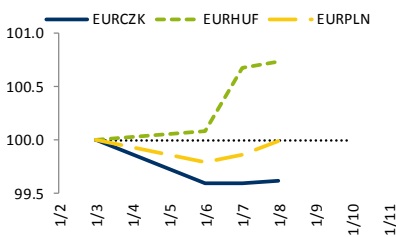




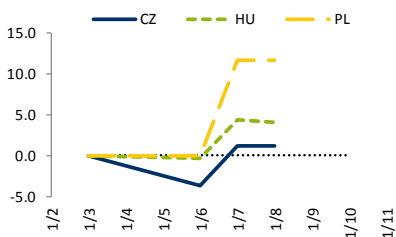
Wednesday, 08 January 2020

**Forex markets (index)**



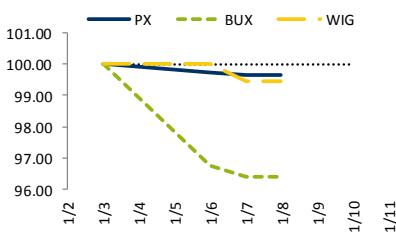
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.24	25.24	0.02
EURHUF	331.8	331.6	0.05
EURPLN	4.242	4.237	0.12

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.568	1.568	0.0
HUGB 10Y	1.98	1.99	-0.2
PLGB 10Y	2.18	2.18	0.0

**Equity indices (index)**



	LAST	PREVIOUS	CHANGE (%)
PX	1117.6	1117.6	0.00
BUX	44491	44491	0.00
WIG	58283	58283	0.00

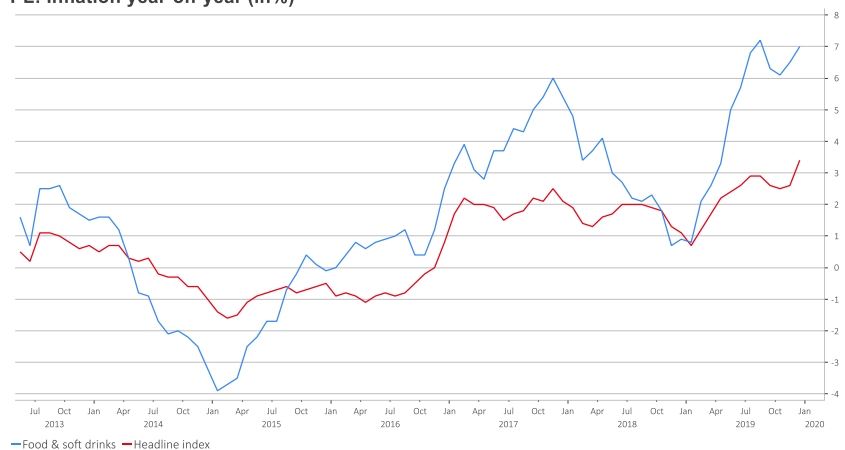
**Our regional insights:**

**The Polish MPC v. December's inflation shock**

The surprisingly high Polish inflation in December comes as an unexpected shock as it reached 0.8% on a month-to-month basis and jumped to 3.4% in the year-to-year terms. Although the growth of consumer prices last month was significantly influenced by higher food prices (+1.2% on a month-to-month basis), it is worrying from the point of view of the monetary policy is that the core inflation most probably accelerated up to more than 3% YoY (CPI details will be revealed later).

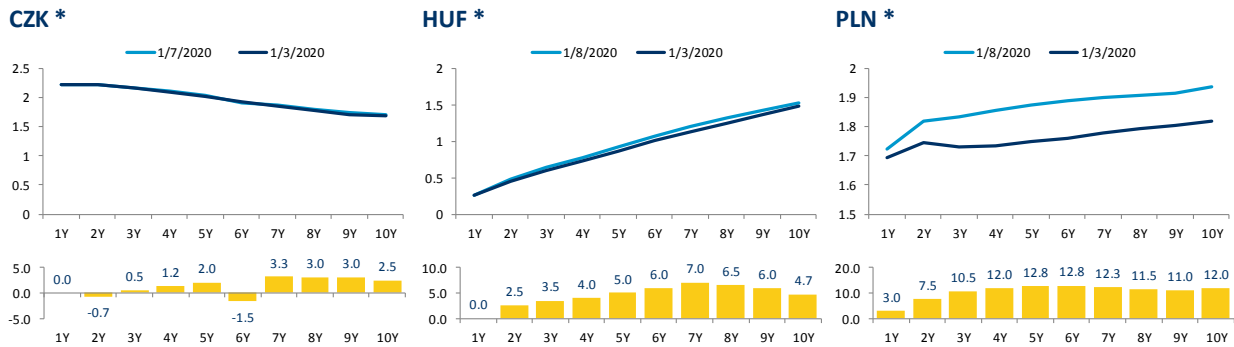
Yesterday's high figure may pose a challenge for the Polish Central Bank, which is coincidentally holding its interest-rate-setting meeting today. In addition, the NBP may be concerned by the fact that the headline inflation had significantly exceeded the three-percent level even before expected January's hikes of regulated electricity prices and an increase in the excise duties on alcohol and cigarettes. As a result the Polish headline inflation in the first quarter of 2020 may thus accelerate up to 4-4.5% YoY. In this situation, it will be more difficult for the NBP Governor Glapinski to repeat his opinion at his press conference in the afternoon that the official interest rates will remain at the current record lows until the end of the mandate of this Monetary Policy Committee (2022).

PL: Inflation year-on-year (in%)



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## 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	Unit	Period	Forecast		Actual		Consensus		Previous	
						m/m	y/y	m/m	y/y	m/m	y/y	m/m	y/y
HU	01/08	9:00	Industrial output	%	11/01/2019			-1	5.7		7.8	-0.4	6.4
HU	01/08	9:00	Trade balance	EUR M	11/2019 *P			500		523		479	
CZ	01/08	10:00	FX reserves of the CNB	EUR B	12/01/2019							133.1	
PL	01/08	14:00	NBP meeting	%	01/01/2020	1.5				1.5		1.5	
CZ	01/09	9:00	Trade balance (national)	CZK B	11/01/2019	20				15.8		7.2	
CZ	01/09	9:00	Unemployment rate 15-64	%	12/01/2019	2.9				2.9		2.6	
CZ	01/10	9:00	Construction output	%	11/01/2019		2.8						-0.3
CZ	01/10	9:00	Industrial output	%	11/01/2019		-1.4			-4.0			-3
CZ	01/10	9:00	GDP	%	3Q/2019 *F	0.4	2.5			2.5		0.4	2.5

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