



# Central European Daily

Tuesday, 18 October 2016

## Headlines

Currencies		% chng
EUR/CZK	27.02	0.0
EUR/HUF	306.6	0.3
EUR/PLN	4.32	0.3
EUR/USD	1.10	0.3
EUR/CHF	1.09	0.2

### FX Correlation Matrix

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	-0.11	-0.18	-0.14	-0.26
EUR/PLN		0.26	-0.03	-0.08
EUR/HUF			-0.28	-0.04
EUR/USD				0.45

correlations of 30 min changes over past 5 sessions

FRA 3x6	%	bps chng
CZK	0.28	0
HUF	0.72	-4
PLN	1.76	1
EUR	-0.31	0

GB	%	bps chng
Czech Rep. 10Y	0.40	7
Hungary 10Y	3.04	0
Poland 10Y	3.07	3
Slovakia 10Y	0.52	4

CDS 5Y	%	bps chng
Czech Rep.	41	0
Hungary	122	1
Poland	76	0
Slovakia	42	0

Source: Reuters

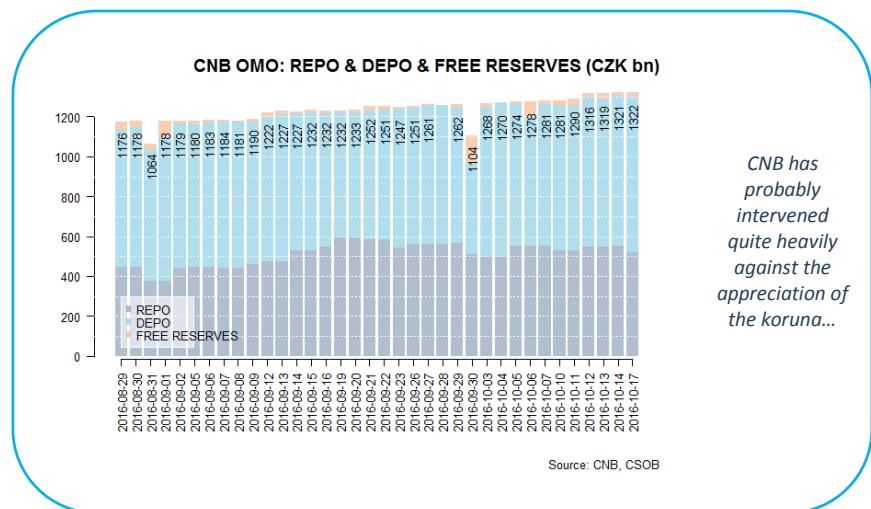
### Zloty hits one-month low against euro

### Markets await fresh data from Polish labor market

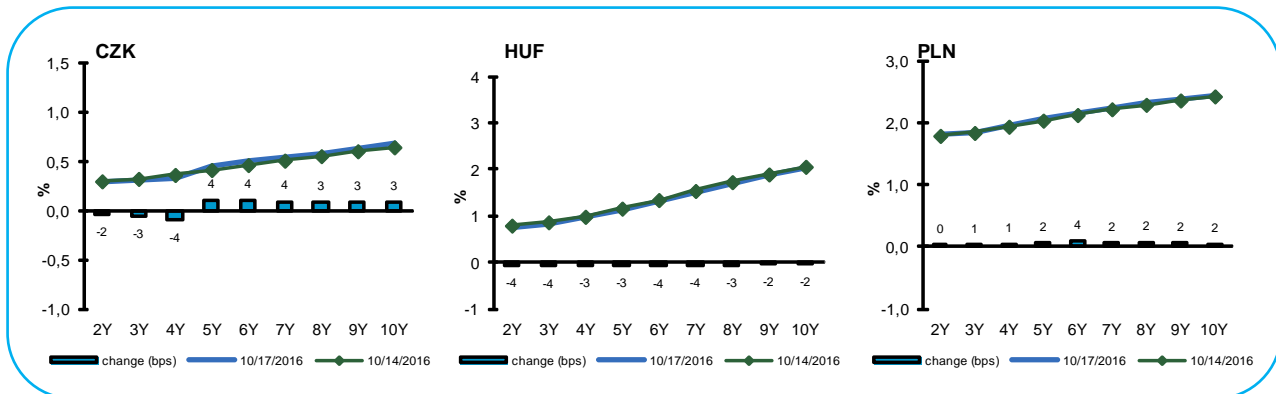
While the zloty and the forint both weakened against the euro on Monday (the zloty even hit a one-month low), the koruna remains glued to Czech National Bank's (CNB) intervention threshold at EUR/CZK 27.0.

Liquidity data suggest that the CNB may have intervened heavily to prevent the crown from dropping below the threshold in September and the first half of October. In this respect, though, it is important to keep in mind that, according to recent comments by CNB's chief economist Tomas Holub, neither the volume of interventions, nor the amount of FX reserves will influence timing of the exit from the FX intervention regime. The exit takes place if and only if the CNB Board is confident of sustainable fulfilment of the inflation target thereafter.

Later today, regional focus will be on September data from the Polish labour market, namely those concerning employment and wage growth. Let us recall that the wage growth has recently accelerated in Poland and it actually seems to be the main reason, why the Polish central bank has so far ignored more than two years lasting deflation in the country.



# 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	14:00	Wages	%					0.7	4.5	-1.8	4.7

# Contacts

Brussels Research (KBC)			Global Sales Force		
Piet Lammens	+32 2 417 59 41		<b>Brussels</b>		
Peter Wuyts	+32 2 417 32 35		Corporate Desk		+32 2 417 45 82
Joke Mertens	+32 2 417 30 59		Institutional Desk		+32 2 417 46 25
Mathias van der Jeugt	+32 2 417 51 94		France		+32 2 417 32 65
<b>Dublin Research</b>			London		+44 207 256 4848
Austin Hughes	+353 1 664 6889		Singapore		+65 533 34 10
Shawn Britton	+353 1 664 6892				
Prague Research (CSOB)					
Jan Cermak	+420 2 6135 3578		<b>Prague</b>		
Jan Bures	+420 2 6135 3574				+420 2 6135 3535
Petr Baca	+420 2 6135 3570				
Bratislava Research (CSOB)					
Marek Gabris	+421 2 5966 8809		<b>Bratislava</b>		
					+421 2 5966 8820
Budapest Research					
David Nemeth	+36 1 328 9989		<b>Budapest</b>		
					+36 1 328 99 85

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 data of the report and are subject to change without notice.

