

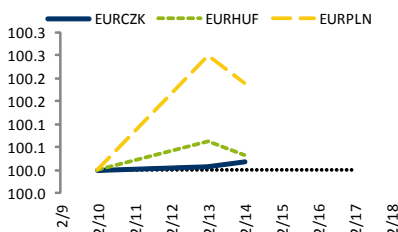


# Central European Daily

Tuesday, 14 February 2017

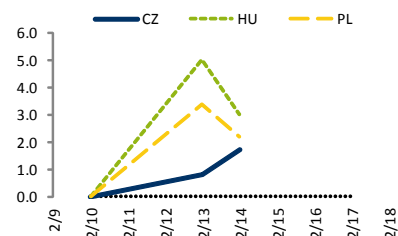
## Regional Overview

### Forex markets (index)



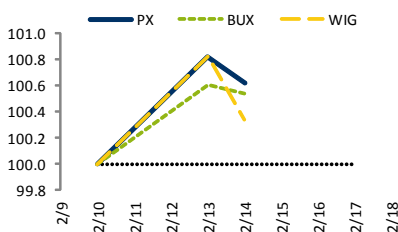
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.03	27.02	0.01
EURHUF	308.4	308.5	-0.03
EURPLN	4.308	4.310	-0.06

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.486	0.477	0.9
HUGB 10Y	3.59	3.61	-0.6
PLGB 10Y	3.85	3.86	-0.3

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	970.3	972.2	-0.20
BUX	33334	33356	-0.07
WIG	57580	57858	-0.48

### Macro, FX & Rates: CZ & HU GDP surprised negatively

(CZ) GDP for 2016Q4 came out at 0.2% Q/Q and 1.7% Q/Q, i.e. at a notably weaker level than had been expected. In 2016, economic growth therefore reached 2.3%. / From the supply side point of view, manufacturing remains the key drive of the growth. From the demand side, the growth was primarily driven by households' consumption; exports contributed positively as well which is closely tied to good performance of manufacturing. In 2017, we expect the economy will grow by about 2.4%.

(PL) GDP for 2016Q4 surprised slightly to the upside of expectations (2.7% Y/Y vs. 2.5% Y/Y). / Polish economic growth picked-up in the end of 2016, we expect that more detailed break-up of figures that will be published in the end of the month will show strong contribution of households' consumption and possibly also pick-up in investment. We expect growth will accelerate this year to about 3 – 3.5 %.

(HU) Last year's fourth quarter performance of the Hungarian economy (adjusted for seasonal and calendar effects) 1.5% higher than a year earlier. The preliminary expectation was a 2.0% GDP growth. The unadjusted GDP growth at 1.6% fell short of expectations. Compared to the previous quarter the Hungarian economy performed 0.4% better in the last three months of 2016. Average annual economic growth was 1.8%. / CPI for January came out in line with market expectations at 2.3% Y/Y.

### Equities: Orange results strongly disappointed

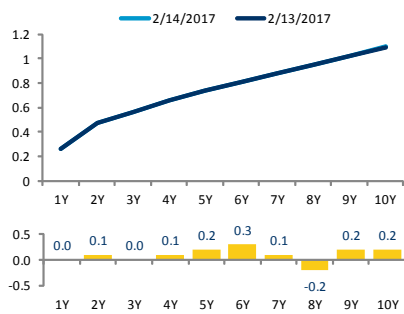
(PL) OPL: Orange Polska released its consolidated results for 4Q16 yesterday, A/Mkt. Company fulfilled its FY16 commitment with respect to adj. EBITDA, Net Debt to EBITDA and CAPEX by just small amount but missed its FY16 financial performance significantly as a result of impairment loss at PLN 1.8bn. On top of that, Company will not recommend paying any dividend in 2017 as a result of cash maximization into the strategic project (no details mentioned); / **NEGATIVE; Reported figures strongly disappointed** in our view. We expect negative market reaction and put our target price at PLN 6.25/shr under review. /

(PL) PGN: PGNiG is facing demands from its unions for 9% wage hikes, the daily Parkiet writes citing the firm's PR office. The management sees this level of hikes as the starting point for further negotiations, without saying what level would be acceptable. The next round of talks is slated for the second half of February; / **SLIGHT NEGATIVE; Please note, in 2015, payrolls costs at PGNiG reached PLN 1.84bn; Please also note, apart from PGNiG, wage talks are currently underway at fuel firm PKN Orlen and Lotos or KGHM metals; /**

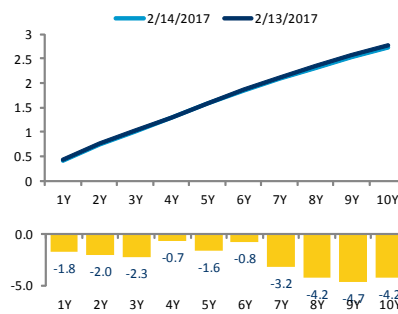
(PL) UTILITIES: Australian fund IFM, which seemed to had lost the battle for Polish cogeneration assets of EDF, is likely returning to the game as a partner of PGE, Energa, Enea and PGNiG Termika, Puls Biznesu writes, citing a person familiar with the matter. The Polish firms sent an inquiry to EDF if it would accept IFM as the future consortium partner, the person said. Poland could accept a minority foreign shareholder for the assets, Energy Ministry press office suggested; / **NEUTRAL; just FYI; Note, PGE announced recently it will spin off those assets and seek a partner for them. Such a firm could also comprise EDF heat assets to be sold to a consortium of Polish firms; /**

# Interest-rate Swap Curves

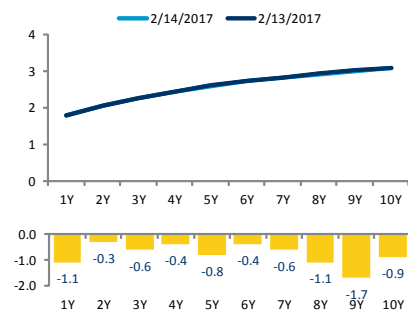
CZK \*



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	CPI	% 01/01/2017				2.3	0.3	2.3	0.4	1.8
HU	9:00	GDP	% 4Q/2016 *P			0.4	1.6		2	0.3	2.2
CZ	9:00	GDP	% 4Q/2016 *A	0.6	2.2	0.2	1.7	0.7	2.3	0.2	1.9
PL	10:00	GDP	% 4Q/2016 *P			1.7	2.7	1.3	2.5	0.2	2.5
PL	14:00	Money supply M3	% 01/01/2017					-0.6	9.2	2.1	9.6

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