



# Central European Daily

Wednesday, 23 May 2012

## Headlines

### EUR/HUF returns back 300

### Czech MniFin taps domestic bond market with two issues

CE currencies easily gave up previous yesterday gains as improved sentiment in eurozone bond markets appeared only temporary. The biggest regional loser was the Hungarian forint, which has lost almost 2% against the euro since the beginning of the week. Thus, the EUR/HUF pair trades back at the 300 level despite the fact that new funding from the IMF for Hungary seems to be secured.

Today, a regional calendar is virtually empty – the only interesting event will be bond auctions of the Czech MinFin. The ministry is expected to sell a 10Y government benchmark with a floating coupon and a 5Y benchmark with a fixed rate. We think that demand could be a bit lower this time as Czech bond yields have been falling in recent days, while a rate cut has already been priced in.

Currencies		% chng
EUR/CZK	25.28	0.7
EUR/HUF	299.5	1.3
EUR/PLN	4.35	0.8
EUR/USD	1.27	-1.0
EUR/CHF	1.20	0.0

#### FX Correlation Matrix

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	0.50	0.54	-0.59	0.11
EUR/PLN		0.59	-0.57	0.04
EUR/HUF			-0.67	-0.04
EUR/USD				0.09

correlations of 30 min changes  
over past 5 sessions

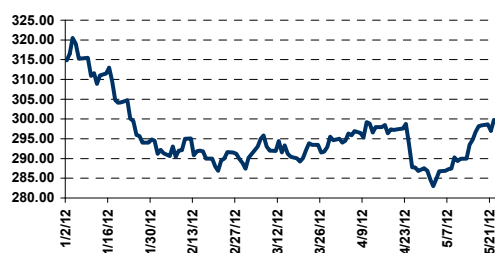
FRA 3x6	%	bps chng
CZK	1.04	0
HUF	7.25	0
PLN	5.14	1
EUR	0.63	-2

GB	%	bps chng
Czech Rep. 10Y	3.28	-3
Hungary 10Y	8.48	-3
Poland 10Y	5.43	-2
Slovakia 9Y	5.94	5

CDS 5Y	%	bps chng
Czech Rep.	133	1
Hungary	568	-3
Poland	253	0
Slovakia	275	2

Source: Reuters

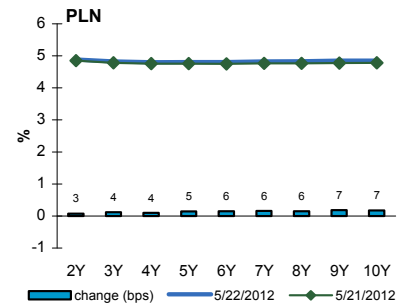
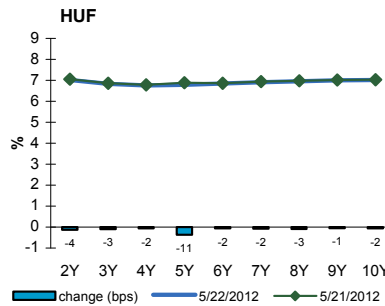
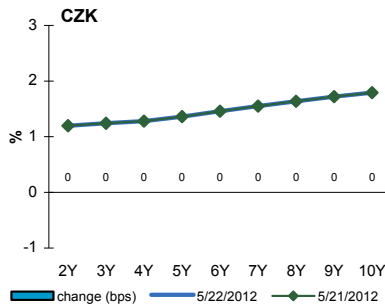
#### EUR/HUF



EUR/HUF, last 120 days. Source: Reuters

*The EUR/HUF returns back to the 300 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
CZ	12:00	CZ bond auction floating rate/2023	CZK B	05/2012							
CZ	12:00	CZ bond auction 4.60%/2018	CZK B	05/2012							

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