



Central European Daily

Wednesday, 13 July 2016

Headlines

The NBH introduces new policy measures

Yesterday, the Monetary Council of the National Bank of Hungary announced that it would modify the monetary assets through two steps. From August 2016, banks will be allowed to take deposits under three-month deposit instrument to the Hungarian Central Bank once a month instead of the current weekly frequency. From October 2016 onwards, it will also put a cap on the amount of bank liquidity that can be placed in three-month deposits. The purpose of the NBH is to diminish gradually the quantity of the money, which would be parked at the NBH.

While this unconventional NBH's measure should support lending in the Hungarian economy from the market perspective, it should rather support Hungarian government bonds but it should have only limited impact on the forint. Actually, the EURHUF has been only little change since the new measure had been announced.

Currencies		% chng
EUR/CZK	27.02	0.0
EUR/HUF	313.7	0.1
EUR/PLN	4.39	-0.8
EUR/USD	1.11	0.0
EUR/CHF	1.09	0.7

FX Correlation Matrix

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	0.15	0.11	-0.04	-0.26
EUR/PLN		0.27	0.19	-0.08
EUR/HUF			0.16	-0.11
EUR/USD				0.09

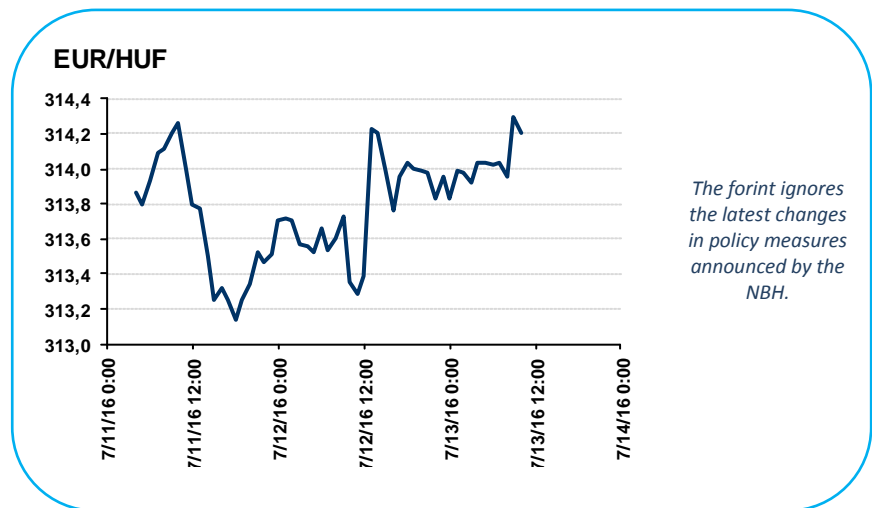
correlations of 30 min changes over past 5 sessions

FRA 3x6	%	bps chng
CZK	0.26	1
HUF	0.84	-7
PLN	1.66	1
EUR	-0.33	1

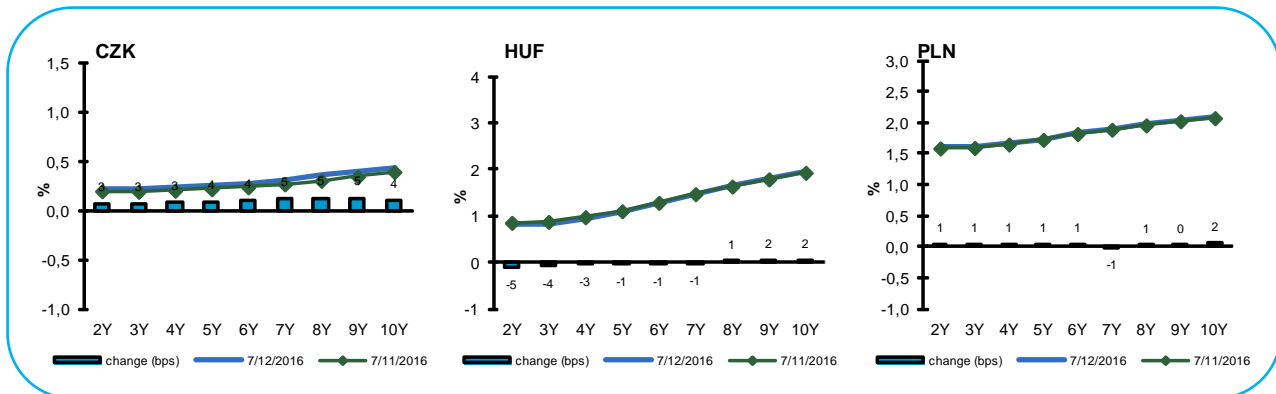
GB	%	bps chng
Czech Rep. 10Y	0.39	-1
Hungary 10Y	2.93	2
Poland 10Y	2.85	0
Slovakia 10Y	0.54	5

CDS 5Y	%	bps chng
Czech Rep.	41	0
Hungary	152	-5
Poland	98	0
Slovakia	42	0

Source: Reuters



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

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