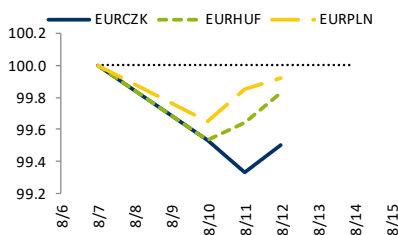




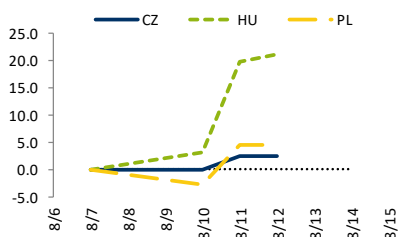
Wednesday, 12 August 2020

## Forex markets (index)



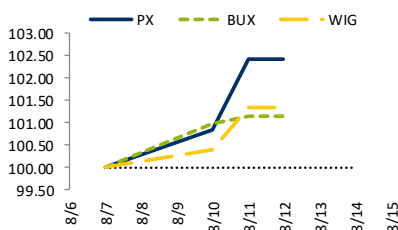
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.19	26.14	0.17
EURHUF	345.4	344.8	0.19
EURPLN	4.409	4.406	0.07

## Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.882	0.882	0.0
HUGB 10Y	2.24	2.22	0.6
PLGB 10Y	1.33	1.33	0.0

## Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	929.1	929.1	0.00
BUX	36364	36364	0.00
WIG	52421	52421	0.00

## Our regional insights:

## The EUR/CZK is sliding towards 26.0

The Czech koruna has been gradually strengthening since mid-July, and the EUR/CZK pair has even flirted with the 26.0 threshold. The fall below this threshold has not yet occurred, inter alia because the CNB Board at its last meeting made it clear that they did not want a stronger Czech koruna.

The Czech central bank announced that the macroeconomic risks and uncertainties had been persisting. Therefore, it had an alternative scenario drawn up by its analytical team, which counted on the Czech koruna to be fast strengthening exactly below the threshold of EUR/CZK 26.0. According to the CNB model, the cut of the official interest rate to technical zero (from the existing level of 0.25%) should be consistent with this bullish scenario for the Czech koruna. It is however necessary to add here that it is just a model (staff) recommendation resulting from the alternative forecast. The CNB bank Board does not have to necessarily identify themselves with its conclusions. Nevertheless, even the fact that this alternative scenario is being considered is a dovish signal for the Czech koruna that must be taken into account. And moreover, the Czech foreign exchange market has to realize that, even from the point of view of the CNB baseline staff projection, the koruna has already used up the room for further gains anyway.

As concerns next domestic macro news – the July inflation figures released by tomorrow could be interesting for the CZK, especially if they surprise on the upside (like in Hungary).

## The Hungarian surprisingly accelerated in July

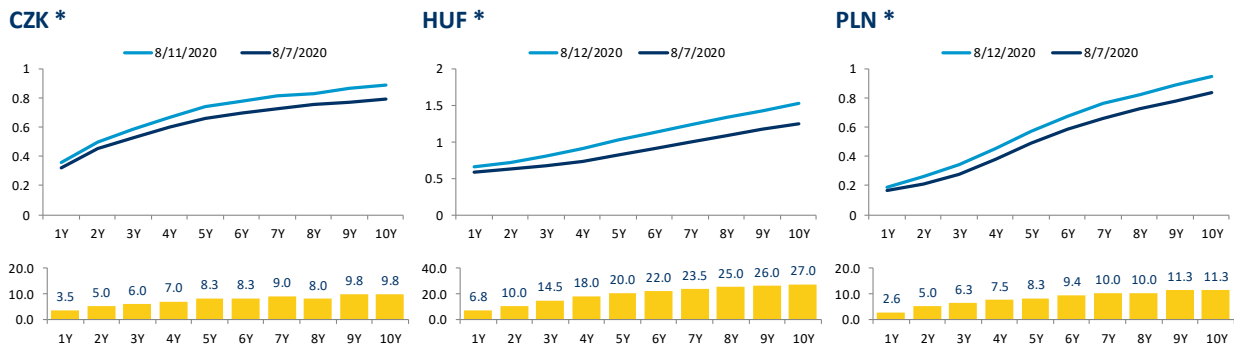
Hungary's inflation data for July surprised significantly on the upside as the annualized consumer price index jumped to 3.8 percent from 3.1 percent (2.9 percent in the previous period). Taking into account the above-mentioned figures, we believe that the June NBH inflation projection is already irrelevant (as it sees the headline inflation below 3% by the end of this year).

## HU: Inflation



Source: Refinitiv Datastream / Fathom Consulting

## 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
CZ	08/13	9:00	CPI	%	07/01/2020	0.2	3.1			0.2	3.1	0.6	3.3
CZ	08/13	10:00	Current account		CZK B 06/01/2020	4				2.85		4.24	
PL	08/13	14:00	Current account		EUR M 06/01/2020					2324		2455	
PL	08/13	14:00	Trade balance		EUR M 06/01/2020					1148		1250	
HU	08/14	9:00	GDP	%	2Q/2020 *P							-10.7	-0.4 2.2
CZ	08/14	9:00	CNB minutes		08/01/2020								
PL	08/14	10:00	GDP	%	2Q/2020 *P					-10.2	-9.0	-0.4	2.0
PL	08/14	10:00	CPI	%	07/2020 *F							-0.1	3.1

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