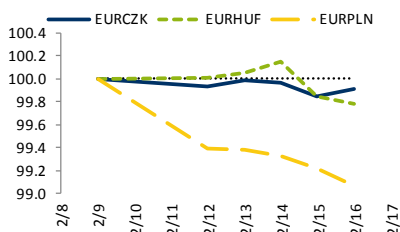




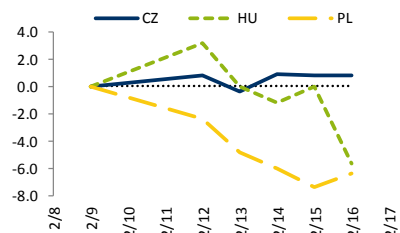
Friday, 16 February 2018

Forex markets (index)



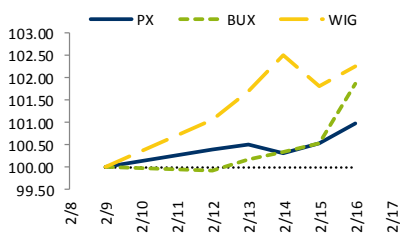
	LAST	PREVIOUS	CHANGE (%)
EURCZK	25.37	25.35	0.06
EURHUF	311.2	311.4	-0.06
EURPLN	4.154	4.160	-0.15

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.869	1.869	0.0
HUGB 10Y	2.45	2.51	-2.3
PLGB 10Y	3.50	3.49	0.3

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1116.8	1111.9	0.45
BUX	39035	38523	1.33
WIG	63346	63078	0.43

Our regional insights:

NBP may stay relaxed as inflation slips below 2.0%

As expected the Polish headline inflation slipped back below 2.0% in January, which means that the NBH projection materializes, so central banks' voices calling for stable official interest rates might be actually correct (flat NBP's rates in 2018 is also our view). Recall that the headline inflation year-on-year might stay slightly below the 2.0% level in the whole first quarter of this year food price shock fades away and the stronger zloty will curb price pressures of the tradeable goods. Anyway, with such a strong zloty it will be a challenge to reach the NBP inflation target (2.5% y/y).

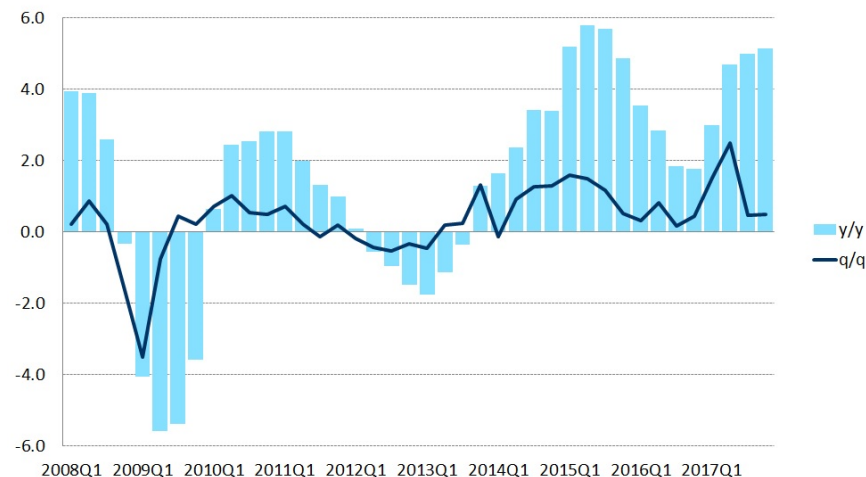
The Czech economy grew by 4.5% in 2017

The Czech economy recorded the best growth since 2015 as according to preliminary flash estimate grew by 4.5% in 2017. This implies that the Czech GDP increased by 0.5%, quarter-on-quarter, and 5.1%, year-on-year in the last quarter of 2017. While the GDP details have not been available the Czech statistical Office has mentioned that all demand components contributed much to its growth, especially external demand and consumption expenditure of households. Most of economic activities of the national economy were successful, especially industry, but also economic activities of services.

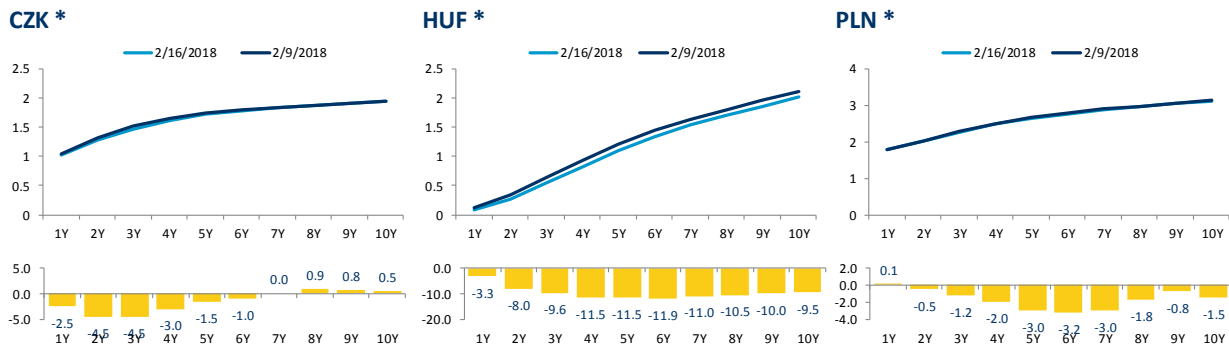
It is worth noting that the GDP outcome in 2017Q4 was slightly lower than the CNB projection (5.4% y/y), but the deviation is pretty small, so the Czech central bank might be satisfied with its view on the Czech economy.

CZ: GDP Growth

(Source: CSO)



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	Time	Indicator	Period	Forecast		Actual		Consensus		Previous	
				m/m	y/y	m/m	y/y	m/m	y/y	m/m	y/y
CZ	9:00	GDP	% 4Q/2017 *A	0.6	5	0.5	5.1	0.6	5	0.5	5
PL	14:00	Wages	% 01/01/2018					-8.1	6.9	7.9	7.3
HU	17:00	Review rating - S&P	3BB- pos 1st revision								

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