



# Central European Daily

Friday, 21 October 2016

## Headlines

Currencies		% chng
EUR/CZK	27.02	0.0
EUR/HUF	307.1	0.2
EUR/PLN	4.32	0.3
EUR/USD	1.09	-0.4
EUR/CHF	1.08	-0.1

### FX Correlation Matrix

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	-0.07	0.18	-0.15	0.00
EUR/PLN		0.29	0.10	0.22
EUR/HUF			-0.01	0.10
EUR/USD				0.39

correlations of 30 min changes over past 5 sessions

FRA 3x6	%	bps chng
CZK	0.28	0
HUF	0.68	-2
PLN	1.73	0
EUR	-0.30	0

GB	%	bps chng
Czech Rep. 10Y	0.41	3
Hungary 10Y	2.95	-7
Poland 10Y	2.96	-2
Slovakia 10Y	0.47	-2

CDS 5Y	%	bps chng
Czech Rep.	41	0
Hungary	122	0
Poland	76	0
Slovakia	42	0

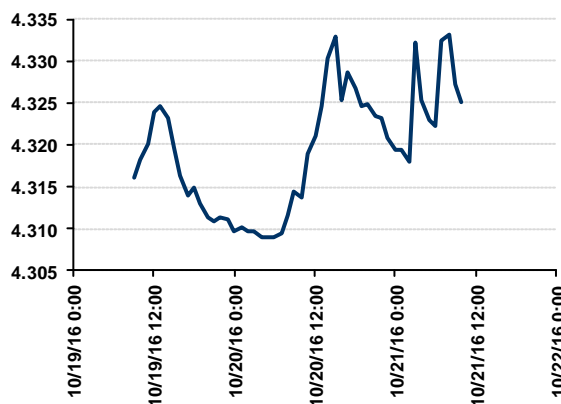
Source: Reuters

### The NBP still expects stable official rates

The minutes from the latest meeting of the National Bank of Poland brought no significant news yesterday. The Monetary Policy Council (MPC) still sees stable rates as the most likely scenario despite the fact that the economic growth will likely be somehow slower than had originally been anticipated. Let us recall that stability of the Polish official rates in 2017 is our base case scenario as well. Still, the zloty weakened against the euro by about 0.5% during the day.

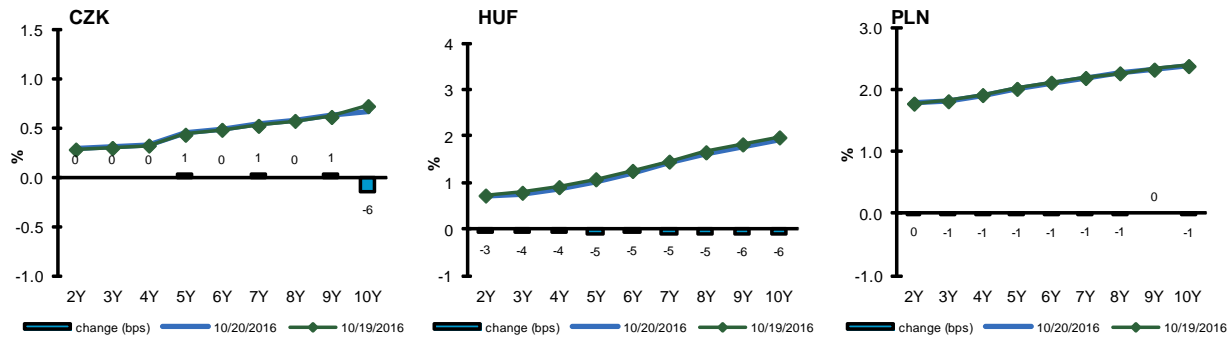
In the meantime, the Czech koruna remains glued to the Czech National Bank's (CNB) intervention floor (EUR/CZK 27.0) while EURCZK forwards have fallen considerably over the past few weeks as markets prepare on the exit from interventions. From the point of view of timing of the exit, yesterday's ECB meeting did not bring substantially new information. It is however important to keep in mind that the CNB is currently preparing its new economic projection (that will be released on 3rd November) in which the CNB assumes the ECB will terminate its QE programme at the end of March (with no tapering). Therefore, should the ECB eventually (i.e. at December's meeting) extend the QE (which cannot be ruled out), this would mean that the exit may also be postponed towards the end of next year.

### EUR/PLN



The EUR/PLN remains close to one-month high.

# 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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