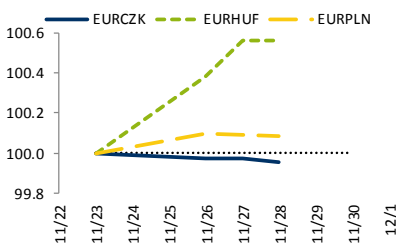




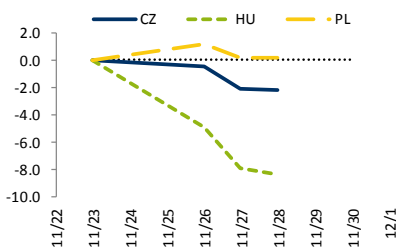
Wednesday, 28 November 2018

Forex markets (index)



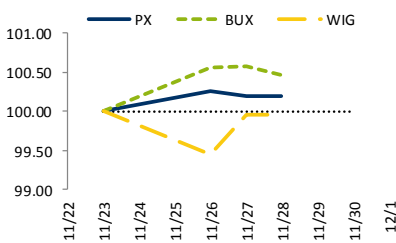
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.91	25.92	-0.02
EURHUF	324.1	324.1	0.00
EURPLN	4.296	4.297	-0.01

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	2.025	2.026	-0.1
HUGB 10Y	3.23	3.23	-0.2
PLGB 10Y	3.16	3.16	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1064.4	1064.4	0.00
BUX	39559	39602	-0.11
WIG	56764	56764	0.00

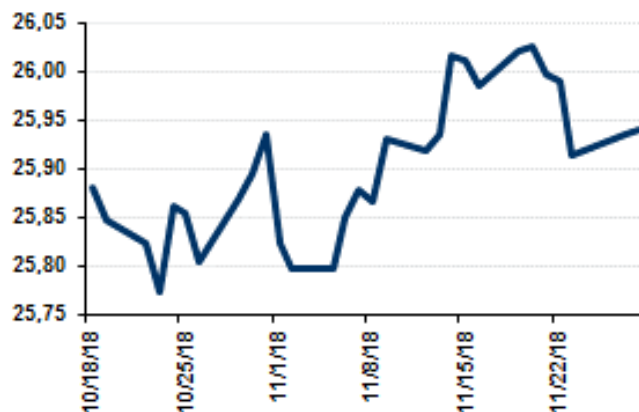
Our regional insights:

The EUR/CZK back below the 26.0 level

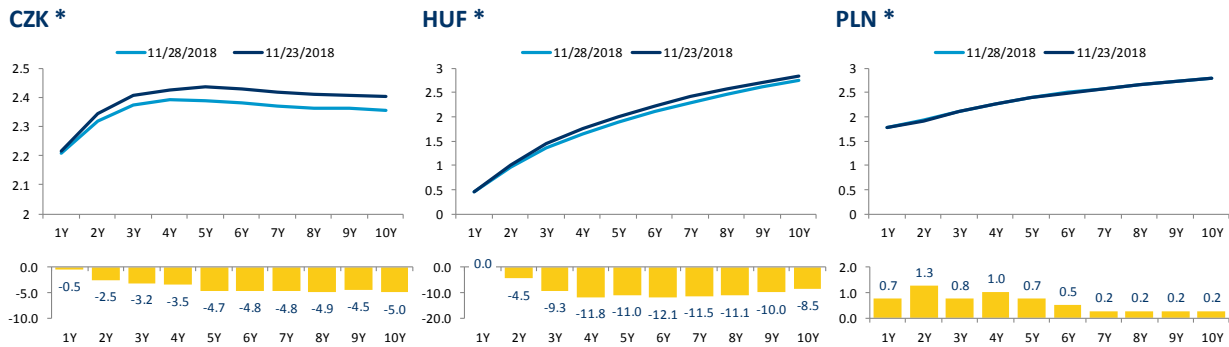
The Czech koruna is back below 26.00 EUR/CZK and seems to be in a less defensive mode. In the next few weeks, the koruna may still be frightened by Europe's political risks in the eurozone (Brexit, Italy); however, both cases show signs of at least a peaceful time-out within sight. The UK Brexit vote is not on the agenda before mid-December, and for the time being, the European Commission is 'only' preparing new fiscal recommendations for Italy. So, the Czech forex market can enjoy some quiet time and the CZK can consolidate its minute profits.

At the beginning of next week, however, the Czech currency may face a macroeconomic domestic disappointment in the form of lower wage growth in 3Q. Let us point out that although the CNB's projection bets on growth in excess of 8 %, but our nowcast only indicates about 6% year-on-year growth of nominal Czech wages. This will be no good news for the koruna, just as well as the approaching end of year when the CZK might face lower market liquidity and some burden related to seasonal payments to a resolution fund. This is one of the reasons why the EUR/CZK pair could be pushed back above the 26.00 level again before the end of the year. Hence, we expect CZK might regain some ground only at the beginning of 2019 when Czech exporters might come back to the market and hedge deals could support the currency (on the assumption that the situation concerning their new orders will have improved).

EUR/CZK



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
HU	11/28	9:00	Unemployment rate	% 10/01/2018			3.7		3.8		3.8	
CZ	11/30	9:00	GDP	% 3Q/2018 *P					0.4	2.3	0.4	2.3
HU	11/30	9:00	Trade balance	EUR M 09/2018 *F							268	
HU	11/30	9:00	PPI	% 10/01/2018							0.1	6.7
PL	11/30	10:00	CPI	% 11/2018 *P					0.3	1.6	0.4	1.8
PL	11/30	10:00	GDP	% 3Q/2018 *F							1.7	5.1
CZ	11/30	10:00	Money supply M2	% 10/01/2018								4.3
PL	11/30	15:00	Budget balance	PLN M 10/01/2018							3184	

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