

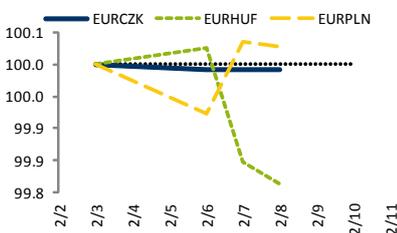


# Central European Daily

Wednesday, 08 February 2017

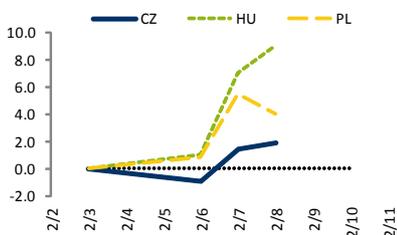
## Regional Overview

### Forex markets (index)



	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	309.2	309.3	-0.04
EURPLN	4.304	4.304	-0.01

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.440	0.435	0.5
HUGB 10Y	3.61	3.59	0.6
PLGB 10Y	3.79	3.81	-0.4

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	947.3	947.3	0.00
BUX	32532	32540	-0.02
WIG	55617	55617	0.00

### Macro, FX & Rates: CZ unemployment lower than exp.

**(CZ) Unemployment rate increased to 5.3% (vs. expected 5.4%) in January.** / Despite marginal increase in unemployment rate in January, **the overall trend remains positive** (after seasonal adjustment, unemployment rate even fell below 5%). Rising demand for labour was also confirmed by data on vacancies which showed further increase last month. Positive development in labour market should in our view **support further acceleration of wages growth in 2017.**

### Equities: mBank results surprise positively

**(CZ) O2 CR:** The main shareholder, PPF Group sold its 3% stake to Belviport Trading. **/ POSITIVE.** After the transaction, PPF's stake will drop to 81.1% from 84.1% and free float increases to 19% or 17.4% if excluded treasury shares. As such this has significantly eliminated the main risk of share overhang for the short term as it increases the free float well above the MSCI 15% threshold. We maintain our **BUY** recommendation with target price at CZK 286/shr.

**(PL) mBank:** Company reported 4Q16 figures today. **/ POSITIVE.** Reported numbers were **well above the market consensus** on bottom line (PLN 292mln vs. PLN 263mln expected). Net fee income reached PLN 753mln. vs. PLN 676mln expected and C/I ratio stood at 47.1%. We expect positive market reaction.

**(PL) Telcos:** During December 2016, **total fines imposed on the sector by the anti-monopoly and consumer protection office UOKiK amounted to PLN 86 mln** according to Dziennik Gazeta Prawna. The list of punished entities included listed firms Orange Polska and Cyfrowy Polsat. A manager of one of the recently fined companies says around 15 new investigations have been launched since January. **/ NEGATIVE.** As it seems that **UOKiK's head Marek Niechcial runs a much stricter policy than his predecessors.**

### Weekly Preview: NBP meeting in focus

**(PL) Monetary Policy Council will conclude its meeting today around noon.** We do not expect any significant change in Council's opinion despite the fact that inflation rate has accelerated in Poland as well. **We believe that the MPC will again state that stable rates is the most likely scenario for 2017** (even though market bets on rate hike have been on rise).

**(HU) The trade balance might be around EUR650m in December,** which would mean that the **full year trade surplus might be above EUR10bn (historical peak) in 2016.** In the light of the relatively strong domestic consumption the continuously increasing trade surplus is a surprise as the higher consumption would have to bring higher import as well. We think that **trade balance may start to deteriorate slightly in 2017 due to the further increase of households consumption and the higher investments,** while we see no booming export demand.

# Interest-rate Swap Curves

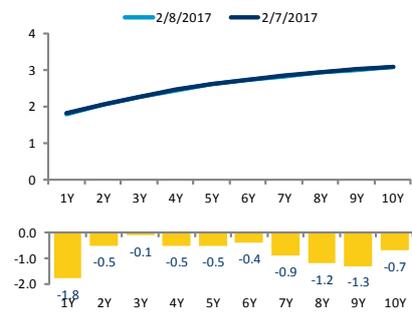
CZK \*



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
CZ	9:00	Unemployment rate	% 01/01/2017	5.4		5.3		5.4		5.2	
CZ	12:00	CZ bond auction 2017-20, 0.00%	CZK B 02/01/2017					6			
CZ	12:00	CZ bond auction 2015-2023, 0.45%	CZK B 02/2017					3			
CZ	12:00	CZ bond auction 2017-27, x.xx%	CZK B 02/01/2017					5			
PL	14:00	NBP meeting	% 02/01/2017	1.5				1.5		1.5	

## Contacts

Brussels Research (KBC)			Global Sales Force		
Piet Lammens	+32 2 417 59 41		<b>Brussels</b>		
Peter Wuyts	+32 2 417 32 35		Corporate Desk		+32 2 417 45 82
Mathias van der Jeugt	+32 2 417 51 94		Institutional Desk		+32 2 417 46 25
<b>Dublin Research</b>			France		+32 2 417 32 65
Austin Hughes	+353 1 664 6889		London		+44 207 256 4848
Shawn Britton	+353 1 664 6892		Singapore		+65 533 34 10
<b>Prague Research (CSOB)</b>					
Jan Cermak	+420 2 6135 3578		<b>Prague</b>		+420 2 6135 3535
Petr Baca	+420 2 6135 3570		Prague (Equities)		+420 2 2142 4216
Tomas Sykora	+420 2 2142 4128				
<b>Bratislava Research (CSOB)</b>					
Marek Gabris	+421 2 5966 8809		<b>Bratislava</b>		+421 2 5966 8820
<b>Budapest Research</b>					
David Nemeth	+36 1 328 9989		<b>Budapest</b>		+36 1 328 99 85

ALL OUR REPORTS ARE AVAILABLE ON [WWW.KBC.BE/DEALINGROOM](http://WWW.KBC.BE/DEALINGROOM)

This non-exhaustive information is based on short-term forecasts for expected developments on the financial markets. KBC Bank cannot guarantee that these forecasts will materialize and cannot be held liable in any way for direct or consequential loss arising from any use of this document or its content. The document is not intended as personalized investment advice and does not constitute a recommendation to buy, sell or hold investments described herein. Although information has been obtained from and is based upon sources KBC believes to be reliable, KBC does not guarantee the accuracy of this information, which may be incomplete or condensed. All opinions and estimates constitute a KBC judgment as of the data of the report and are subject to change without notice.

