.00
EURHUF	321.8	322.0	-0.04
EURPLN	4,304	4,304	0.01

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	2.092	2.090	0.2
HUGB 10Y	3.55	3.56	-0.2
PLGB 10Y	3.17	3.17	0.0

**Equity indices (index)**



	LAST	PREVIOUS	CHANGE (%)
PX	1066.2	1066.2	0.00
BUX	37632	37666	-0.09
WIG	56926	56926	0.00

**Our regional insights:**

**CNB's Governor sees equilibrium repo rate at 2.5%**

Czech National Bank Governor Jiří Rusnok has repeated central bank's mantra to bring the official interest rate gradually (gently) higher to its long-term equilibrium. Rusnok said in his interview for the Polish daily Rzeczpospolita the Czech central bank would like the repo rate to return to about 2.5%; that would give it room to act in case of stagnation or recession. While mentioning of the 2.5% figure is not a big surprise as it comes from CNB's research estimates, Rusnok's disclosure that the bank wants to bring the official rates higher (to be out of the zero lower bound) to fight future recessions is interesting.

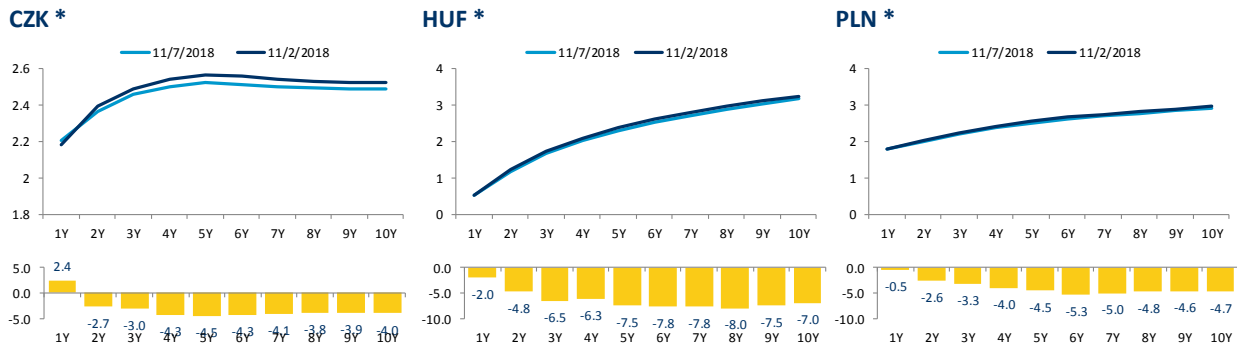
**The NBP to stay on hold and unveils a new projection**

Lower than expected inflation readings and the fact that the core inflation still hovers at very low levels will leave the NBP in its 'on-hold' mode. Moreover, governor NBP Glapinsky can repeat it view that the NBP interest rate will remain at its current level (1.50%) until the end of 2018. As concerns the Inflation projection – its headlines should could slightly less optimistic about reaching the NBP inflation target (2.5%) and may be even in growth outlook.

**Watch for the Hungarian inflation readings tomorrow**

The Hungarian Statistical Office will release October's inflation readings tomorrow and they can be interesting We assume the consumer price index might slightly accelerated further last month, driven mainly by food price, but also tradable goods price and services price growth might accelerated slightly. The strong domestic consumption, the weak HUF and the high wage growth are maintaining a pressure on inflation in the coming months, so we expect the headline inflation to increase to 3.7% YoY in October and to 4% YoY in March (which might be the peak as well in next year).

## 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	Unit	Period	Forecast		Actual		Consensus		Previous		
						m/m	y/y	m/m	y/y	m/m	y/y	m/m	y/y	
HU	11/07	9:00	Retail sales	%	09/01/2018				5.4				6.8	
CZ	11/07	10:00	FX reserves of the CNB	EUR B	10/01/2018								123.1	
PL	11/07	14:00	NBP meeting	%	11/01/2018	1.5				1.5			1.5	
HU	11/08	9:00	Industrial output	%	09/01/2018								3.8	4.5
CZ	11/08	9:00	Unemployment rate 15-64	%	10/01/2018	2.8				2.9			3	
HU	11/08	9:00	CPI	%	10/01/2018		3.7			0.3	3.6	0.3	3.6	
CZ	11/09	9:00	CPI	%	10/01/2018	0.4	2.2			0.5	2.4	-0.3	2.3	
HU	11/09	9:00	Trade balance	EUR M	09/2018 *P									
CZ	11/09	9:00	CNB minutes		11/01/2018									

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