

Press release

Good news for franc debtors. CHF will fall

The Minsk agreement is a good sign for the zloty. The uncertainty among investors was already clear. This means that the euro will fall below 4.20 PLN and the franc below the level of 4.00. Additionally, if there is a 'road map' set forth regarding Greece, the zloty should strengthen by 0.03 - 0.05 PLN.

After several hours of negotiations an agreement has been drawn up in Minsk. The most important news presented in Putin's short speech is a promise of a total ceasefire from February 15. The leaders have also decided to create a 70km wide demilitarized zone and confirmed the will of withdrawing heavy artillery. President Poroshenko, on the other hand, confirmed the power decentralization project and Kiev has thirty days to decide about Donetsk and Luhansk's special status.

Billions for Ukraine

The President of France was the most optimistic from the group. Hollande stated that 'the total agreement has been reached'. The most negative surprise is no official document to seal resolved issues. It was suggested before that the latest summit will be different from the previous one especially in precise documenting issues and undertakings. The most important solutions were also supposed to have a date of implementation.

However, it can generally be stated that the results of the Minsk summit are positive and can become strong foundations for future ceasefire or even peace. Moreover, in the morning the positive news about financing Ukraine hit the wire. The International Monetary Fund will spend 17.5 billion dollars on economic help, when added with other help programmes will amount to about 40 billion dollars within the years to come.

Brussels' dramaturgy by games theory specialist

Many dramatic events took place in Brussels. The ministers of finance from countries of the eurozone were supposed to achieve progress regarding prolonging the Greece financing. At one point news agencies informed that an agreement had been signed, which would confirm the eurogroup's joint commitment, Greece's will to continue the reforms and setting the date of the next meeting for February 16. This news helped strengthening the European currency.

However, the situation changed quickly when the Greek minister of finance left the meeting room for a moment and called the prime minister. Tsipras told him not to sign the agreement because of some inappropriate word choices. It can also be assumed that the main cause for such a move was the necessity to continue the reforms. On the other hand, it cannot be ruled out that this might be another step in the Varofakis' play.

Since his first day in office, it could have been predicted that a well-educated expert in game theory such as the new Greek minister of finance would cause a lot of problems to the representatives of the EU.

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Greece outside the eurozone?

Statements of the eurogroup's members seem to suggest that all parties will get back to negotiations on February 16. More specific decisions should be made and at least a plan of future meetings should be set. The key date to Athens is February 28. To this date the help programme needs to be prolonged. If this will not happen, the European Central Bank might pause financing the Greek National Bank. This could result in a sudden loss of liquidity of the domestic commercial banks. Greece would need to start to print its own money and as a consequence, it would be removed from the eurozone.

Franc debtors: things will get better

The most plausible scenario, however, assumes working out some sort of a compromise. It will most likely assume mild easing of the current terms of financing, which will be rather Greece settling down for offered conditions rather than it negotiating the reduction of liabilities. An understanding achieved in Minsk is a positive signal for the zloty. The majority of the market seemed to expect a solid solution, the uncertainty among the investors was palpable. This news should allow the euro and the franc to go down below the levels of 4.20 PLN and 4.00 PLN. The zloty can strengthen next week. That is when the first results of meeting in the capital of Belarus should show and a 'road map' regarding Greece might be presented. If this is the case, the zloty should strengthen by 0.03 - 0.05 PLN.

INFORMATION ABOUT THE BRAND

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