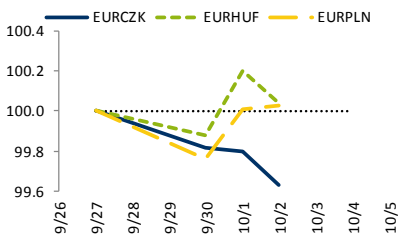




Central Europe
Wednesday

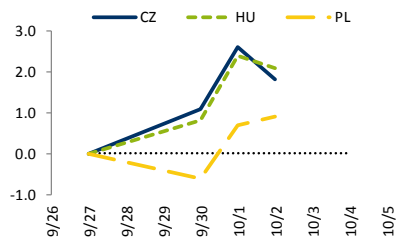
Wednesday, 02 October 2019

Forex markets (index)



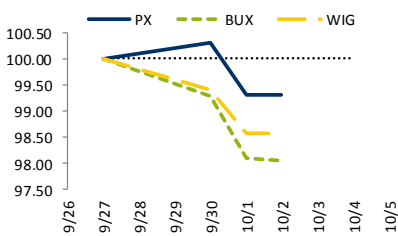
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.75	25.79	-0.17
EURHUF	335.3	335.8	-0.16
EURPLN	4.383	4.382	0.02

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.324	1.332	-0.8
HUGB 10Y	1.99	1.99	-0.2
PLGB 10Y	2.00	2.00	0.1

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1031.3	1031.3	0.00
BUX	40093	40112	-0.05
WIG	56848	56848	0.00

Our regional insights:

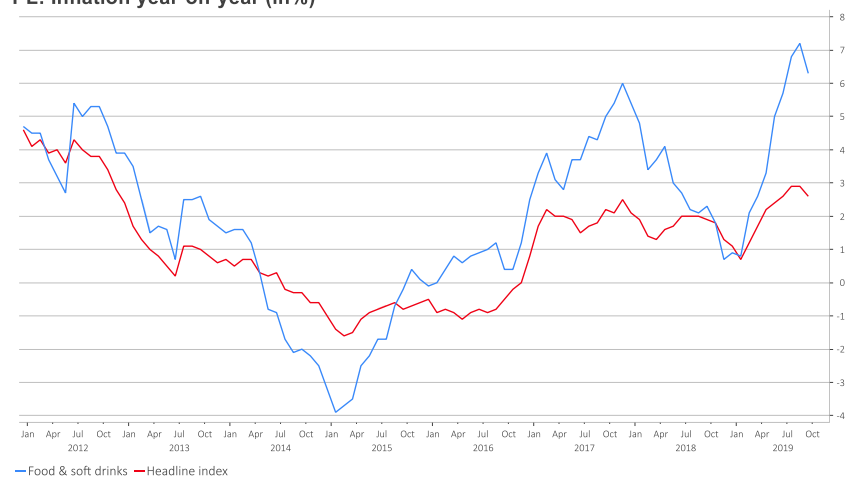
While the Polish inflation eases, the NBP can stay relaxed. The zloty awaits ruling on banks

As expected the Polish inflation slipped in September both in year-on-year and month-on-month terms. Hence, the headline inflation fell to 2.6% yoy, which means it stands almost exactly at the NBP target. Lower food and fuel prices were behind the decline this time. While all CPI details are not available yet we bet that the core inflation could actually tick a bit higher (from 2.2% yoy to 2.3 yoy).

The above-mentioned inflation figure will support the current relatively dovish NBP's policy, which will be confirmed by Polish rate-setters this afternoon. Although according to the last NBP Minute certain MPC members pointed to factors that might boost inflation higher than indicated by the current forecasts, we think that the central bank will stay firmly on hold, while NBP's president Glapinsky may repeat his mantra that official rates would stay unchanged until the end of term of this MPC (effectively to early 2022).

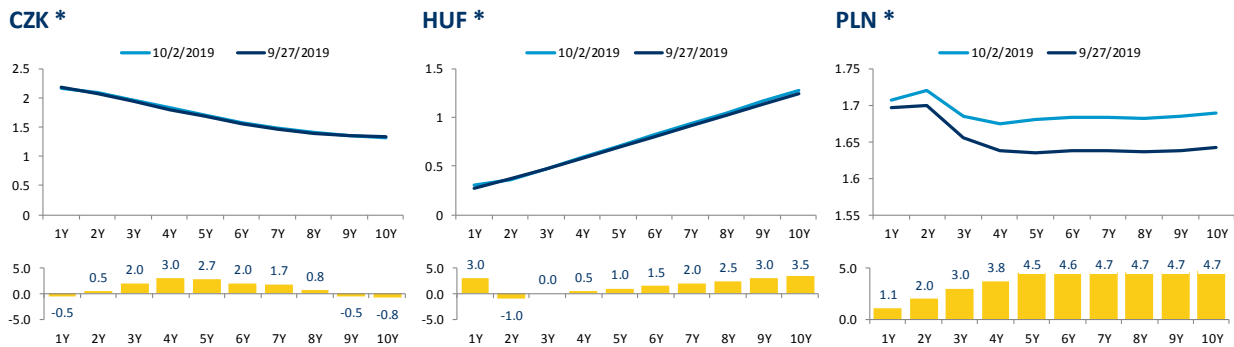
Meanwhile the Polish zloty will another specific threat, which may come from the European Court of Justice (CJEU). Tomorrow, the CJEU should arrive at a decision regarding Polish mortgages previously provided in Swiss francs, with Polish banks facing possible fines totalling up to 2.5% of GDP.

PL: Inflation year-on-year (in%)



MACROBOND

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	10/02	9:00	Trade balance	EUR M 07/2019 *F			204				276	
PL	10/02	14:00	NBP meeting	% 10/01/2019	1.5			1.5		1.5		
HU	10/03	9:00	Retail sales	% 08/01/2019					5.8		6.4	

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