



# Central European Daily

Tuesday, 18 June 2013

## Headlines

Currencies		% chng
EUR/CZK	25.58	-0.6
EUR/HUF	291.8	0.1
EUR/PLN	4.24	-0.1
EUR/USD	1.34	0.3
EUR/CHF	1.23	0.3

### FX Correlation Matrix

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	-0.03	-0.01	-0.17	0.07
EUR/PLN		0.55	0.00	-0.25
EUR/HUF			-0.19	-0.23
EUR/USD				-0.37

correlations of 30 min changes  
over past 5 sessions

FRA 3x6	%	bps chng
CZK	0.51	1
HUF	3.88	-10
PLN	2.56	4
EUR	0.24	1

GB	%	bps chng
Czech Rep. 10Y	1.98	-3
Hungary 10Y	5.77	-6
Poland 10Y	3.78	7
Slovakia 10Y	2.52	0

CDS 5Y	%	bps chng
Czech Rep.	64	0
Hungary	283	-2
Poland	81	0
Slovakia	88	0

Source: Reuters

### Czech and Polish current accounts improve significantly

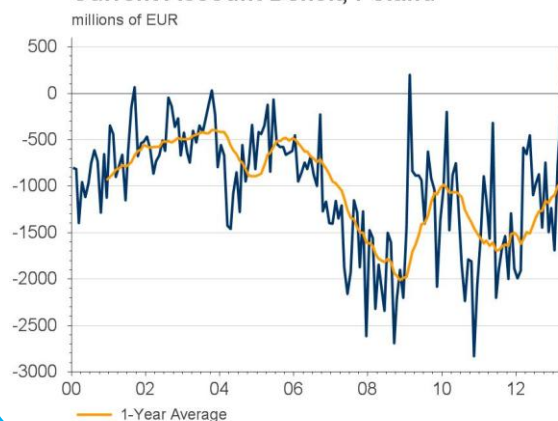
#### The Hungarian government unveils a new levy on banks

As we had expected the Czech koruna shrugged off the recent political turmoil, which led to resignation of PM Nečas and his centre-right cabinet. Actually the koruna has strengthened as the currency was supported by better-than-expected balance-of-payments statistics in April. Recall that following a huge March's deficit generated by unusually dividend outflows (CZK 50mn), the Czech current account returned back to surplus. Overall the current account deficit on annual basis hovers at around 2% of GDP, which is definitely not a macroeconomic threat given the fact that foreign companies operating in the Czech Republic still reinvest a significant portion of their earnings.

Another positive surprise from the C/A side came in Poland yesterday. It's worth noting that country's current account swung into surprising EUR 468m surplus, while the market had expected a deficit. Although Polish balance-of-payments' monthly statistics are very volatile and one should not overrate this monthly figure the fact that exports grew significantly faster than imports is definitely a positive signal from the Polish economy.

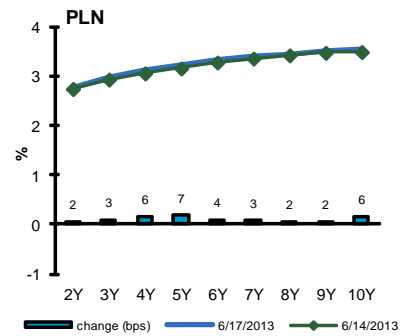
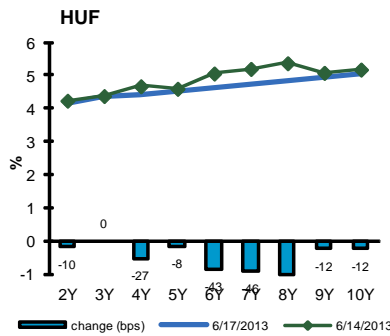
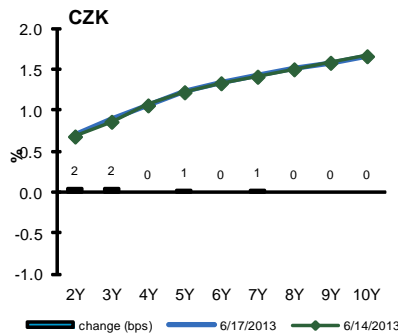
Meanwhile, the Hungarian government grabbed attention again as it unexpectedly presented a new set of tax proposals, which will affect the whole banking sector. Among them the most controversial seems to be a new 7% tax on the debt that will be taken over by the state from banks financing municipalities, payable by the banks. The amount of the involved loans is HUF 612bn, which implies additional tax revenue of HUF 43 bn.

### Current Account Deficit, Poland



*The Polish C/A balance recorded the highest surplus in 13 years in April.*

# 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. 04/01/2013			4.5		3		3.2	
PL	14:00	Wages	% 05/01/2013					-3	2.7	-0.1	3

# Contacts

## Brussels Research (KBC)

Piet Lammens	+32 2 417 59 41
Peter Wuyts	+32 2 417 32 35
Joke Mertens	+32 2 417 30 59
Mathias van der Jeugt	+32 2 417 51 94

## Dublin Research

Austin Hughes	+353 1 6646892
---------------	----------------

## Prague Research (CSOB)

Jan Cermak	+420 2 6135 3578
Jan Bures	+420 2 6135 3574
Petr Baca	+420 2 6135 3570

## Bratislava Research (CSOB)

Marek Gabris	+421 2 5966 8809
--------------	------------------

## Warsaw Research (CSOB)

## Budapest Research (CSOB)

Gyorgy Barcza	+36 1 328 99 89
---------------	-----------------

## Global Sales Force

Brussels	
Corporate Desk	+32 2 417 45 82
Commercial Desk	+32 2 417 53 23
Institutional Desk	+32 2 417 46 25
London	+44 207 256 4848
Frankfurt	+49 69 756 19372
Paris	+33 153 89 83 15
New York	+1 212 541 06 97
Singapore	+65 533 34 10
Prague	+420 2 6135 3535
Bratislava	+421 2 5966 8436
Budapest	+36 1 328 99 63
Warsaw	+48 22 634 5210
Moscow	+7 495 7777 164

ALL OUR REPORTS ARE AVAILABLE ON [WWW.KBC.BE/DEALINGROOM](http://WWW.KBC.BE/DEALINGROOM)

This non-exhaustive information is based on short-term forecasts for expected developments on the financial markets. KBC Bank cannot guarantee that these forecasts will materialize and cannot be held liable in any way for direct or consequential loss arising from any use of this document or its content. The document is not intended as personalized investment advice and does not constitute a recommendation to buy, sell or hold investments described herein. Although information has been obtained from and is based upon sources KBC believes to be reliable, KBC does not guarantee the accuracy of this information, which may be incomplete or condensed. All opinions and estimates constitute a KBC judgment as of the date of the report and are subject to change without notice.

