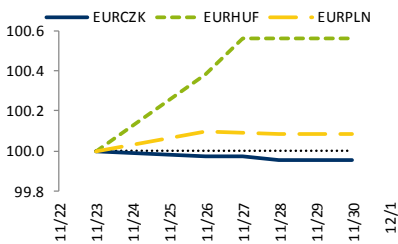




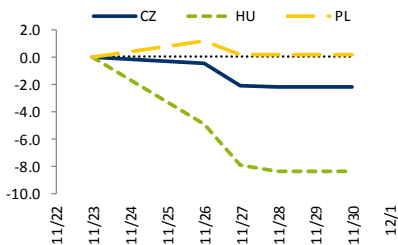
Friday, 30 November 2018

Forex markets (index)



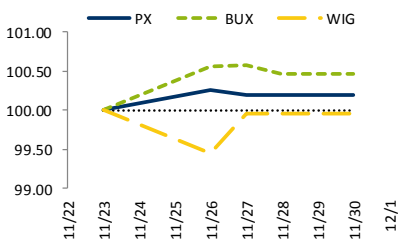
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.91	25.91	0.00
EURHUF	324.1	324.1	0.00
EURPLN	4.296	4.296	0.00

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	2.025	2.025	0.0
HUGB 10Y	3.23	3.23	0.0
PLGB 10Y	3.16	3.16	0.0

Equity indices (index)



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

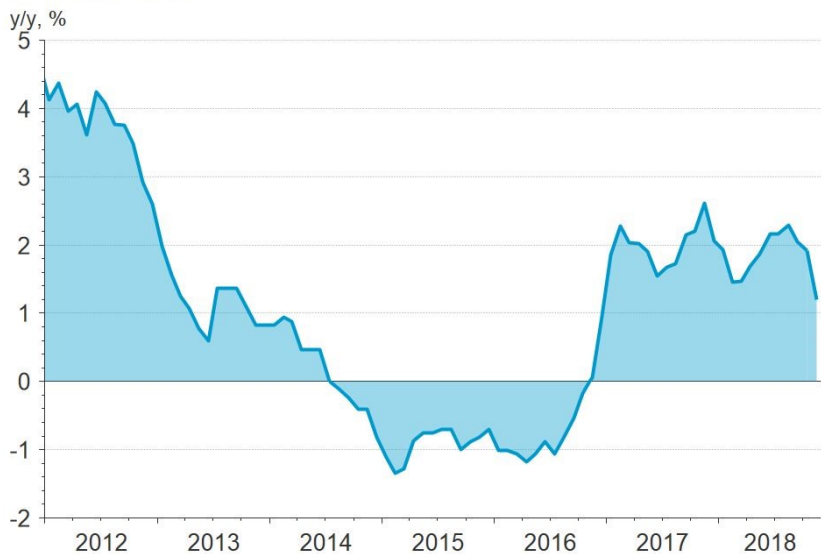
Regional insights

The Polish inflation collapses to 1.2% year-on-year, don't expect a rate hike even in 2019

The Polish consumer price index remained flat in November, which implies that the annual inflation fell to 1.2% year-on-year. The unexpected drop of the headline inflation was triggered by food prices, which decreased by 0.1% m/m. This created a negative base effect in year-on-year inflation, because some food prices (like eggs or butter) spiked the end of the last year. The outlook for the Polish inflation is now mixed: on one hand there will be a price hike in regulated energy prices at the beginning of next year, which might add 0.3% percentage points to the headline inflation, on the other hand food and fuel prices will probably fall in coming months, which more than compensate the energy price hike.

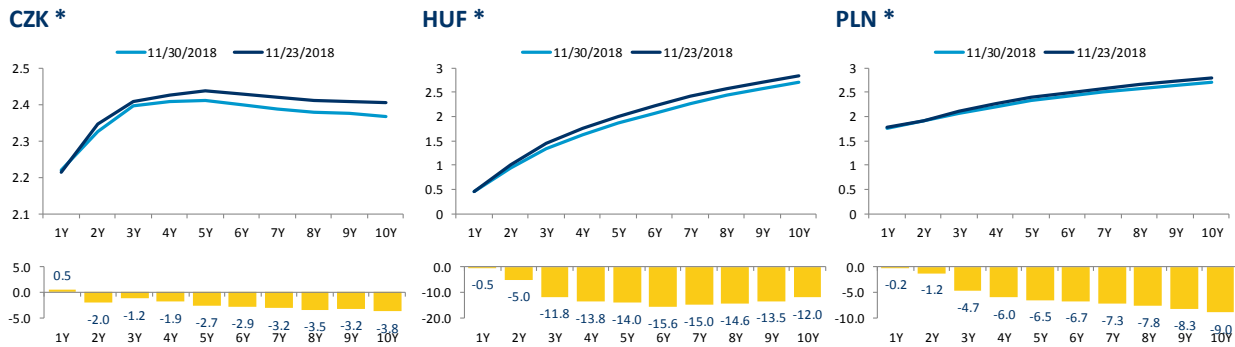
All-in-all, the headline inflation will probably remain below the NBP target (2.5%) the whole 2019, which suggest to us that the Polish central bank might stay on hold even next year. The only chance for a rate hike will represent a significant and persistent depreciation of the zloty. While we expect the zloty will be weaker next year we begin to doubt that the currency will be weak enough to trigger a start of NBP's monetary tightening in 2019.

PL: Inflation



Zdroj: Thomson Reuters Datastream / Fathom Consulting

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
CZ	11/30	9:00	GDP	% 3Q/2018 *P			0.6	2.4	0.4	2.3	0.4	2.3
HU	11/30	9:00	Trade balance	EUR M 09/2018 *F			248				268	
HU	11/30	9:00	PPI	% 10/01/2018			0.6	6.4			0.1	6.7
PL	11/30	10:00	CPI	% 11/2018 *P		1.5	0	1.2	0.3	1.6	0.4	1.8
PL	11/30	10:00	GDP	% 3Q/2018 *F			1.7	5.1			1.7	5.1
CZ	11/30	10:00	Money supply M2	% 10/01/2018				5.4				4.3

Contacts

Brussels Research (KBC)			Global Sales Force		
Mathias van der Jeugt	+32 2 417 51 94		Brussels		
Peter Wuyts	+32 2 417 32 35		Corporate Desk		+32 2 417 45 82
Mathias Janssens	+32 2 417 51 95		Institutional Desk		+32 2 417 46 25
Dublin Research			France		+32 2 417 32 65
Austin Hughes	+353 1 664 6889		London		+44 207 256 4848
Shawn Britton	+353 1 664 6892		Singapore		+65 533 34 10
Prague Research (CSOB)			Prague		+420 2 6135 3535
Jan Cermak	+420 2 6135 3578		Prague (Equities)		+420 2 2142 4216
Petr Dufek	+420 2 6135 3560				
Bratislava Research (CSOB)			Bratislava		+421 2 5966 8820
Marek Gabris	+421 2 5966 8809				
Budapest Research			Budapest		+36 1 328 99 85
David Nemeth	+36 1 328 9989				

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