

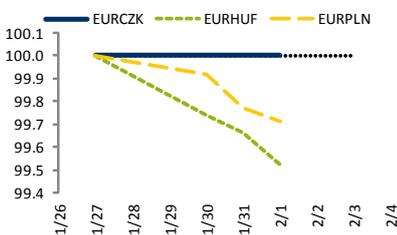


# Central European Daily

Wednesday, 01 February 2017

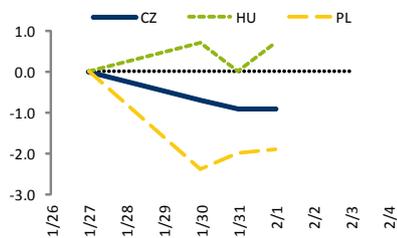
## Regional Overview

### Forex markets (index)



	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	309.8	310.2	-0.14
EURPLN	4.323	4.326	-0.06

### Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.407	0.407	0.0
HUGB 10Y	3.47	3.46	0.2
PLGB 10Y	3.87	3.87	0.0

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	936.4	932.5	0.42
BUX	32524	32481	0.13
WIG	55679	55232	0.81

### Macro, FX & Rates: Regional PMIs point to strong growth

**(CZ, HU, PL) Macro:** PMI indices have shown that business sentiment in regional manufacturing remained strong in regional economies in January. While Hungarian PMI manufacturing rebounded strongly, the respective indices for the Czech Republic and Poland continue to hover at high levels. Actually in the Polish case the aggregate index reached 22 month highs. Encouragingly, the PMI high levels reflected stronger gains in output and new orders. Specifically in the Czech case the latest survey data also pointed growing inflationary pressures in manufacturing sector. According to Markit – the PMI survey agency - leading Czech firms to raise their own charges at the fastest rate in over three years. *In our view regional manufacturing sentiment indices confirmed again that the leading German economy is in a very good shape and that demand looks still very strong on the European level. At the same time it seems that small open regional economies start feel inflationary pressures at some areas in the production sector, while employment continue to grow in the manufacturing sector.*

### Equities: Moneta rated at BBB from S&P and Moody's

**(CZ), Monet:** Moneta Money Bank received yesterday “BBB” rating with stable outlook from S&P rating agency and “Baa2” with stable outlook from Moody’s. *Note that Moneta’s rating is one notch below Erste’s rating and three notches below Komerční. This is not a big surprise given the nature of MONETA’s core business, which is more risky to Komerční and Erste as well. Given the quality of the balance sheet we could imagine even a bit better rating, however Moneta doesn’t need to issue any subordinated or other related debts, so the rating has no significant material impact on the company at the moment.*

**(CZ) CEZ:** A source said that negotiations between CEZ and Czech Coal over the sale of CEZ’s Pocerady coal-fired plant began at around the start of the new year. *We suggest to follow this story. CEZ agreed to sell its real estate assets for CZK 1.4bn a two days ago, put its Bulgarian assets for sale last week. Apart of that, CEZ is likely to decrease its leverage thanks the redemption of bonds issued at the end of January 2014 at EUR 450mln that are exchangeable for MOL shares (note that these convertibles are at the money now). Currently, CEZ is reportedly negotiation the sale of Pocerady plant... what is happening there? Given these steps, the probability CZK 40/shr DVD (9% DY) is increasing in our view (note that current consensus is set at CZK 30/shr...)*

# Interest-rate Swap Curves

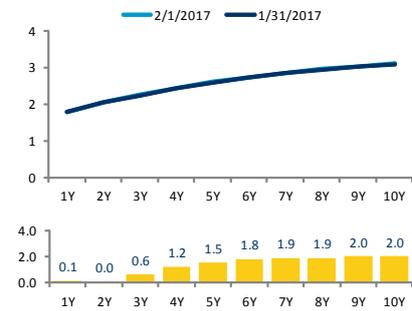
CZK \*



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	PMI manufacturing	01/01/2017			56.5				52.2	
PL	9:00	PMI manufacturing	01/01/2017			54.8		54		54.3	
CZ	9:30	PMI manufacturing	01/2017			55.7				53.8	
CZ	14:00	Budget balance	CZK B 01/01/2017							61.8	

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