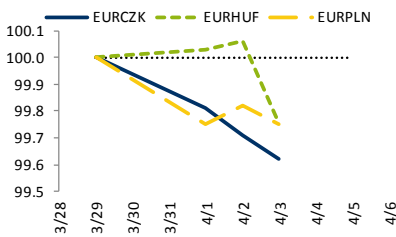




Central Europe
Wednesday

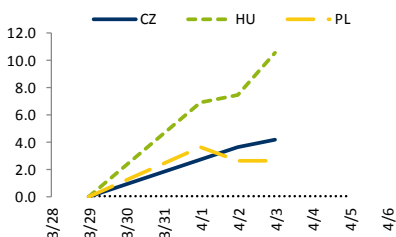
Wednesday, 03 April 2019

Forex markets (index)



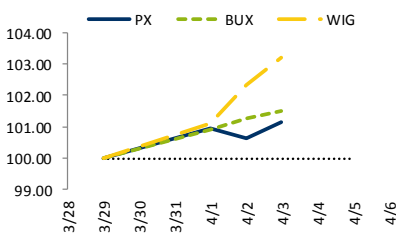
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.72	25.75	-0.09
EURHUF	320.7	321.7	-0.31
EURPLN	4.295	4.298	-0.07

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.919	1.913	0.6
HUGB 10Y	2.98	2.95	1.1
PLGB 10Y	2.85	2.85	0.0

Equity indices (index)



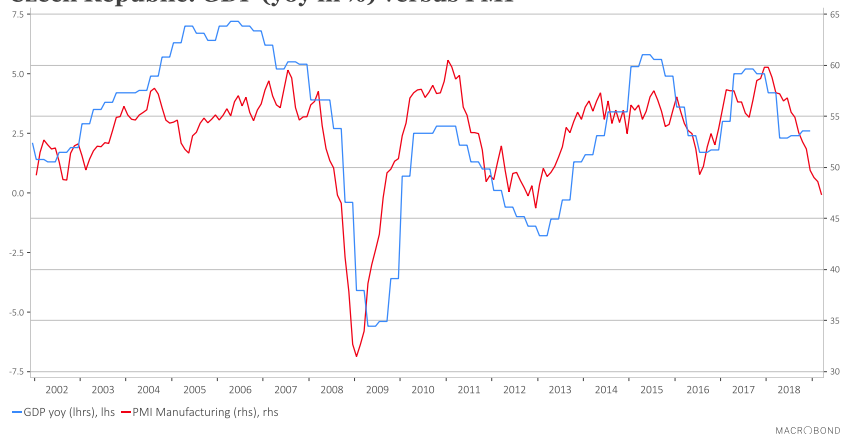
	LAST	PREVIOUS	CHANGE (%)
PX	1086.7	1081.4	0.49
BUX	42306	42213	0.22
WIG	61581	61071	0.83

Our regional insights:

Do weak Czech PMI herald downward GDP revision?

The first days of April brought no encouraging news from the Czech economy. The Purchasing Managers' Index (PMI) in manufacturing has shown that the situation in this sector (absolutely essential for the Czech economy) keeps deteriorating. Indeed, the PMI reached a six-year low in March as a consequence of very weak new orders from abroad and indicated that the production drop in January was not the last, and that the situation in manufacturing has not improved in the subsequent two months either. The weak PMI also suggests that Czech GDP growth expectations for the first quarter may be overestimated and, again, challenges the economic acceleration scenario envisaged by the CNB's current forecast. However, any revisions of the estimates should wait for more data to be delivered in the next few days. Besides the German industry results for February (this Friday), it will be crucial to check out the Czech inflation in March and the manufacturing in February (both indicators will be disclosed next week). Although the negative impact of slow growth in Germany will be felt by the Czech industry in the future as well, the result for February does not have to be entirely poor.

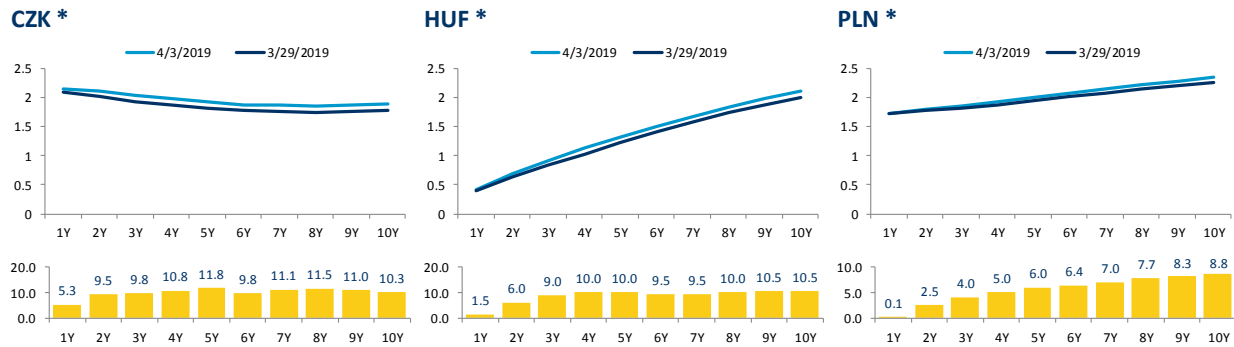
Czech Republic: GDP (yoy in %) versus PMI



The NBP firmly on hold today

We expect the NBP is going to stay firmly on hold today as the Polish economy behaves in-line with the last NBP inflation projection. Although the core inflation has recently moved higher NBP Governor Glapinsky might still repeat its mantra that official rates would remain stable for a very long time.

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	04/03	9:00	Retail sales	% 02/01/2019				8.4		5.4		5.4
CZ	04/03	12:00	CZ bond auction 2015-2026, 1.00%	CZK B 04/01/2019					5			
CZ	04/03	12:00	CZ bond auction 2017-2033, 2.00%	CZK B 04/01/2019					5			
PL	04/03	14:00	NBP meeting	% 04/01/2019	1.5				1.5			1.5
CZ	04/05	9:00	Retail sales	% 02/01/2019		2.0				2.5		1.5
HU	04/05	9:00	Industrial output	% 02/01/2019							0.6	5

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		
Mathias Janssens	+32 2 417 51 95		Institutional Desk		
Dieter Lapeire	+32 2 417 25 47		France		
Dublin Research			London		
Austin Hughes	+353 1 664 6889		Singapore		
Shawn Britton	+353 1 664 6892				
Prague Research (CSOB)			Prague		
Jan Čermák	+420 2 6135 3578		Prague (Equities)		
Petr Dufek	+420 2 6135 3560				
Bratislava Research (CSOB)			Bratislava		
Marek Gabris	+421 2 5966 8809				
Budapest Research			Budapest		
David Nemeth	+36 1 328 9989				

ALL OUR REPORTS ARE AVAILABLE VIA OUR KBC RESEARCH APP (iPhone, iPad, Android)

This non-exhaustive information is based on short-term forecasts for expected developments on the financial markets. KBC Bank cannot guarantee that these forecasts will materialize and cannot be held liable in any way for direct or consequential loss arising from any use of this document or its content. The document is not intended as personalized investment advice and does not constitute a recommendation to buy, sell or hold investments described herein. Although information has been obtained from and is based upon sources KBC believes to be reliable, KBC does not guarantee the accuracy of this information, which may be incomplete or condensed. All opinions and estimates constitute a KBC judgment as of the data of the report and are subject to change without notice.

