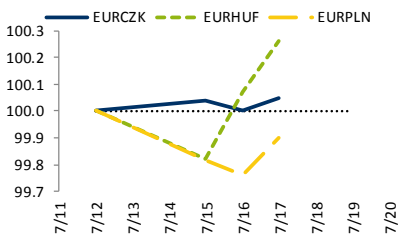




**Central Europe**  
Wednesday

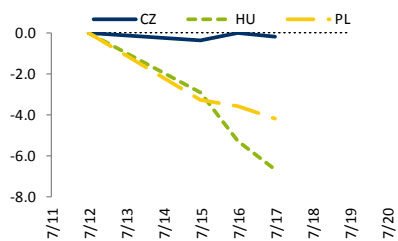
Wednesday, 17 July 2019

**Forex markets (index)**



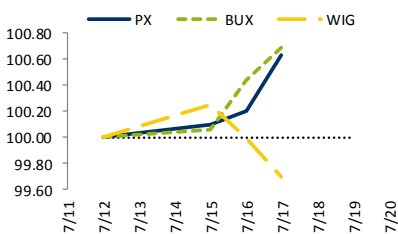
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.60	25.59	0.05
EURHUF	326.7	326.1	0.19
EURPLN	4.265	4.259	0.14

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.425	1.427	-0.2
HUGB 10Y	2.41	2.42	-0.6
PLGB 10Y	2.26	2.26	-0.3

**Equity indices (index)**



	LAST	PREVIOUS	CHANGE (%)
PX	1062.2	1057.7	0.43
BUX	40980	40879	0.25
WIG	60198	60372	-0.29

**Our regional insights:**

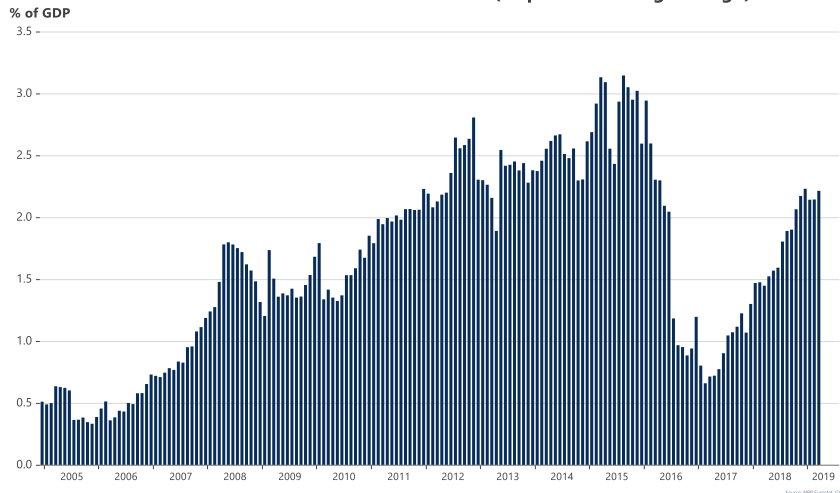
**Polish macro fundamentals remain strong**

The Polish economy has continued to post very solid results this year despite a visible slowdown in Western Europe. Although the Polish business confidence in manufacturing represented by PMI indices still signals that the economy should be weak, hard figures remain strong pointing to a robust GDP growth. And even, if June's industrial production and retail sales figures released later this week slightly might not be perfect, the big picture of the Polish economy will be still rather rosy. In this respect, let's recall our GDP nowcast for the second quarter, which suggests that growth should be again close 5% yoy.

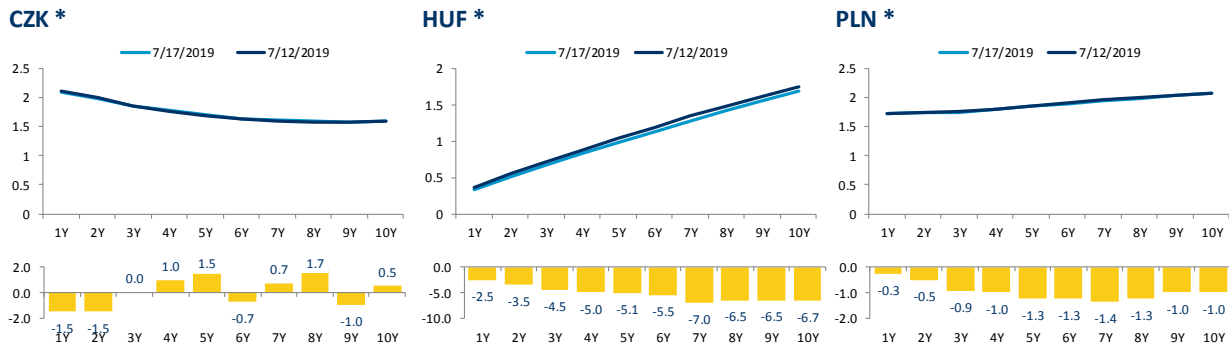
Moreover, it seems while the Polish economy has been able to outperform its neighbours, its external balance does not deteriorate yet. Actually, the balance-of-payments statistics for the second quarter have been excellent as the current account posted EUR 1.7bn in April and May together. So, on a 12M rolling basis the current account is now close to zero after recording small deficits in previous two years. This a nice result if we take into account the significant growth differential (between Poland and euro-zone) and slightly loose fiscal policy.

Of course, the Polish growth and balance-of-payments performance has been strongly supported by transfers from EU structural funds. Poland now receives more than 2% of GDP annually from EU structural funds and we expect similar inflows in coming quarters, which will keep the Polish growth potential at elevated levels.

**Poland: inflows from EU structural funds (4-quarters rolling average)**



## 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	07/17	9:00	PPI	%	06/01/2019		-0.7	2.5	-0.1	3.2	0.5	3.8
PL	07/17	10:00	Wages	%	06/01/2019		0.9	5.3	2.5	7	-2.5	7.7
CZ	07/17	12:00	CZ eurobond auction 2019-2021, 0.00%	EUR mil	07/01/2019				165.0			
PL	07/18	10:00	Industrial output	%	06/01/2019				-1.3	3.0	0	7.7
PL	07/18	10:00	PPI	%	06/01/2019				-0.3	0.9	0.2	1.4
PL	07/19	10:00	Retail sales	%	06/01/2019				1.8	6.0	-3	7.3
CZ	07/24	12:00	CZ bond auction 2017-2033, 2.00%	CZK B	07/01/2019				4			
CZ	07/24	12:00	CZ bond auction 2007-2057, 4.85%	CZK B	07/01/2019				1			
HU	07/31	9:00	PPI	%	06/01/2019							

## 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		

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