

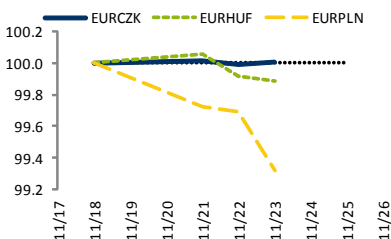


Central European Daily

Wednesday, 23 November 2016

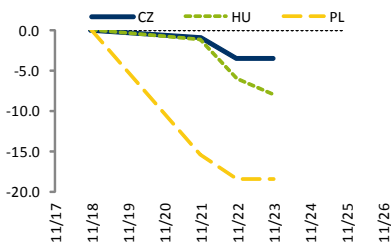
Regional Overview

Forex markets (index)



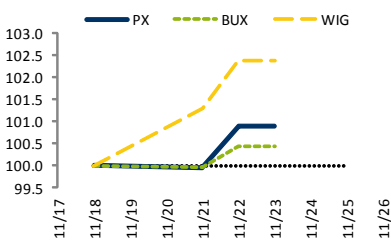
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.03	27.03	0.01
EURHUF	308.7	308.8	-0.03
EURPLN	4.407	4.424	-0.37

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.521	0.521	0.0
HUGB 10Y	3.52	3.54	-0.6
PLGB 10Y	3.51	3.51	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	892.3	892.3	0.00
BUX	30240	30240	0.00
WIG	48030	48030	0.00

Macro, FX & Rates: MNB cuts its o/n lending rate

(HU) The National Bank of Hungary's (NBH) Monetary Council decided to leave the base rate unchanged at 0.9% as expected but other changes were introduced. In order to ease monetary conditions further, the Council **reduced the overnight lending rate by 15 basis points to 0.90%** while **leaving the overnight deposit rate unchanged** at -0.05 per cent. As a result, the interest rate corridor narrowed further. In accordance with this, the Council also lowered the interest rate on the one-week central bank loan by 10 basis points to 0.90%.

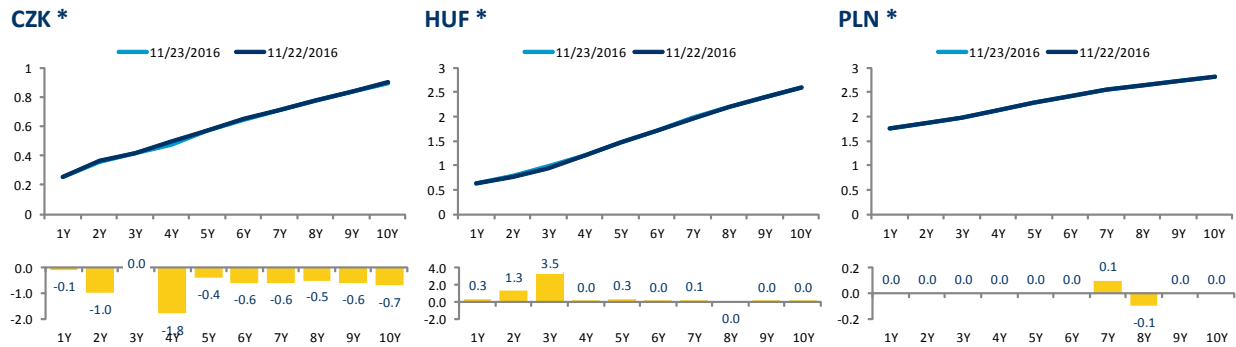
After the NBH's decision, forint temporary weakened and spotted to 309, but quickly get back near to 308. This morning the EURHUF pair is changing hands at around 308.50. More visible was impact on **short-end of government bonds yield curve which fell slightly** but it still stays well above the levels seen in the beginning of November.

NBH clearly stays in dovish mode and tries to put more liquidity into the economy as the press release said that "[i]f subsequently warranted by the achievement of the inflation target, the Council will stand ready to ease monetary conditions further using unconventional, targeted instruments." Let us add that the Council will have a new forecast at its disposal at the next meeting (20th December).

Equities: PGN to buy gas from Palomar

(PL) PGN signed an indefinite-term agreement with Rawicz Energy, a Polish unit of Palomar Natural Resources, on the purchase of up to 160 mln cubic meters of domestically-produced high-nitrogen natural gas a year. / **NEUTRAL.** Company imports 8.7 bcm (85% take-or-pay 10.2 bcm) from Russian Gazprom and 1.3 bcm (100% take-or-pay) from Qatargas, both contracts are relatively expensive. Domestic production stands at 4 bcm roughly. Although contract with Rawicz Energy is relatively small in size, it helps to diversify contract base and probably lower the average price of purchased gas.

Interest-rate Swap Curves



* upper plot in each panel shows interest swap curve (%), lower plot shows change in interest rates in basis points

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

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