Central Europe Wednesday

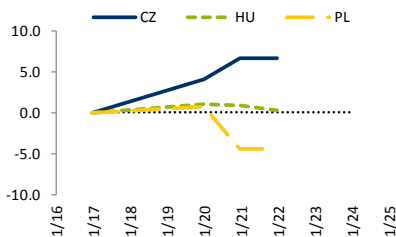**Wednesday, 22 January 2020**

Forex markets (index)
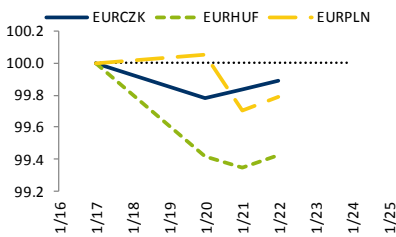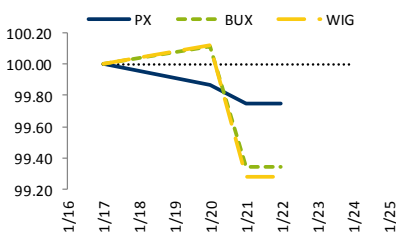

	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.12	25.10	0.06
EURHUF	334.4	334.1	0.08
EURPLN	4.232	4.228	0.09

Gov. bonds 10 Y (bps change)

	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.718	1.718	0.0
HUGB 10Y	2.18	2.19	-0.3
PLGB 10Y	2.28	2.28	0.0

Equity indices (index)

	LAST	PREVIOUS	CHANGE (%)
PX	1130.1	1130.1	0.00
BUX	44132	44132	0.00
WIG	58616	58616	0.00

Our regional insights:

## The forint has found some ground. For how long?

Yesterday, in the first part of the trading session the forint showed again some weakness as the currency weakened to above EUR/HUF 336.00, but in the second part of the day the trend changed and the pair dipped to 334.20. The low-yielding Hungarian currency benefited from the fact that US yields dipped. Moreover, the NBH cut back its liquidity provider through foreign swaps by 38 HUF billion already on Monday, which supported the forint to gain momentum. Market participants have speculated, that forint's depreciation and high Hungary's inflation could not be ignored by the NBH. In this respect, the upcoming NBH's meeting scheduled for next Tuesday could be interesting.

The Polish economy continues to slow

The Polish economy continued to slow in the last quarter of the previous year. This was evident not only from monthly macro readings released yesterday (wages and construction), but also for today's release of the industrial production for December. While production of the Polish industry was by 3.8% higher than in December 2018, in seasonal adjusted terms the production was higher only by 2.1% YoY. Although there will be December's released of retails sales scheduled for tomorrow, we have already updated our Polish GDP nowcast, which shows only XY year-on-year growth for the fourth quarter of 2019. This could be the slowest GDP growth rate since 2016.
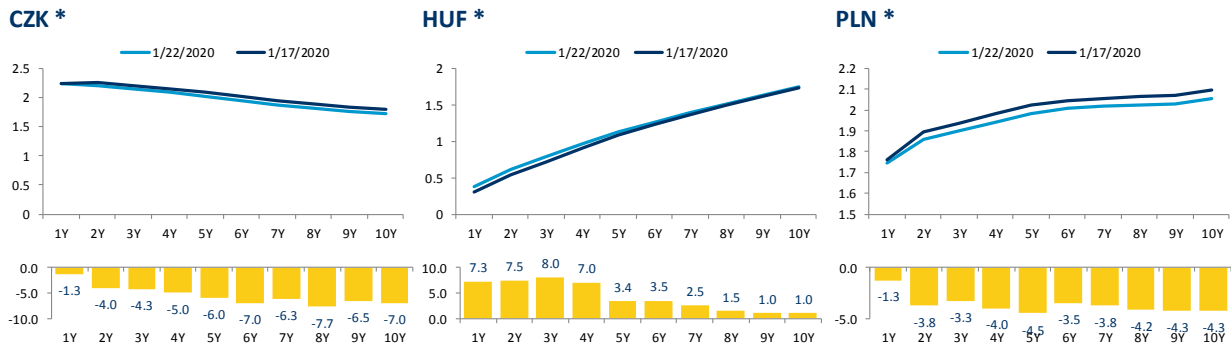
Jan Čermák (ČSOB, Prague)

Nowcast of the Polish GDP for 2019Q4 (yoy change in %)
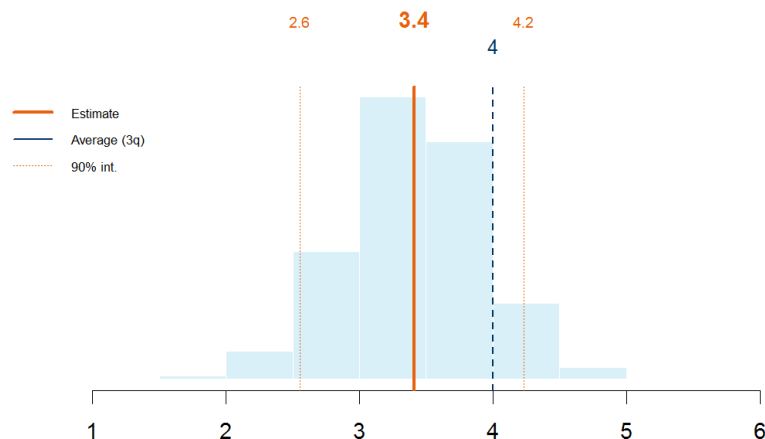
Interest-rate Swap Curves

CZK *
— 1/22/2020 — 1/17/2020

HUF *
— 1/22/2020 — 1/17/2020

PLN *
— 1/22/2020 — 1/17/2020

* 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
PL	01/22	10:00	Industrial output	%	12/01/2019			-9.4	3.8	-7	6.4	-5.8	1.4
PL	01/22	10:00	PPI	%	12/01/2019			0.1	1.0	0	0.9	-0.2	-0.1
PL	01/23	10:00	Retail sales	%	12/01/2019					14.4	7.3	-2.3	5.9
PL	01/24	14:00	Money supply M3	%	12/01/2019					2.3	9.1	1.2	9.4

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
		France	+32 2 417 32 65
Dublin Research		London	+44 207 256 4848
Austin Hughes	+353 1 664 6889	Singapore	+65 533 34 10
Shawn Britton	+353 1 664 6892		
Prague Research (CSOB)		**Prague**	+420 2 6135 3535
Jan Čermák	+420 2 6135 3578	Prague (Equities)	+420 2 2142 4216
Petr Dufek	+420 2 6135 3560		
Bratislava Research (CSOB)			
Marek Gabris	+421 2 5966 8809	**Bratislava**	+421 2 5966 8820
Budapest Research			
David Nemeth	+36 1 328 9989	**Budapest**	+36 1 328 99 85

ALL OUR REPORTS ARE AVAILABLE VIA OUR KBC RESEARCH APP (iPhone, iPad, Android)