



Central European Daily

Wednesday, 29 June 2016

Headlines

Polish FinMin says no FX interventions planned

CE currencies recover after the Brexit shock

The Central European currencies benefited from better mood and slightly strengthened on Tuesday. **The focus however still remains on political factors, namely on talks of EU politicians about the Union in post-Brexit era.** It seems that uncertainty remains quite high which should in our view put a cap on prospective gains of the forint and (particularly) the zloty, at least in the short-term. **Polish finance minister Szalamacha reiterated yesterday that the ministry planned no FX interventions to support the zloty** and added that he saw the currency to return to pre-Brexit levels (he nevertheless provided no specific horizon).

Regarding government bond yields (10Y), they already have fully recovered from the Brexit shock and for example the Polish yield is even seen at the lowest level since mid May.

As for the rest of the week, the eye-catcher is a meeting of the Czech National Bank. It will be interesting to see how sensitive the Czech central bank currently is to negative risks stemming from the Brexit.

Currencies		% chng
EUR/CZK	27.12	0.0
EUR/HUF	316.4	-0.4
EUR/PLN	4.42	-0.9
EUR/USD	1.11	0.4
EUR/CHF	1.09	0.8

FX Correlation Matrix

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	0.06	0.20	-0.17	-0.23
EUR/PLN		0.29	0.03	-0.03
EUR/HUF			-0.31	-0.14
EUR/USD				0.63

correlations of 30 min changes over past 5 sessions

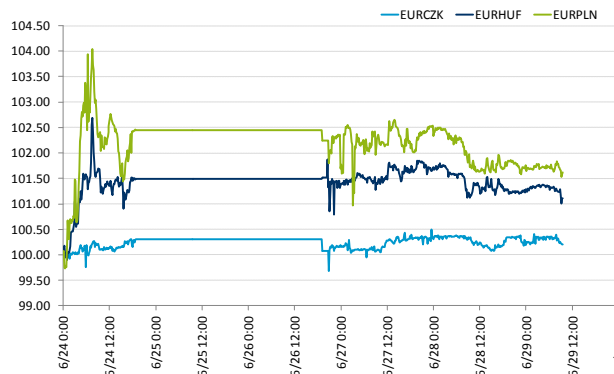
FRA 3x6	%	bps chng
CZK	0.26	0
HUF	0.90	-1
PLN	1.67	-5
EUR	-0.33	-1

GB	%	bps chng
Czech Rep. 10Y	0.49	0
Hungary 10Y	3.22	-10
Poland 10Y	3.02	-4
Slovakia 10Y	0.70	0

CDS 5Y	%	bps chng
Czech Rep.	44	0
Hungary	178	-10
Poland	105	0
Slovakia	44	0

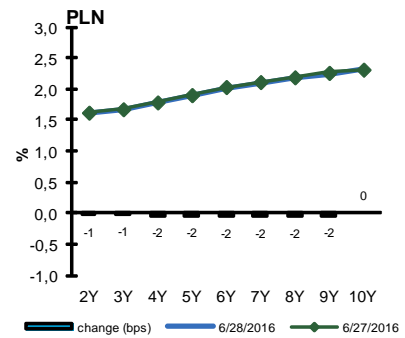
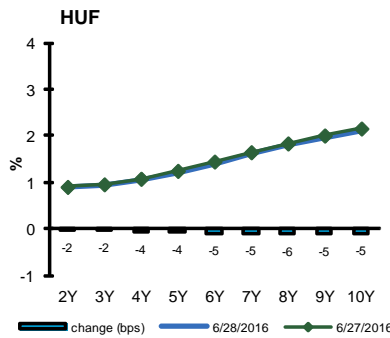
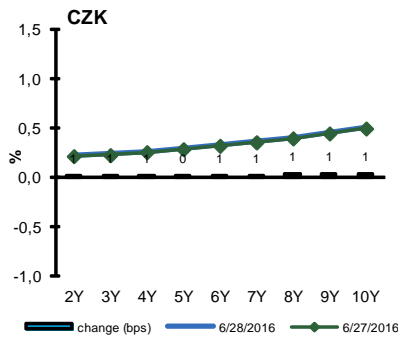
Source: Reuters

CE currencies



The CE currencies regained some ground lost after the Brexit.

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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