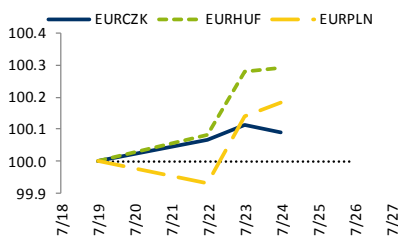




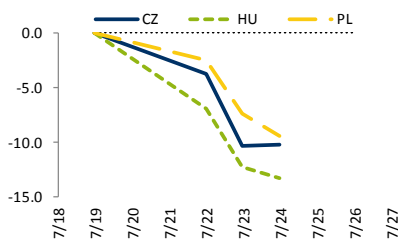
Wednesday, 24 July 2019

Forex markets (index)



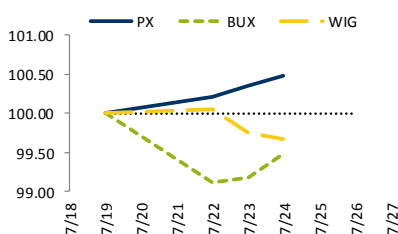
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.55	25.56	-0.02
EURHUF	325.9	325.9	0.01
EURPLN	4.258	4.256	0.04

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.346	1.344	0.2
HUGB 10Y	2.19	2.20	-0.5
PLGB 10Y	2.08	2.10	-1.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1072.5	1071.2	0.12
BUX	41493	41367	0.30
WIG	60705	60751	-0.07

Our regional insights:

The NBH is fully back in a wait-and-see mode

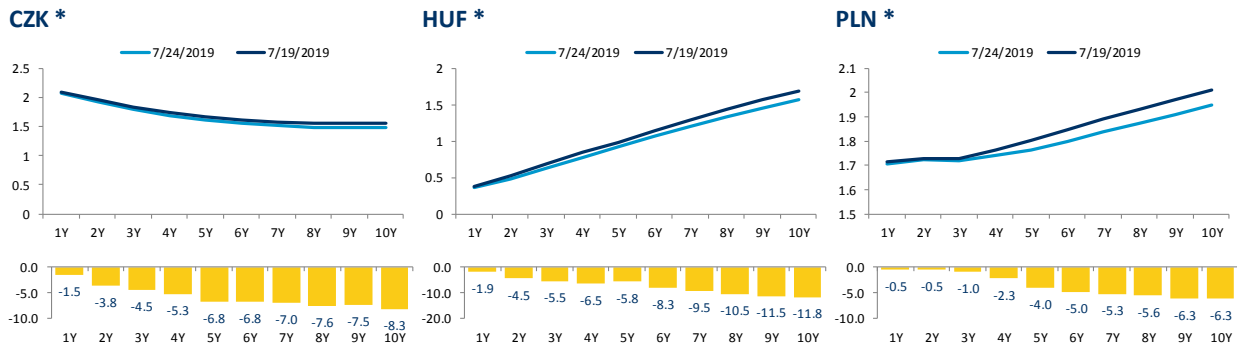
Yesterday, the National Bank of Hungary (NBH) left all the reference rates unchanged in line with the expectations. The statement was focused on dual risks both on the upside and the downside especially in case on inflationary developments. The Council still believes in that although the domestic driven inflation may remain relatively strong, the external environment may slow it down and so the inflation may return to the target on a sustainable manner. Also they think that the new retail government bond will change the saving behaviour of the households, turning from consumption to savings and it may moderate the domestic inflation pressure as well.

The Council emphasized again that the global leader central banks have a dovish stance and the market expects monetary loosening or at least the postponement of monetary tightening.

The NBH statement was finished with the same sentences as a month ago, leaving open the door for any directions of monetary policy changes.

All in all the statement was quite dovish, so we don't expect any change for August and most likely the NBH remains on wait and see approach in September as well. Especially that the inflation may moderate in the coming months, getting close to 3% YoY. **So we expect that the current (-5bp) overnight deposit rate may be kept unchanged till the end of the year**, but possibly the average crowded out liquidity from the market might be moderated from HUF200-400bn to HUF100-300bn. It means that the short end of the curve may remain under pressure in the coming months, so the curve can flatten further in case the long end of the curve moderates further, which is only slightly above the bottom level of the last three years.

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	07/24	12:00	CZ bond auction 2017-2033, 2.00%	CZK B 07/01/2019			1.5	5.3	4.0			
CZ	07/24	12:00	CZ bond auction 2007-2057, 4.85%	CZK B 07/01/2019			0.9	5.3	1			
HU	07/31	9:00	PPI	% 06/01/2019								
PL	07/31	10:00	CPI	% 07/2019 *P								
CZ	07/31	10:00	Money supply M2	% 06/01/2019								
PL	07/31	15:00	Budget balance	PLN M 06/01/2019								-2158
HU	08/01	9:00	PMI manufacturing	07/01/2019								54.4
PL	08/01	9:00	PMI manufacturing	07/01/2019								48.4
HU	08/01	9:00	Trade balance	EUR M 05/2019 *F								

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