

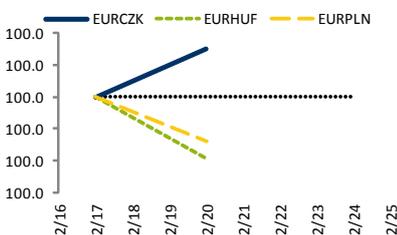


Central European Daily

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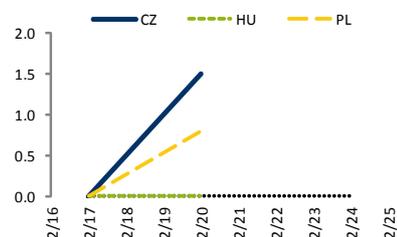
Regional Overview

Forex markets (index)



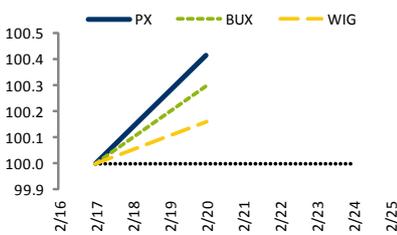
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.01
EURHUF	308.2	308.3	-0.01
EURPLN	4.328	4.329	-0.01

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.603	0.588	1.5
HUGB 10Y	3.55	3.55	0.0
PLGB 10Y	3.82	3.82	0.2

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	974.0	970.0	0.42
BUX	33930	33829	0.30
WIG	58066	57973	0.16

Macro, FX & Rates: PL macrodata surprised positively

(PL) The very strong results of the Polish macroeconomic data for January – i.e. retail sales and industrial production – came as a pleasant surprise. Retail sales in real terms rose by a robust 9.6% year on year, while industry saw 9% growth. The construction industry boasted a good result in January, in Poland it is apparently emerging from a “mini-recession” which resulted from poorer use of money from EU structural funds and therefore slower infrastructure building.

According to the above “hard” data the Polish economy started 2017 very well and its growth could return to above 3% (year on year) this quarter, i.e. not only inflation but also growth will force the central bank to radically rethink its macroeconomic forecast, which in its November version looks very pessimistic today. At its February meeting the NBP shifted its forecast upwards for both inflation and growth, which the market interpreted as a hawkish move. The market implication is going to be a stronger (or more stable) zloty and a build-up of bets on the official NBP rate hike.

Equities: FinMin Babis opposes calls for special bank tax

(CZ) CEZ is discussing future business model with its owners, CEO Daniel Benes says in interview. “The debate we’re having with our stakeholders is about the future direction of CEZ and about finding a compromise between its different, often contradictory, goals. And there is always a hypothetical option of potential partition. The discussions are only in this very philosophical stage”, Benes said; / NEUTRAL; Please note, CEO said on Feb-02 that CEZ owners may seek company partition in an interview for local press; /

(CZ) BANKS: Finance Min. Babis said that banks should be forced not to send dividends abroad and instead to raise salaries, to invest and to support sports or culture. This can be done, he said, because the amounts would not be as high as if taxes were raised. He said he does not like a bank tax because the banks will raise their rates on loans and mortgage and this will hit the people. But if we are talking about sector taxes, he said, why did ČSSD single out banks? Why not water utilities, insurance, energy or Industry Minister Jan Mládek’s beloved telecoms operators? / FYI; Please note we place a very low probability of this getting the green light, but if imposed Sobotka’s bank tax would significantly benefit the small banks in our view as we estimated KOMB might be hit the most with special tax consuming c. 19% of consensus expected net income in 2017, followed by Erste Bank (9 %) and Moneta (5 %), when looking at a potential impact of special tax on Czech banks according to ČSSD proposal; /

Interest-rate Swap Curves

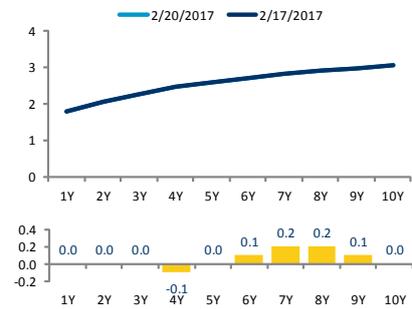
CZK *



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	Unit	Period	Forecast		Actual		Consensus		Previous	
					m/m	y/y	m/m	y/y	m/m	y/y	m/m	y/y
HU	9:00	Wages	%	01/01/2017			5.7		8		8.2	

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