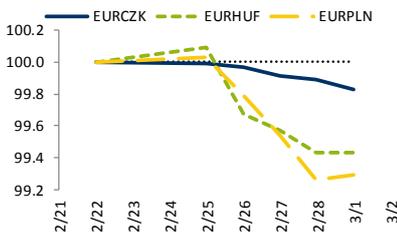




**Central Europe**  
Friday

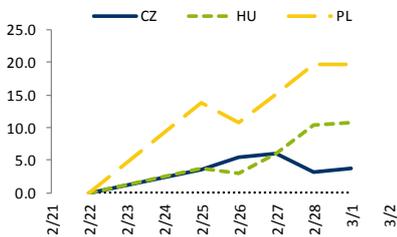
Friday, 01 March 2019

**Forex markets (index)**



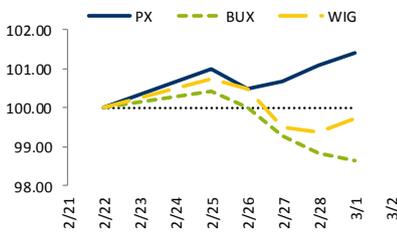
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.61	25.63	-0.06
EURHUF	315.9	315.9	0.00
EURPLN	4.305	4.304	0.04

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.920	1.915	0.5
HUGB 10Y	2.74	2.74	0.1
PLGB 10Y	2.94	2.94	0.0

**Equity indices (index)**



	LAST	PREVIOUS	CHANGE (%)
PX	1075.1	1071.7	0.32
BUX	40259	40333	-0.18
WIG	60106	59904	0.34

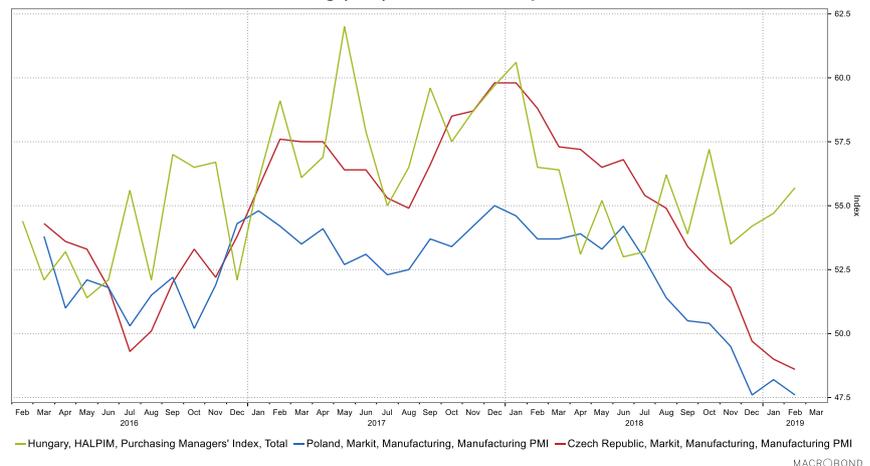
**Regional insights**

**Czech and Polish PMIs in a free fall**

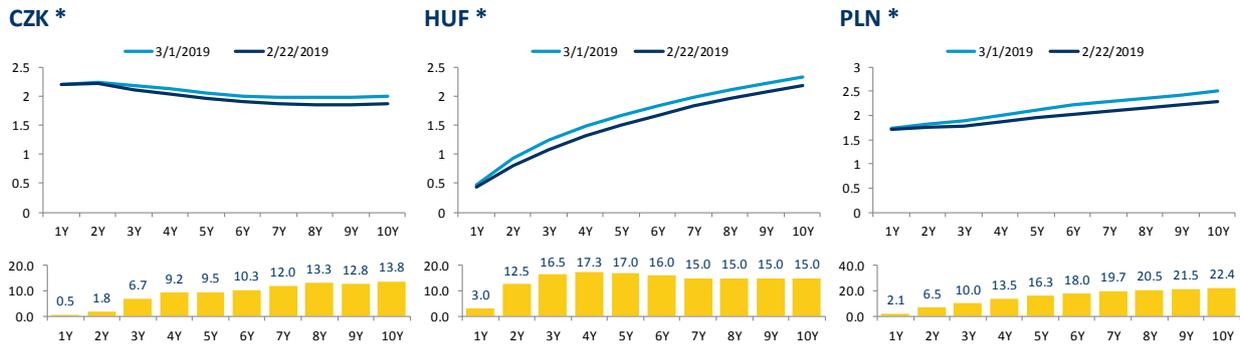
Czech and Polish business sentiment in manufacturing has continued to deteriorate as fresh releases of the PMI indices for February have showed this morning. While the Czech PMI index in manufacturing slipped to six-year lows (48.6 points), the Polish PMI hit even ten-year lows (47.6 points). It is worth noting that the Polish PMI has been below the key 50.0 point level already for fourth successive month. It is worrying that central to the business pessimism is a sharp fall in new orders in both countries. According to the IHS Markit agency anecdotal evidence linked the downturn points to a reduction in client demand especially in chemicals and metal products. Territorially – the IHS Markit stressed that a number of firms mentioned weak German markets. Hence, the development of the Czech and Polish sentiment in manufacturing has been still in line with falling German business sentiment (Ifo or PMI) and industrial production.

From a market perspective we consider especially the Czech weak PMI interesting, because it poses a dilemma for Czech central bankers. After seeing higher-than-expected inflation figures for January they switched again into a hawkish mode and the Czech money market have begun to believe that a rate hike was again on the CNB agenda (in late March). However, given the poor PMI readings this might not be the case yet.

**Business Sentiment in Manufacturing (PMI) in Central Europe**



## 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	03/01	9:00	GDP	% 4Q/2019 *P			0.9	2.8	1	2.9	1	2.9
HU	03/01	9:00	PMI manufacturing	02/01/2019			55.7				54	
PL	03/01	9:00	PMI manufacturing	02/01/2019			47.6		47.9		48.2	
HU	03/01	9:00	GDP	% 4Q/2019 *F			1	5.1	1.1	5.0	1.1	5
CZ	03/01	9:30	PMI manufacturing	02/01/2019			48.6		48.7		49	
CZ	03/01	14:00	Budget balance	CZK B 02/01/2019							8.8	

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