



# Central European Daily

Tuesday, 01 December 2015

## Headlines

Currencies		% chng
EUR/CZK	27.02	0.0
EUR/HUF	310.5	-0.4
EUR/PLN	4.27	0.0
EUR/USD	1.06	-0.3
EUR/CHF	1.09	-0.4

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	0.13	0.17	0.14	0.07
EUR/PLN		0.45	0.07	-0.10
EUR/HUF			0.26	0.08
EUR/USD				0.14

correlations of 30 min changes over past 5 sessions

FRA 3x6	%	bps chng
CZK	0.14	-4
HUF	1.34	0
PLN	1.60	-2
EUR	-0.22	0

GB	%	bps chng
Czech Rep. 10Y	0.53	0
Hungary 10Y	3.31	-5
Poland 10Y	2.69	7
Slovakia 10Y	0.70	1

CDS 5Y	%	bps chng
Czech Rep.	51	0
Hungary	156	0
Poland	72	0
Slovakia	50	0

Source: Reuters

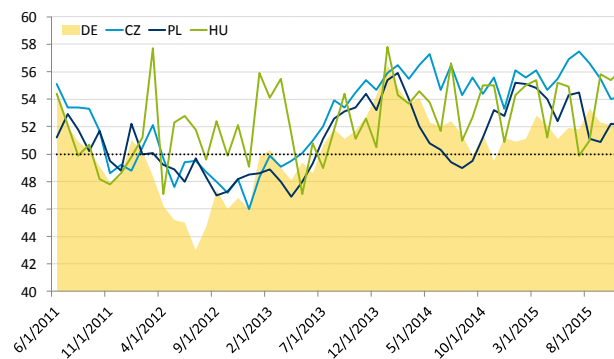
### Rising bets on CNB's rate cut

### Regional PMIs weaker than expected but still strong

The Central European currencies experienced another calm session yesterday. As for the zloty, neither a revision of the Polish GDP for the third quarter 2015 nor a flash CPI estimate for November had a visible impact. Similarly the Czech koruna ignored comments by CNB's governor Singer reiterating lasting need for easy monetary conditions despite a relatively strong economic growth. We can interpret Mr. Singer's remarks as another assurance that the exit from the intervention regime won't be hastened rather than a hint at further monetary easing. Interestingly enough, market bets on a CNB rate cut have risen significantly over the past few days. The most likely explanation of the development is that also the ECB has been widely expected now to deliver a rate cut next Thursday.

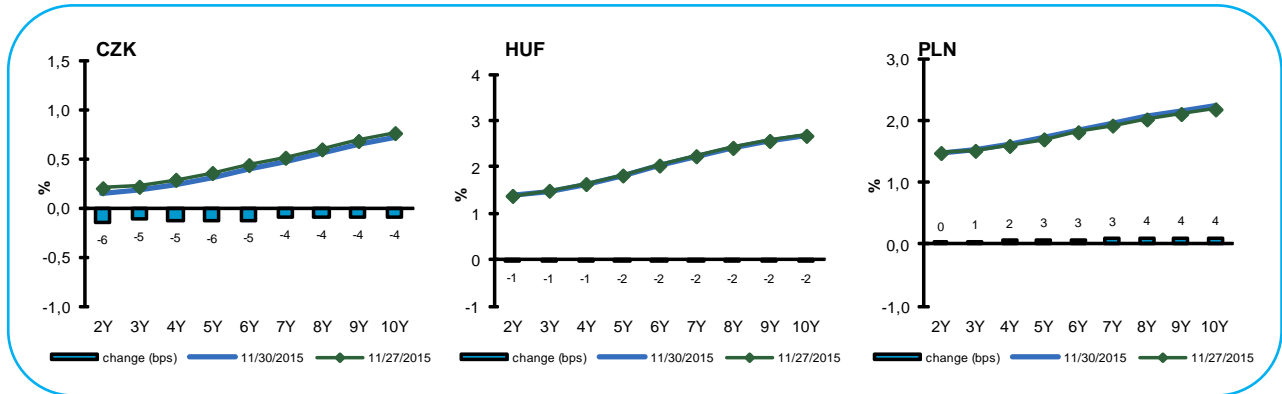
Regarding fresh regional PMI figures, those came out slightly weaker than predicted both in Poland and the Czech Republic. In the latter country, although the downfall in the new orders component of the PMI may look worrisome the overall index still remains well above the breakeven level of 50 points. As for Poland, the index value reached 52.1 points and hence changed only little m/m. A record-long period of the employment sub-index hovering above the 50 points level has been promising a strong support for the economy from the side of households' consumption during the quarters to come.

PMI: CE vs Germany



Regional PMIs a touch weaker than expected in November but still strong... (Source: Bloomberg, CSOB)

# 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	9:00	PMI manufacturing	11/01/2015			52.1		52.6		52.2	
HU	9:00	PMI manufacturing	11/01/2015			56.2				55.3	
CZ	9:30	PMI manufacturing	11/2015					54.5		54	
CZ	14:00	Budget balance	CZK B 11/01/2015							-29.1	

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