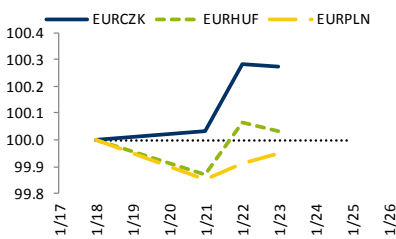




Central Europe
Wednesday

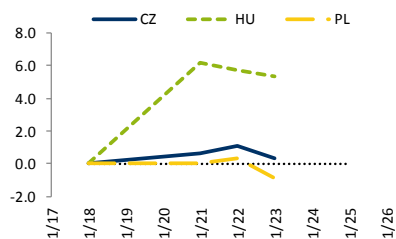
Wednesday, 23 January 2019

Forex markets (index)



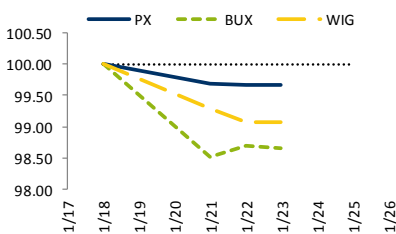
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.65	25.65	-0.01
EURHUF	318.1	318.2	-0.03
EURPLN	4.286	4.285	0.04

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.829	1.837	-0.8
HUGB 10Y	2.90	2.91	-0.1
PLGB 10Y	2.83	2.84	-0.4

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1017.0	1017.0	0.00
BUX	40945	40964	-0.05
WIG	59735	59735	0.00

Our regional insights:

Influential Czech central banker sounds dovish - February's CNB rate hike looks less certain

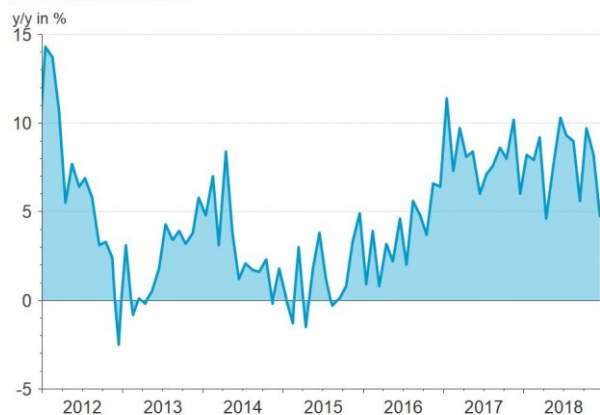
An influential Czech central banker Tomáš Holub, who gave his first interview as a CNB's bank Board member, clearly indicated that it was not time to hike interest rates again on early February. To be more specific Holub for Czech business daily Hospodářské noviny said that given a worsening outlook abroad, lower oil prices, and market expectations of a prolonged period of negative ECB rates he personally wouldn't advertise the need for an immediate increase in Czech interest rates. Moreover, **Holub explicitly added that I could imagine that the pause in rate increases that (the CNB) had taken in December might continue. According to a new CNB Board member this pause might easily take two, three consecutive meetings before we (the CNB) would hike again.**

We do not underestimate Holub's comments. He used to work as a chief of the monetary department, which prepares CNB's staff projections and his words could be taken quite seriously by CNB governor Rusnok. Hence, in our February's rate hike is now much less certain. We should add that Czech rate-setters have another week to express their monetary-policy views ahead of the upcoming Bank Board meeting.

Polish retail sales disappointed in December

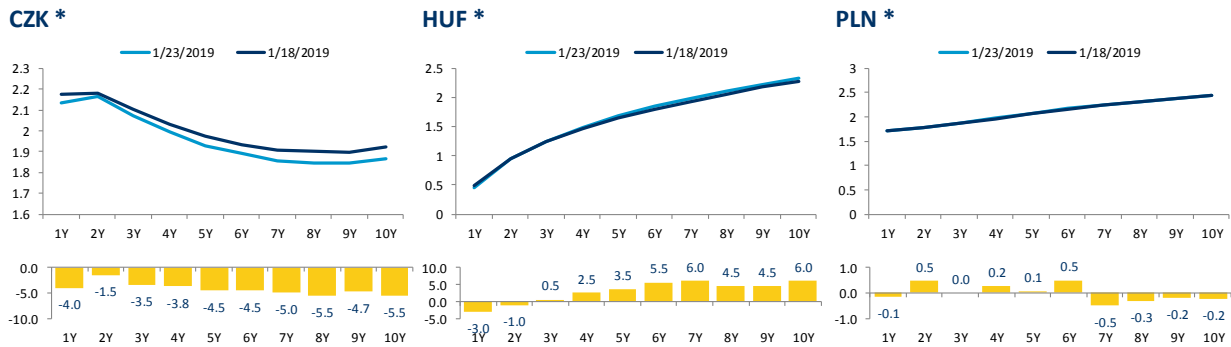
The Polish retail sales disappointed in December of 2018. Retail sales at constant prices were by 3.9% higher than the year before. The slowdown in year-on-year growth came despite the fact that the growth of sales in motor vehicles, motorcycles and parts accelerated to 6.8% yoy. While the December outcome of retail sales was not encouraging, the growth in the last quarter of 2018 was actually solid enough to support overall growth. Hence, we believe that private consumption was the key driver of the GDP growth in 2018q4.

PL: Retail sales



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	01/23	12:00	CZ bond auction 2018-2029, 2,75%	CZK B 01/01/2019					7			
CZ	01/23	12:00	CZ bond auction 2017-2033, 2.00%	CZK B 01/01/2019					5			
PL	01/23	14:00	Money supply M3	% 12/01/2018					2.1	8.6	1.1	8.8
PL	01/24	10:00	Unemployment rate	% 12/01/2018					5.8		5.7	

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