



Central European Daily

Wednesday, 22 May 2013

Headlines

Currencies		% chng
EUR/CZK	26.02	-0.5
EUR/HUF	289.4	-0.4
EUR/PLN	4.18	-0.1
EUR/USD	1.29	0.2
EUR/CHF	1.25	0.5

FX Correlation Matrix

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	0.02	0.21	-0.13	0.08
EUR/PLN		0.46	-0.10	0.05
EUR/HUF			-0.19	0.07
EUR/USD				-0.25

correlations of 30 min changes over past 5 sessions

FRA 3x6	%	bps chng
CZK	0.44	-2
HUF	3.90	7
PLN	2.48	1
EUR	0.19	0

GB	%	bps chng
Czech Rep. 10Y	1.59	3
Hungary 10Y	5.10	10
Poland 10Y	3.36	7
Slovakia 10Y	2.48	0

CDS 5Y	%	bps chng
Czech Rep.	56	-1
Hungary	274	0
Poland	78	0
Slovakia	91	0

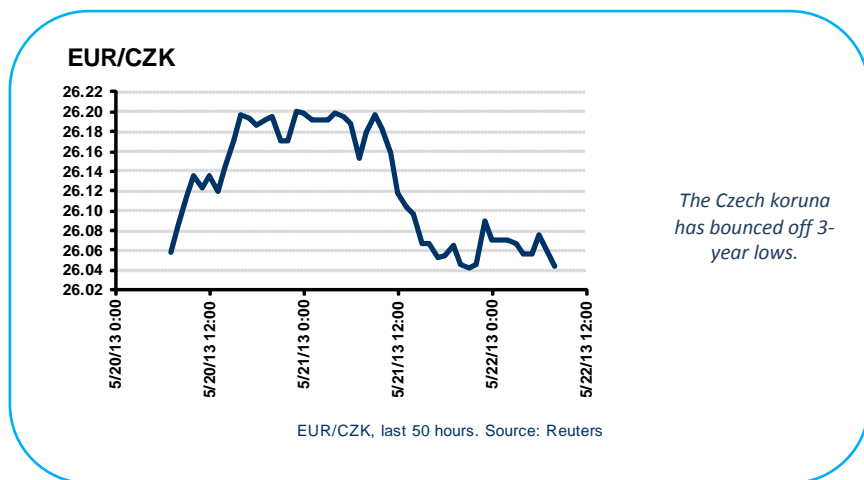
Source: Reuters

The Czech koruna rebounds on export hedging

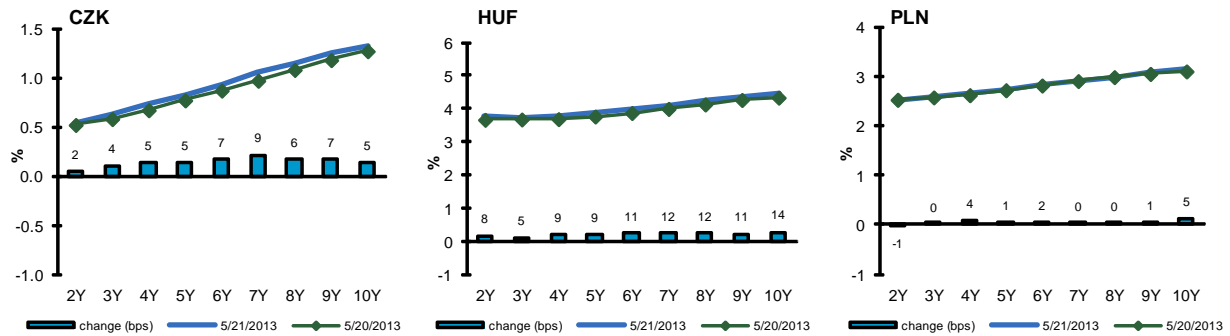
The Polish industrial output in April confirms a weak economic picture

The Czech koruna has finally joined the recent rally of risky assets and rebounded from its 3-years low. It seems that the Czech currency has been supported by hedging activities of Czech exporters, rather than the change in economic fundamentals. Meanwhile in Hungary the forint has continued to hover around relatively strong levels (below the EUR/HUF 290) while the zloty has remained little changed despite poor industrial output data.

Recall that according to the Polish statistical office the industrial output rose by 2.7 % y/y in April. This is clearly a better result than in March, but the growth was wholly attributed to higher number of working days. Working day adjusted data shows different picture - namely decrease of industry by 0.3 % y/y. Moreover construction output, which was down by 23.1 %, did not signal any turnover too. Beside the IP figures the Polish statistical office published the PPI data. It appeared that the producer prices dropped by 2 % in April, which was more than market had expected. Overall, yesterday's figures should further support bets on further monetary easing. Recall that we believe in another rate cut delivered already in June, though more important eco numbers are to come before the NBP meeting: namely retail sales on Friday and especially GDP details next week.



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
HU	9:00	Wages	% , ytd. 03/01/2013			3.2		3		2.7	

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