



Central European Daily

Monday, 23 November 2015

Headlines

Currencies		% chng
EUR/CZK	27.03	0.1
EUR/HUF	310.3	0.1
EUR/PLN	4.24	-0.3
EUR/USD	1.06	-0.8
EUR/CHF	1.08	-0.2

FX Correlation Matrix

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	-0.04	0.11	-0.07	-0.02
EUR/PLN		0.23	0.06	0.04
EUR/HUF			0.12	0.03
EUR/USD				0.42

correlations of 30 min changes over past 5 sessions

FRA 3x6	%	bps chng
CZK	0.24	1
HUF	1.33	-1
PLN	1.62	0
EUR	-0.20	-3

GB	%	bps chng
Czech Rep. 10Y	0.50	-2
Hungary 10Y	3.31	-9
Poland 10Y	2.73	-3
Slovakia 10Y	0.75	-2

CDS 5Y	%	bps chng
Czech Rep.	51	0
Hungary	158	-2
Poland	72	0
Slovakia	51	0

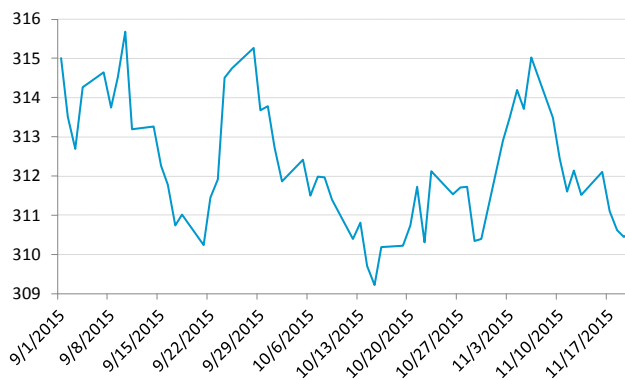
Source: Reuters

Fitch affirms Hungary's sovereign rating at 'BB+'

Hopes for an improvement of Hungary's credit rating supported both the forint and government bonds early on Friday and the forint hit a one-month high while 10-year government bond yield fell by 9 basis points. Nevertheless in the afternoon, the forint gave up most gains as Hungary's Economic Minister Varga warned against overly optimistic expectations and his opinion was confirmed later on in the evening when Fitch released its statement and kept rating unchanged at 'BB+' (with a positive outlook). Based on the rating agency the country's upgrade depends on a more stable, predictable economy policy, further decrease in external and public debt. The disappointment (from the Fitch decision), however, seems to be small as the forint remains broadly stable at the time of writing of this note.

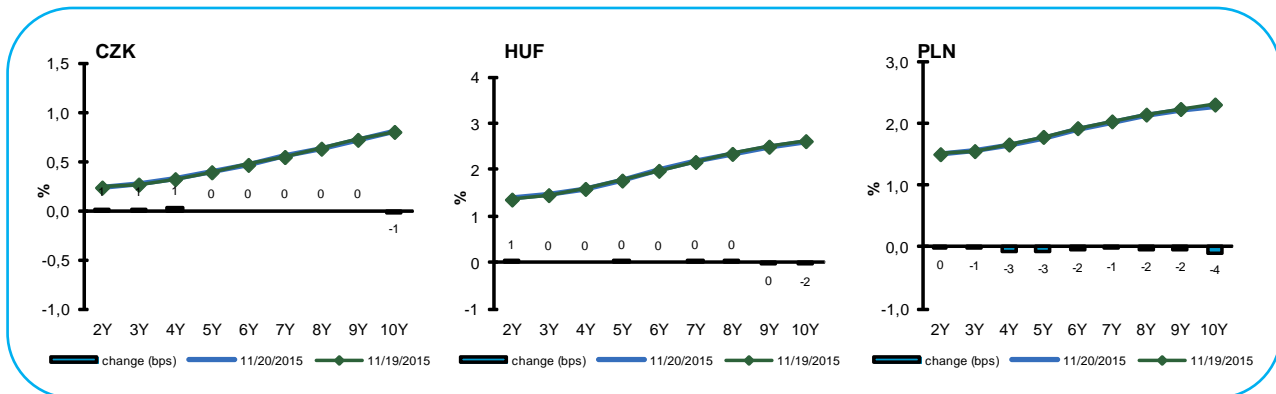
Regarding the rest of this week, the regional calendar is almost empty. The most notable exceptions probably are revision of Czech GDP estimate for the third quarter (Friday) and Czech government bond auction on Wednesday. As for the latter, we again expect strong demand for Czech bonds, particularly for a zero-coupon 2Y bond (the Ministry intends to sell up to CZK 8 billion). Let us add that, until at least the end of this year, the Czech MinFin is unlikely to have even the least problems finding investors willing to finance the Czech government (expensive) debt, given the liquidity conditions on the market as well as other circumstances. And the government bond auction scheduled for Wednesday will probably bear this out.

EURHUF



The forint hit one-months highs on Friday.. (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

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