



Central European Daily

Tuesday, 19 July 2016

Headlines

Facing positive macro data and rating confirmation - the Polish zloty firms below the EUR/PLN 4.40 level

The Polish zloty strengthened more than a percent against the euro as several supportive factors were in play yesterday.

First, the Polish currency continued to digest Friday's Fitch decision to keep country's rating assessment unchanged (while a part of the market expected a downgrade). Secondly, emerging markets almost fully shrugged off the Turkish coup. And last but not least – there were quite positive releases of the Polish hard macro data coming from the domestic labour market. While corporate wages grew strongly by 5.3% y/y in June (in real terms by more than 6%), the employment edged up by 3.1% y/y. This means that the growth of overall labour income has accelerated, which should support domestic private consumption and economic growth in Poland.

We will have a chance to assess the Polish macroeconomic situation even more thoroughly as industrial output and retail sales figures for June will be released later today. Should these releases confirm yesterday's positive surprises the case for better growth figures will be even stronger in Poland.

Currencies		% chng
EUR/CZK	27.02	0.0
EUR/HUF	314.5	-0.2
EUR/PLN	4.37	-1.3
EUR/USD	1.11	0.3
EUR/CHF	1.09	0.3

FX Correlation Matrix

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	0.18	0.09	-0.07	0.01
EUR/PLN		0.40	0.04	-0.02
EUR/HUF			0.10	-0.11
EUR/USD				0.36

correlations of 30 min changes over past 5 sessions

FRA 3x6	%	bps chng
CZK	0.25	0
HUF	0.79	1
PLN	1.67	-4
EUR	-0.34	-2

GB	%	bps chng
Czech Rep. 10Y	0.41	0
Hungary 10Y	2.90	3
Poland 10Y	2.90	-5
Slovakia 10Y	0.54	-1

CDS 5Y	%	bps chng
Czech Rep.	41	0
Hungary	152	0
Poland	97	0
Slovakia	42	0

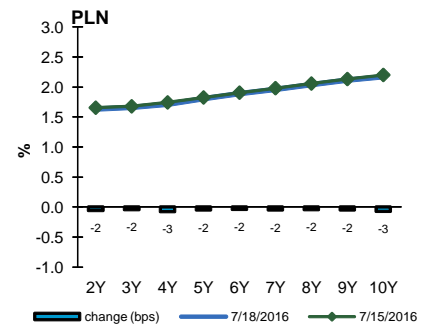
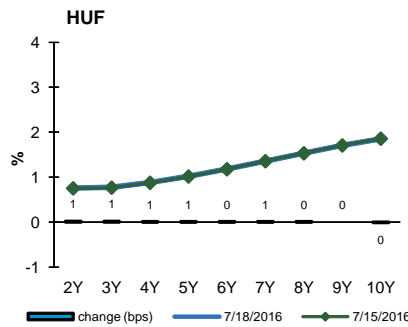
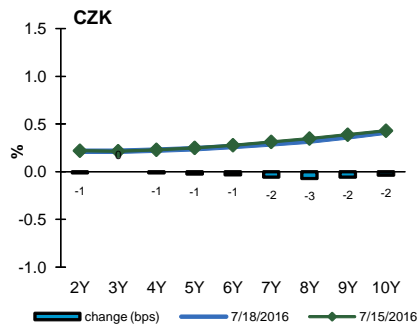
Source: Reuters

EUR/PLN



The EUR/PLN dives back below the 4.40 level.

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	14:00	Industrial output	% 06/01/2016					6.2	5.8	-3.6	3.5
PL	14:00	PPI	% 06/01/2016					0.3	-1	0.9	-0.7
PL	14:00	Retail sales	% 06/2016					2.2	3.7	-0.5	2.2

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