

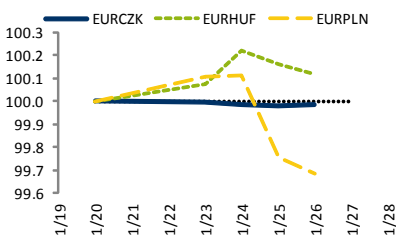


Central European Daily

Thursday, 26 January 2017

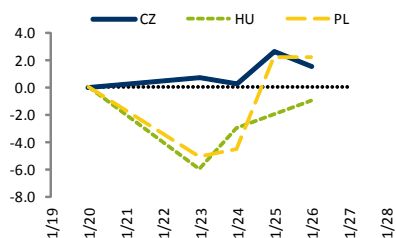
Regional Overview

Forex markets (index)



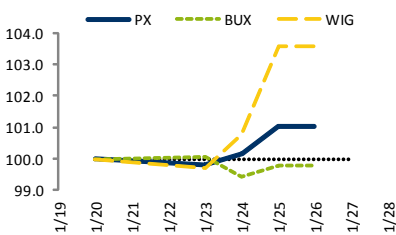
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	310.2	310.3	-0.04
EURPLN	4.353	4.356	-0.07

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.400	0.411	-1.1
HUGB 10Y	3.49	3.48	0.3
PLGB 10Y	3.75	3.75	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	938.2	938.2	0.00
BUX	32808	32808	0.00
WIG	55485	55485	0.00

Macro, FX & Rates: Fresh comments from the CNB

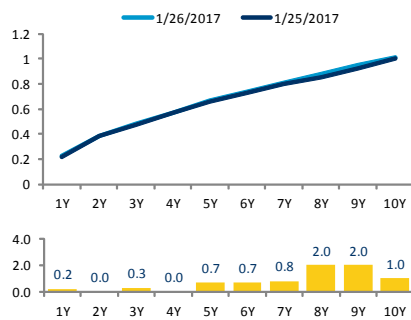
(CZ) Vladimir Tomsik, a Vice-governor of the Czech National Bank, confirmed yesterday that **the intervention regime could be terminated at any moment after the end of the first quarter of 2017**. That said, the CNB does not have to wait until its monetary policy meeting (which is once in six weeks). At the same time, he said the macroeconomic reasons to wait with the exit until mid-2017 were still there. He also said that cutting interest rates below zero is not a preferred policy option. **Pavel Rezabek** whose term in the CNB Board is about to end in early February **quite explicitly stated his discontent with the intervention regime** (title of the interview reads as "We should not have done that") and said he was **afraid of excessive volatility of the koruna** after the exit from the regime. / We still keep our base case unchanged and **think the exit will most likely happen during the second quarter of 2017**. Despite the fact that Rezacbek's comments are quite controversial, we expect little impact on the markets. From the market point of view, comments of Tomsik are more important as he openly said the exit could be agreed upon whenever after the end of CNB's hard-commitment. Let us recall that the bank's board meets every Thursday.

Equities: PKN results beat expectations

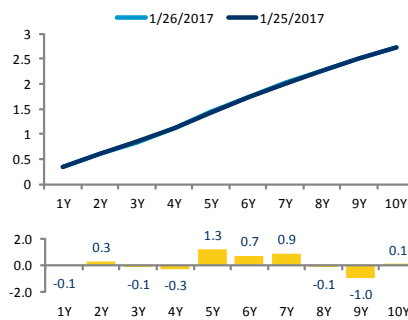
(PL) PKN reported its 4Q16 figures today morning. In general results **beat both our and market consensus** across the lines except revenues that were slightly lower. Results were supported mainly by Company's Czech subsidiary, Unipetrol that became fully operational hence contributing strongly to final product sales and utilization. Nevertheless sales and utilization increased also in Lithuania supported by lower inland sales and lack of repair shutdowns. PKN also received PLN 0.3bn as payment from insurance companies that were linked to the Unipetrol's fire accident. Among other factors positively contributing to the 4Q16 results were weaker PLN and positive net impact of inventory revaluation at PLN 0.1bn. **/SLGH +IVE In general results beat both our and market consensus across the lines except revenues that were slightly lower**. Results were supported mainly by Company's Czech subsidiary, Unipetrol that became fully operational hence contributing strongly to final product sales and utilization. PKN also received PLN 0.3bn as payment from insurance companies that were linked to the Unipetrol's fire accident. Among other factors positively contributing to the 4Q16 results were weaker PLN and positive net impact of inventory revaluation at PLN 0.1bn. **We expect positive market reaction**.

Interest-rate Swap Curves

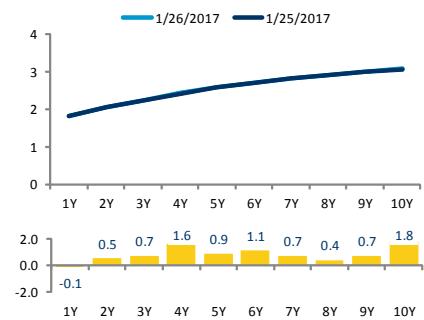
CZK *



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

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