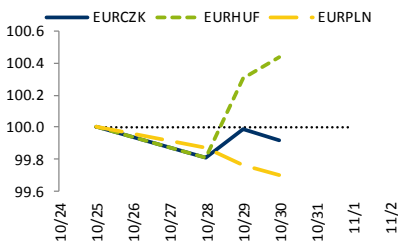




Wednesday, 30 October 2019

**Forex markets (index)**



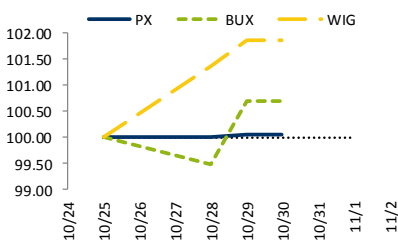
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.54	25.55	-0.07
EURHUF	330.1	329.7	0.13
EURPLN	4.266	4.268	-0.06

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.346	1.344	0.2
HUGB 10Y	1.93	1.96	-1.6
PLGB 10Y	2.00	2.00	0.0

**Equity indices (index)**



	LAST	PREVIOUS	CHANGE (%)
PX	1062.2	1062.2	0.00
BUX	42453	42453	0.00
WIG	58393	58393	0.00

**Our regional insights:**

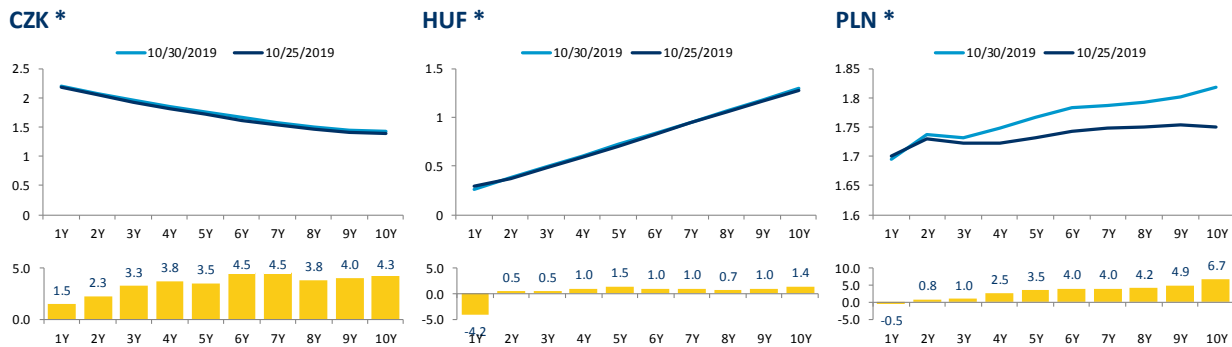
**Even the Czech Economy Begins to Run out of Optimism**

We will have to wait to receive the new set of the hard, while delayed data from the Czech economy, however, we already have at least the latest surveys of confidence available which indicate a slight impairment. After a short break, pessimism starts to spread in the industry again, which is caused mainly by the worse expectations of demand for the next three months. The detailed results indicate that it is the weak demand that becomes to be a biggest barrier to further growth and already affects more than 37 % of Czech companies. While it was the lack of employees inhibiting the companies' expansion at the beginning of the year, now it starts to be the potential interest of customers. The October survey of sentiment in the industry thus means another indication of the changing situation in the Czech economy, although it is not obvious from the delayed hard macroeconomic data.

The situation is not, however, the same in all sectors, which implies from the results of survey conducted in the Czech building industry where the mood is improving. The biggest problem of this sector is the lack of workforce. But still, we cannot but note certain degree of caution here, specifically in terms of the expected demand for the next three to six months.

And ultimately, let's mention the Czech consumers, resp. households, which still feel optimistic despite the negative reports from the international (German) economy. As apparent from the surveys, the consumers were not afraid of unemployment or impairment of their own financial situation even in October. The same applies even to inflation which will most likely not decline due to the more and more expensive housing and the associated costs. Therefore, we can still count on the consumption of households to remain to be the main driver of the aggregate demand and to continue contributing to the Czech economy growth the most. On the other hand, in view of the recently published October entrepreneurship indexes in the Eurozone, the Central Europe cannot count on recovery of the foreign demand yet. Both PMIs in the Eurozone and German Ifo remain near their local minimum values and until the Brexit saga ends, we cannot envisage major recovery.

## 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	10/30	9:00	Wages	% , ytd. 08/01/2019				11.5		11.2		10.7
CZ	10/30	12:00	CZ bond auction 2015-2023, 0.45%	CZK B 10/01/2019						3		
CZ	10/30	12:00	CZ bond auction 2015-2026, 1.00%	CZK B 10/01/2019						3		
CZ	10/30	12:00	CZ bond auction 2017-2033, 2.00%	CZK B 10/01/2019						2		
HU	10/31	9:00	PPI	% 09/01/2019							0.6	0.9
HU	10/31	9:00	Trade balance	EUR M 08/2019 *F							37	
PL	10/31	10:00	CPI	% 10/2019 *P					2.6		0	2.6
CZ	10/31	10:00	Money supply M2	% 09/01/2019								7.3
CZ	11/01	9:30	PMI manufacturing	10/01/2019					45.2		44.9	

## 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		+32 2 417 45 82
Mathias Janssens	+32 2 417 51 95		Institutional Desk		+32 2 417 46 25
<b>Dublin Research</b>			France		
			London		+44 207 256 4848
Austin Hughes	+353 1 664 6889		Singapore		+65 533 34 10
Shawn Britton	+353 1 664 6892				
<b>Prague Research (CSOB)</b>			Prague		
Jan Čermák	+420 2 6135 3578		Prague (Equities)		+420 2 2142 4216
Petr Dufek	+420 2 6135 3560				
<b>Bratislava Research (CSOB)</b>			Bratislava		
Marek Gabris	+421 2 5966 8809				+421 2 5966 8820
<b>Budapest Research</b>			Budapest		
David Nemeth	+36 1 328 9989				+36 1 328 99 85

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 date of the report and are subject to change without notice.

