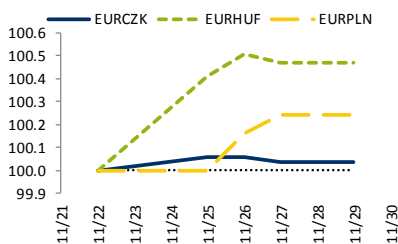




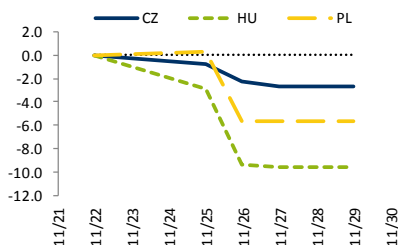
Friday, 29 November 2019

Forex markets (index)



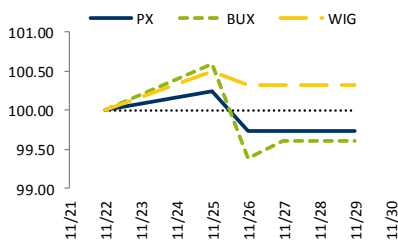
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.50	25.50	0.00
EURHUF	336.0	336.0	0.00
EURPLN	4.309	4.309	0.00

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.411	1.411	0.0
HUGB 10Y	1.77	1.77	0.0
PLGB 10Y	1.99	1.99	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1079.0	1079.0	0.00
BUX	43884	43884	0.00
WIG	58052	58052	0.00

Regional insights

The Czech confidence keeps falling. Let's wait for PMIs

While even indexes and the PMI and Ifo showed that the biggest wave of pessimism had been slowly waning in the German economy, nothing has changed in the Czech economy yet and the confidence in the economy continues to fall. Sentiment has been worsening both in the business sector and among Czech consumers. In addition, the business cycle survey for November confirmed once again that confidence had been falling in particular within the biggest Czech sector – industry, where sentiment dropped to a six-year low. The expectations for the next three months give no grounds for optimism either as regards the growth of production, employment, investments or the economic situation in the sector.

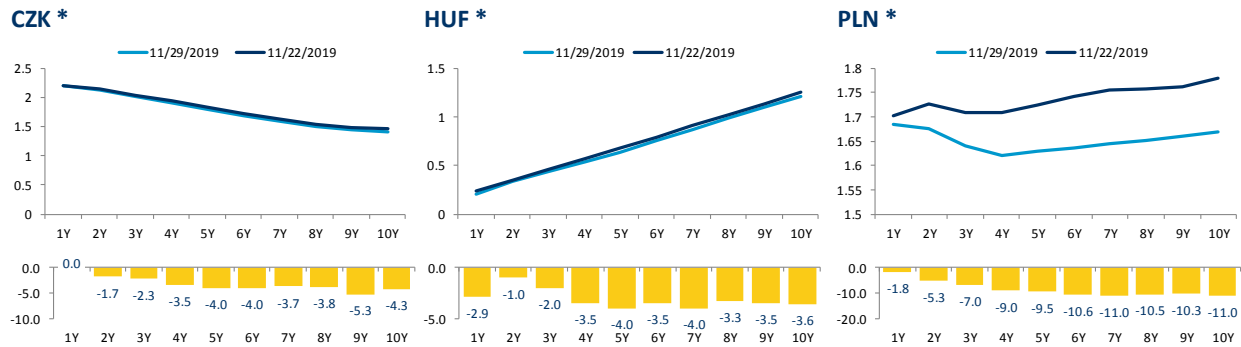
The Czech construction industry is doing better. Although the confidence of enterprises has also decreased here, it is apparent at first sight that it is just a minor adjustment from quite a high level. Moreover, the decrease is associated rather with the current and past evaluation of the situation because the expectations for the upcoming three months continue to remain as positive as in October. The only sector showing an increase in confidence in November is the retail sector. Not only does this sector evaluate the recent past and the present positively, it is also looking to the near future in a much more optimistic manner. In our opinion, the expectations are most likely justified because this year's Christmas will be generally very successful and there is nothing to prevent achieving new historical records in retail sales. All in all, the figures about the confidence in the Czech economy correspond to the scenario of further deceleration, even provided that the demand side will continue to be driven upward by the household consumption, while the investments will further remain rather subdued.

From the point of view of the nearest forecast of the Czech economy, **the November PMI figure (released on Monday) will be very interesting.** This index could suggest whether the deceleration of the economy will deepen or whether it is already possible to look out for the light at the end of a tunnel.

The Polish core inflation hits the NBP target

The Polish inflation basically matched expectations in November as it reached 2.6% year-on-year and 0.1% month-on-month. The several details released confirmed that on year-on-year basis the inflation was calmed by lower fuel prices. On the other hand **the figures released this morning implicitly mean that the core inflation ticked higher again and it finally hit the NBP target (2.5% yoy).**

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	11/29	9:00	GDP	% 3Q/2019 *P			0.4	2.5	0.3	2.5	0.3	2.5
HU	11/29	9:00	Wages	%, ytd. 09/01/2019					11.8		11.4	11.5
HU	11/29	9:00	GDP	% 3Q/2019 *F			1.1	5.0	1.1	5.0	1.1	5.0
PL	11/29	10:00	GDP	% 3Q/2019 *F			1.3	3.9			1.3	3.9
PL	11/29	10:00	CPI	% 11/2019 *P			0.1	2.6	0.1	2.6	0.2	2.5
CZ	11/29	10:00	Money supply M2	% 10/01/2019					8.1			7.9

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