



# Central European Daily

Wednesday, 05 October 2016

## Headlines

Currencies		% chng
EUR/CZK	27.00	0.0
EUR/HUF	307.0	-0.1
EUR/PLN	4.30	0.2
EUR/USD	1.12	-0.1
EUR/CHF	1.10	0.5

### FX Correlation Matrix

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	0.07	0.15	-0.11	-0.04
EUR/PLN		0.26	-0.24	-0.11
EUR/HUF			-0.21	-0.05
EUR/USD				0.29

correlations of 30 min changes  
over past 5 sessions

FRA 3x6	%	bps chng
CZK	0.28	0
HUF	0.73	-1
PLN	1.70	0
EUR	-0.30	-1

GB	%	bps chng
Czech Rep. 10Y	0.27	2
Hungary 10Y	2.90	-4
Poland 10Y	2.90	1
Slovakia 10Y	0.36	2

CDS 5Y	%	bps chng
Czech Rep.	41	0
Hungary	121	0
Poland	76	0
Slovakia	42	0

Source: Reuters

### CNB sits up as rumors spread about ECB scaling down QE next spring

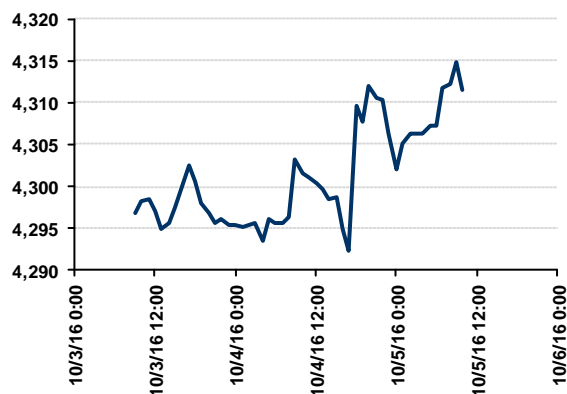
### NBP is expected to leave rates unchanged today, but...

While the forint extended its previous gains, the zloty hovered around EUR/PLN 4.30 on Tuesday.

According to Bloomberg's undisclosed sources in the ECB, the bank has been considering tapering its asset purchases from the next spring on. The news that evidently overtook some market participants (judging from reaction of gold prices, for instance) has been relevant to timing of CNB's exit from the FX intervention regime as well. As the news corresponds with our base scenario, we continue to see the end of CNB's exchange rate commitment in the third quarter of 2017 (with 60 % probability).

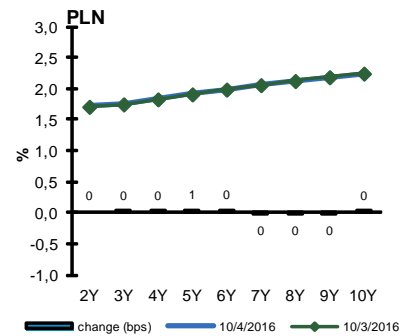
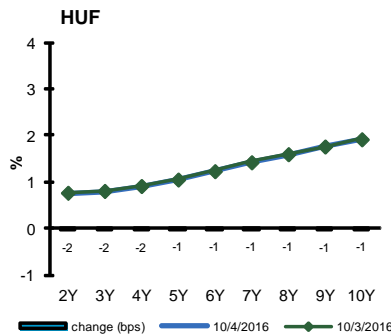
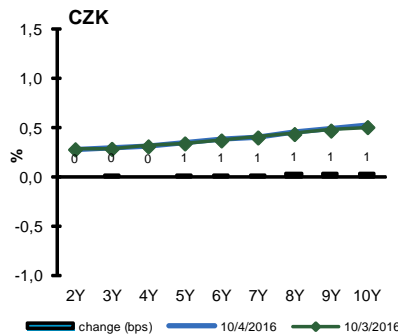
Today, regional markets' focus is on a meeting of the National Bank of Poland (NBP). Central bankers in Warsaw are unlikely to modify their policy-setting, but – in view of persistent deflation and a stable zloty - may feel compelled to issue a distinctly dovish comment. Preliminary data for September have indicated year-on-year CPI inflation remaining well below zero and, of course, also below the central bank's target. We will not be surprised then, if the commentary on today's MPC decision at the subsequent press conference contains dovish signals augmenting those already available in the minutes from the past NBP meeting. According to the latter, certain members would like to see a rate cut passed within the next few quarters.

### EUR/PLN



*The zloty waits for the NBP meeting results...*

# 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	Retail sales	% 08/01/2016			4.3		4.9		3.8	
CZ	12:00	CZ bond auction 2016-19, 0.00%	CZK B 10/01/2016								
CZ	12:00	CZ bond auction 2015-2023, 0.45%	CZK B 10/2016								
CZ	12:00	CZ bond auction 2015-2026, 1.00%	CZK B 10/01/2016								
PL	14:00	NBP meeting	% 10/01/2016	1.5				1.5		1.5	

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