

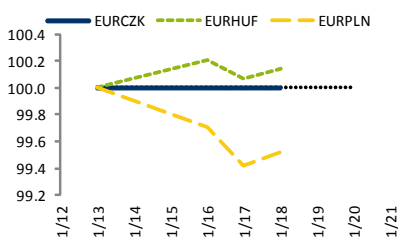


Central European Daily

Wednesday, 18 January 2017

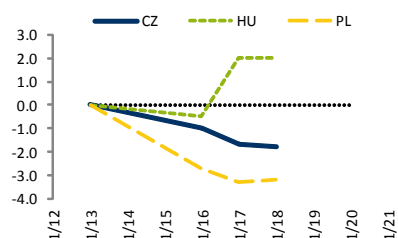
Regional Overview

Forex markets (index)



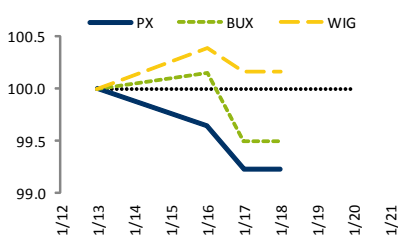
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	307.6	307.4	0.07
EURPLN	4.367	4.363	0.10

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.308	0.309	-0.1
HUGB 10Y	3.44	3.44	0.0
PLGB 10Y	3.62	3.62	0.0

Equity indices (index)



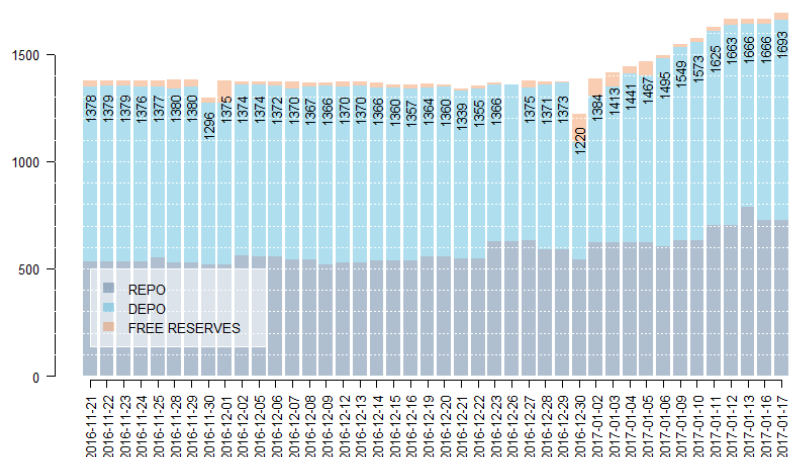
	LAST	PREVIOUS	CHANGE (%)
PX	923.3	923.3	0.00
BUX	32782	32782	0.00
WIG	53583	53583	0.00

Macro, FX & Rates: CNB continues to intervene

(CZ FX) After some relief in the previous two days, **EURCZK forwards strengthened again on Tuesday** which might indicate **stronger intervention activity**. For example, implicit one year CZK deposit rate is seen below 1%. Data from the Czech National Bank (on free liquidity & open market operations) show that **interventions against appreciation of the koruna in early January could already have exceeded volume of euros bought at introduction of the regime back in November 2013** (for the recent development see the chart below).

Although further developments are hard to predict, we believe that **the inflow into korunas may again grow significantly in late March** (due to the upcoming end of the hard commitment to intervene as well as CNB meeting scheduled for 31th March). **As a result, forward exchange rates may theoretically slide even deeper below CZK 27.00 per EUR**. Nevertheless, we cannot even rule out that they may temporarily weaken in the meantime when, for some reason, foreign investors' demand for the koruna wanes (for example, because of rising US yields or closing out too long positions in korunas, etc.).

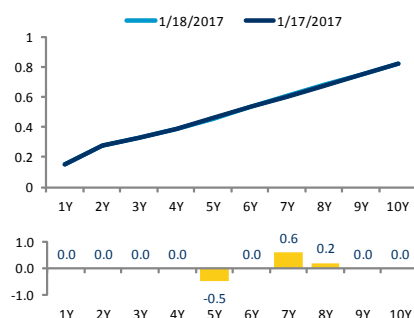
CNB OMO: REPO & DEPO & FREE RESERVES (CZK bn)



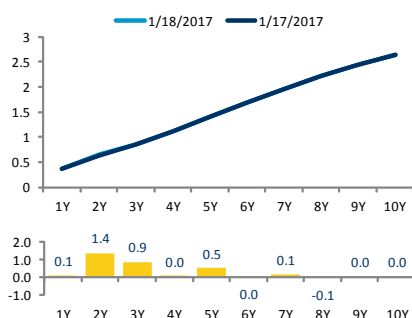
Source: CNB, CSOB

Interest-rate Swap Curves

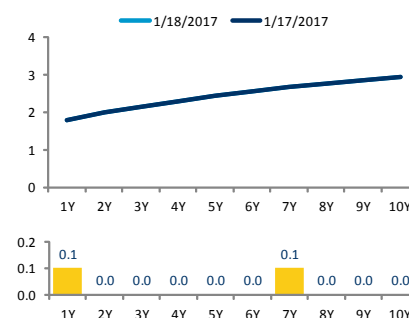
CZK *



HUF *



PLN *



* upper plot in each panel shows interest swap curve (%), lower plot shows change in interest rates in basis points

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	14:00	Wages	%		12/01/2016			8.1	4	1.7	4

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