



Monday, 08 October 2012

CENTRAL EUROPEAN DAILY

Headlines

Currencies		% chng
EUR/CZK	24.88	-0.2
EUR/HUF	282.8	-0.7
EUR/PLN	4.07	-0.3
EUR/USD	1.30	0.1
EUR/CHF	1.21	0.1

FX Correlation Matrix

	EUR/PLN	EUR/HUF	EUR/USD	EUR/CHF
EUR/CZK	0.16	0.15	-0.23	-0.18
EUR/PLN		0.20	-0.07	-0.06
EUR/HUF			-0.27	-0.01
EUR/USD				0.36

correlations of 30 min changes
over past 5 sessions

FRA 3x6	%	bps chng
CZK	0.55	0
HUF	6.20	10
PLN	4.49	-4
EUR	0.19	0

GB	%	bps chng
Czech Rep. 10Y	2.35	1
Hungary 10Y	7.38	-13
Poland 10Y	4.68	-5
Slovakia 8Y	2.73	0

CDS 5Y	%	bps chng
Czech Rep.	85	-2
Hungary	356	-10
Poland	110	0
Slovakia	146	0

Source: Reuters

Hungarian optimism supports regional currencies

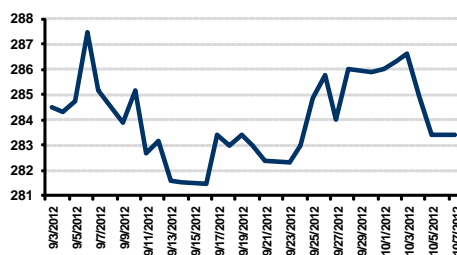
Czech industry continues to decline

Hungarian optimism helped the whole region on Friday. The forint gained nearly 1% and also the Czech koruna and the Polish zloty were able to ignore poor performance of emerging markets. The Hungarian government presented a new mix of fiscal austerity measures reflecting a weaker growth forecast for the next year. The new fiscal strategy drops controversial imposition of the transaction tax on the central bank. The tax was heavily criticised by Hungary's official creditors, which led to needless pressure on the rise in risk premiums on Hungarian assets.

The Czech koruna may get under moderate pressure today if a series of weak macro-figures overshadows Hungarian optimism. Especially falling industrial output and surprisingly weak new orders (both domestic and external) send clear warnings signals regarding real GDP growth in the second half of this year.

Despite rather positive technical picture, all regional currencies may find it difficult to extend their recent gains, if the US dollar continues to strengthen.

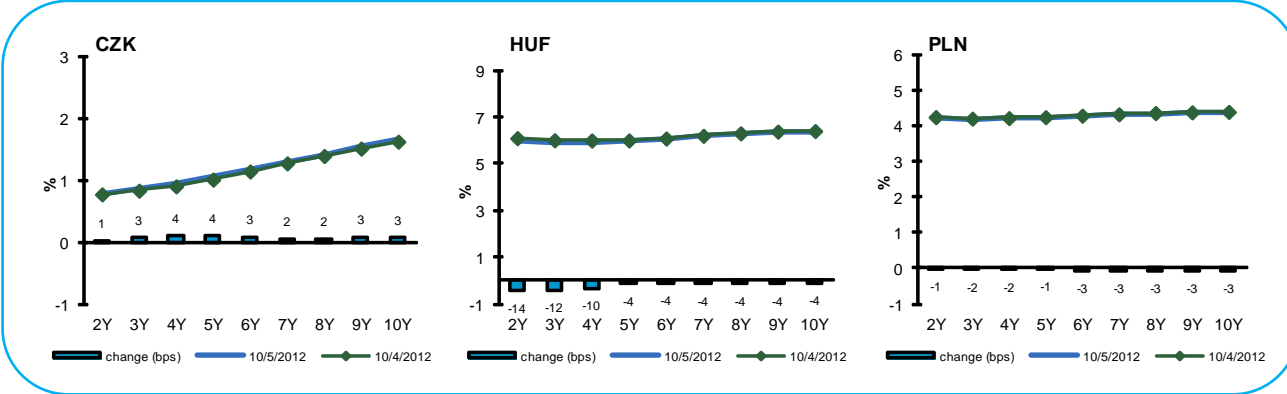
EUR/HUF



EUR/HUF, last 30 day s. Source: Reuters

EUR/HUF: set to retest this year lows?

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
CZ	9:00	Construction output	% 08/01/2012								-0.5
CZ	9:00	Industrial output	% 08/01/2012		0.5		-3.1		0		4.2
CZ	9:00	Unemployment rate	% 09/2012	8.3		8.4		8.3			8.3
CZ	9:00	Trade balance	CZK B 08/01/2012	15		16.9		15.3			25.85
HU	17:00	Budget balance	HUF B 09/01/2012								-559.5

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