

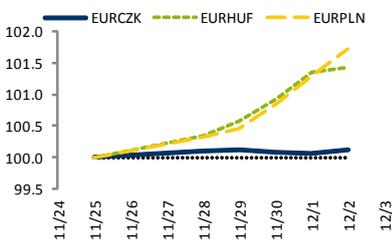


Central European Daily

Friday, 02 December 2016

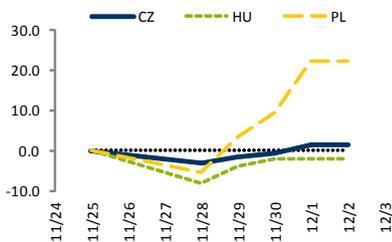
Regional Overview

Forex markets (index)



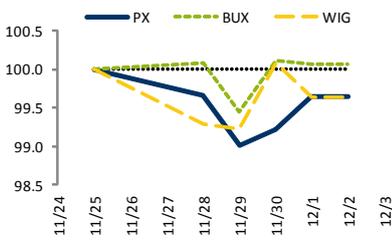
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.06	27.05	0.06
EURHUF	314.5	314.2	0.07
EURPLN	4.491	4.472	0.41

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.532	0.532	0.0
HUGB 10Y	3.41	3.41	0.0
PLGB 10Y	3.77	3.77	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	885.1	885.1	0.00
BUX	29998	29998	0.00
WIG	48404	48404	0.00

Macro, FX & Rates: Zloty watches S&P rating review

(PL) The zloty hit yet another **five-month low** on Thursday despite the fact that inflation has risen to zero earlier this week and PMI for November came out stronger than expected. The zloty is therefore seen at the **weakest** levels since the aftermath of the **Brexit** when it shortly breached **EURPLN 4.50 level**. Polish government bonds fell too and **10-year yield hit a 2-1/2 year high**.

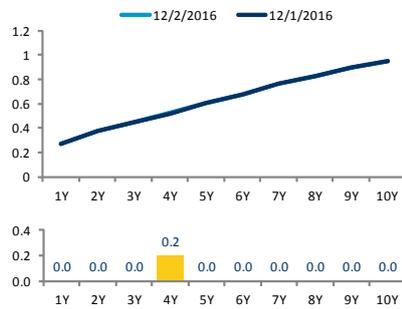
Today, the zloty may test this level again. Apart from US nonfarm payrolls report (which may be negative for US treasuries and hence for the zloty), a revision of Polish rating - or fears of possible downgrade - by S&P may undermine the zloty further.

(CZ) Revision of GDP figures for the third quarter of 2016 brought about **no significant surprises**. The growth remained at 1.9% Y/Y and in quarter-on-quarter terms it was revised down from 0.3% to 0.2%. Still, even the **revised figures confirm marked slowdown of economic growth** in the third quarter which was mainly caused by quarter-on-quarter decline exports. On the contrary, domestic demand, both for investment and consumption, increased.

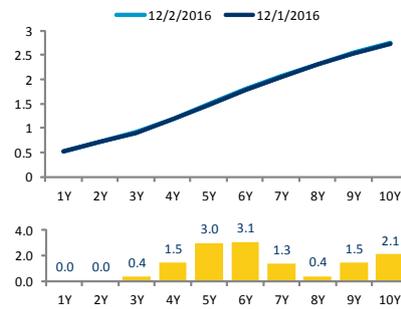
As for the fourth quarter, we expect economic growth at about 2%. This would mean full year growth around 2.5%. For 2017 we expect economic growth around 2.5% as well but the structure may differ as growth could be driven more by investment.

Interest-rate Swap Curves

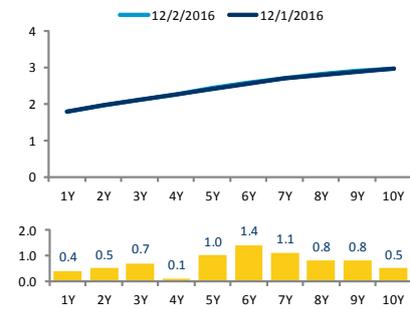
CZK *



HUF *



PLN *



* 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
HU	9:00	Trade balance	EUR M	09/2016 *F							1040
CZ	9:00	GDP	%	3Q/2016 *P				0.3	1.9	0.3	1.9

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