



Central European Daily

Thursday, 01 October 2015

Headlines

Currencies		% chng
EUR/CZK	27.17	0.0
EUR/HUF	313.3	0.0
EUR/PLN	4.25	0.2
EUR/USD	1.12	-0.6
EUR/CHF	1.09	-0.5

FX Correlation Matrix

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	-0.10	0.01	0.25	0.08
EUR/PLN		0.53	0.14	0.03
EUR/HUF			0.17	-0.01
EUR/USD				0.09

correlations of 30 min changes
over past 5 sessions

FRA 3x6	%	bps chng
CZK	0.26	0
HUF	1.31	-3
PLN	1.71	2
EUR	-0.05	0

GB	%	bps chng
Czech Rep. 10Y	0.68	-1
Hungary 10Y	3.36	3
Poland 10Y	2.85	1
Slovakia 10Y	0.87	-1

CDS 5Y	%	bps chng
Czech Rep.	51	2
Hungary	168	6
Poland	76	0
Slovakia	52	2

Source: Reuters

Business sentiment disappoints in Poland, remains high in the Czech Republic and Hungary

Polish deflation surprisingly deepens in September

Polish macroeconomic data surprise on the downside these days. The September inflation readings are more negative than expected (the CPI was down -0.8% y/y) and PMIs in manufacturing disappoints too, showing that that business sentiment in the Polish industry slipped to one-year low. Both output and new orders rose very slowly in September, and new export orders even declined for the first time since October 2014. We do not want to jump to conclusions grounded solely in today's (yesterday) releases, but in our view it would not be surprising if speculations about a NBP's rate cut proliferate, with adverse implications for the zloty, which might, in addition, face selling pressures due to upcoming election risks.

While September business sentiment worsened in Poland, it remains at very high levels in Hungary and in the Czech Republic. PMI indices in both countries are above the 55 level, which implies strong (manufacturing) expansion in both countries. September data obviously do not reflect adverse impact of the VW diesel scandal, but it is well possible that this impact can be perceived in later months. After all, VW has had strong presence in both countries; the Skoda brand has been well established in the Czech Republic, while Audi has been producing some models in Hungary.

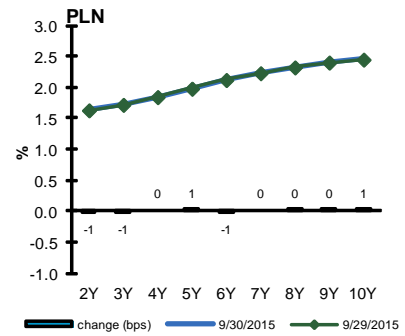
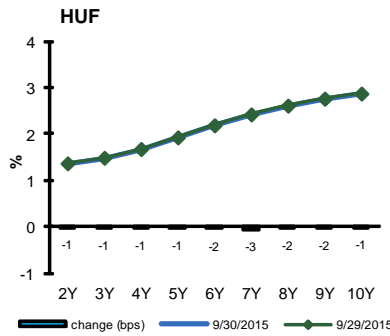
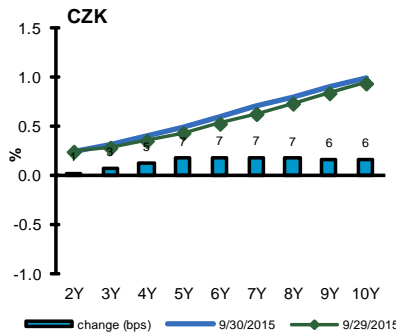
PL: Inflation



The Polish headline inflation dipped temporary deeper, probably because of lower gas prices in September.

Source: Thomson Reuters Datastream / Fathom Consulting

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
PL	9:00	PMI manufacturing	09/01/2015			50.9		52.2		51.1	
HU	9:00	PMI manufacturing	09/01/2015			55.8				50.7	
CZ	9:30	PMI manufacturing	09/2015			55.5		56		56.6	
CZ	14:00	Budget balance	CZK B 09/01/2015							19	

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