

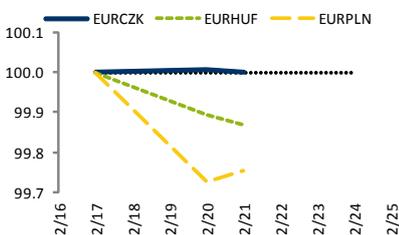


# Central European Daily

Tuesday, 21 February 2017

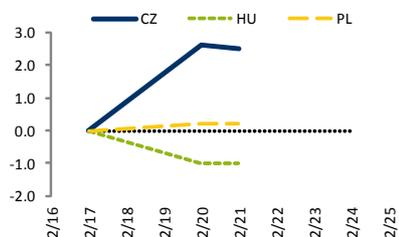
## Regional Overview

### Forex markets (index)



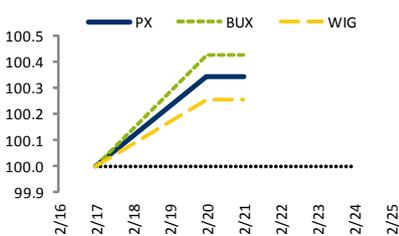
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	-0.01
EURHUF	307.9	307.9	-0.02
EURPLN	4.318	4.317	0.03

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.613	0.614	-0.1
HUGB 10Y	3.54	3.54	0.0
PLGB 10Y	3.82	3.82	0.0

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	973.3	973.3	0.00
BUX	33974	33974	0.00
WIG	58121	58121	0.00

### Macro, FX & Rates: Czech MinFin unveils plans till March

**(CZ) Fixed-income** The Czech Ministry of Finance released detail about its issuance activity until the end of March. The Ministry definitely wants to utilize various favourable conditions on the Czech bond market, which is created by huge CZK liquidity implied by forex interventions of the Czech National Bank. Hence, the Czech MinFin wants to issue up to CZK 30 bn (EUR 1.1bn) of CZK bonds in seven primary auctions including three auctions of the 3Y zero coupon bond. *We consider the Czech bonds as overbought – especially on the front end of the curve. For instance – the yield of the 2Y Czech government bond is negative at minus 0.48%.*

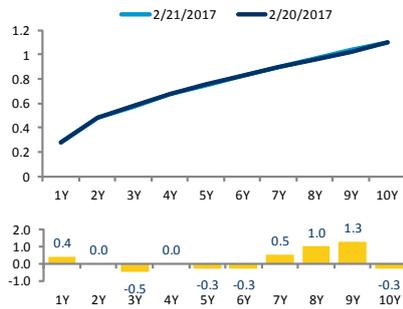
### Equities: PGN wants to double sales in Ukraine

**(CZ) Taxes:** The Czech Social Democrats – the main ruling party – will propose a three-bracket corporate tax system as its election promise. According to its plan, corporations with income exceeding CZK 100m will be subject to a 24% rate, up from the current 19%. Corporate income between CZK 5m and CZK 100m would be taxed at 19%, and amounts up to CZK 5m at 14%. Social Democrats estimate that 99% of companies will pay lower income tax, while about 600 companies would pay the top rate. We consider this campaign promise as slightly negative, but it should be stressed that the Soc-Dem party has only around 14% in election polls.

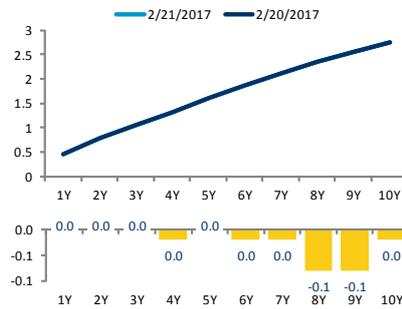
**(PL) PGN:** The company stands a chance for sales growth across all market segments this year, deputy CEO Maciej Wozniak told the daily Parkiet. In Ukraine, the firm wants to at least double sales versus 2016 level of 0.4 bcm. PGNiG is able to offset the entire client attrition by gaining new clients, he assured. The group currently has over 50 large customers using up at least 25 mcm of gas a year. Any potential investments in new storage capacities will depend on the opportunities of their co-financing from the EU means as well as on forecast demand for gas storage services. PGNiG expects the arbitration procedure against Russia's Gazprom to be resolved in Q3. A potential extension of the contract with Gazprom beyond 2022 would only be possible if the price formula were adjusted to the European standards and the contract duration would be much shorter. *Bear in mind that we met with the Company last week in Poland (separate note will follow) and had rather positive feelings. The Company should benefit from potential formula change in T&S in 2017, asked regulator to adjust formula in Distribution for the first time and is waiting on resolution of arbitrary court with Gazprom.*

# Interest-rate Swap Curves

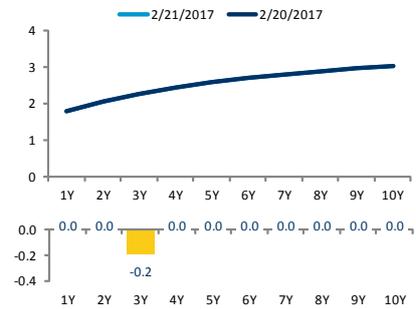
CZK \*



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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