



Central European Daily

Friday, 02 October 2015

Headlines

Currencies		% chng
EUR/CZK	27.13	-0.1
EUR/HUF	312.6	-0.2
EUR/PLN	4.25	0.0
EUR/USD	1.12	0.2
EUR/CHF	1.09	0.6

FX Correlation Matrix

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	-0.02	-0.08	0.28	-0.04
EUR/PLN		0.52	0.15	-0.02
EUR/HUF			0.24	0.05
EUR/USD				0.16

correlations of 30 min changes over past 5 sessions

FRA 3x6	%	bps chng
CZK	0.26	0
HUF	1.33	3
PLN	1.69	-2
EUR	-0.05	0

GB	%	bps chng
Czech Rep. 10Y	0.66	-3
Hungary 10Y	3.35	-1
Poland 10Y	2.77	-8
Slovakia 10Y	0.88	0

CDS 5Y	%	bps chng
Czech Rep.	51	1
Hungary	168	-4
Poland	76	0
Slovakia	52	2

Source: Reuters

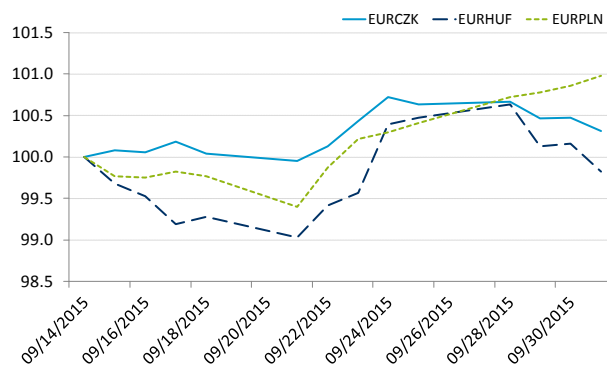
The zloty hits a one-month low against the euro

CNB minutes: no need for negative rates

Yesterday, the Polish zloty again underperformed its peers and weakened to a new one-month low against the euro. Both slightly lower inflation and much weaker than expected PMI have probably contributed to the depreciation. Besides that, upcoming parliamentary elections in Poland may also have had an adverse effect on the zloty which lost about one percent against the euro over the last four weeks.

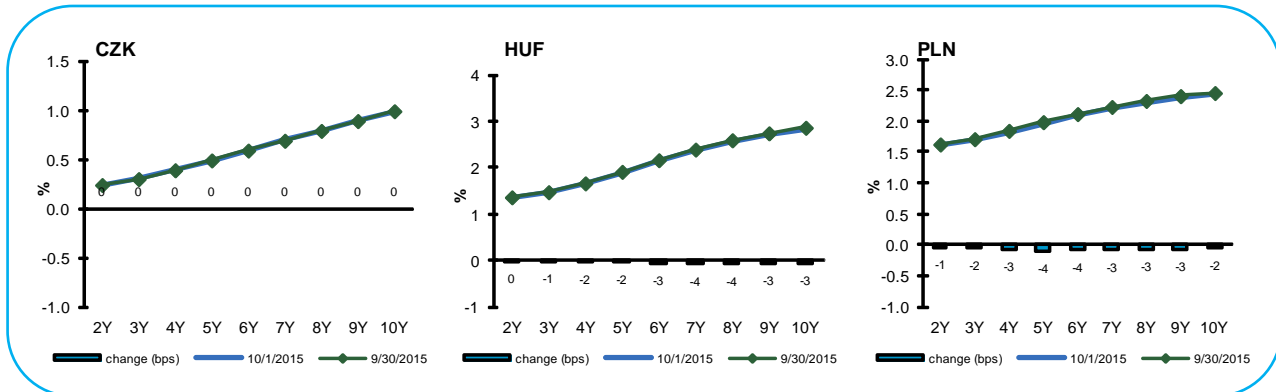
According to minutes of the last meeting of the Czech National Bank (CNB), the bank's board did not consider cutting interest rates below zero. The minutes said that "there was no need for such a step given the negative market interest rates in some financial market segments and the high credit growth". As for the possible extension of the intervention regime, the minutes unveiled that the board preferred to postpone any decision in this respect until it would be able to assess pro-inflationary pressures emerging in the domestic economy (admitting, at the same time, that the pressures may not be as strong as predicted). We still keep our base case unchanged and expect the exit in the second half of 2016. The risks for the extension, however, have been rather rising.

CE currencies against the euro



The Polish zloty again underperformed its peers yesterday... (Source: Bloomberg, CSOB)

Interest-rate Swap Curves



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
HU	9:00	Trade balance	EUR M	07/2015	*F	646				674	

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