

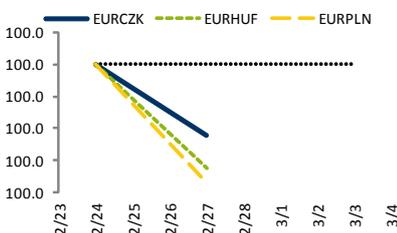


Central European Daily

Monday, 27 February 2017

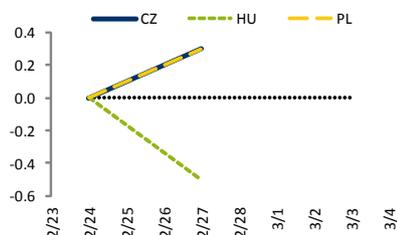
Regional Overview

Forex markets (index)



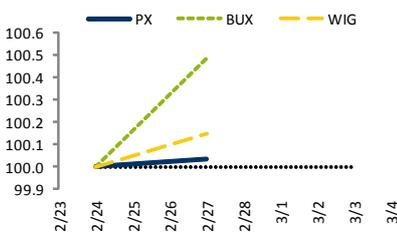
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	-0.01
EURHUF	308.2	308.2	-0.02
EURPLN	4.314	4.314	-0.02

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.576	0.573	0.3
HUGB 10Y	3.40	3.41	-0.1
PLGB 10Y	3.81	3.81	0.1

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	960.4	960.1	0.04
BUX	33045	32886	0.48
WIG	58746	58657	0.15

Macro, FX & Rates: S&P affirms Hungary's rating at BBB-

(HU) Macro: As expected, On Friday the S&P rating agency affirmed Hungary's sovereign rating (BBB-) and left the outlook stale. The Agency is satisfied primarily with Hungary's strong external position represented by sizable current and capital account surpluses. **The S&P also likes modest fiscal deficits and the fact that the Hungarian state's self-financing program initiated in 2014--has yielded a reduction in country's foreign currency-denominated debt to about one-quarter of total outstanding debt. The rating agency predicts that the general government debt, net of liquid assets, will reduce gradually to about 65% of GDP in 2020 from 70.7% in 2016. We think that such a fall in indebtedness is not unrealistic.** It is worth noting that S&P's competitor – Moody's will update the rating of Hungary this Friday. Again, no change is expected.

Equities: CEZ to announce dividend proposal in April

(CZ) CEZ: The Company indicated to announce dividend proposal in April at latest, CEO Benes said. CEO Daniel Benes didn't comment on dividend amount in an interview with him last Thursday. *Regarding latest comments of CEZ's CEO Benes and Ministry of Finance Babis, we expect CEZ is to increase its pay-out ratio to 60-100% of adjusted net income (from 60-80%) and propose the dividend of 30-33 CZK per share. The question is whether MinFin Babis will be satisfied... Please note, state budget for 2017 counts with the same dividend income from CEZ as in 2016 (16bn CZK, i.e. 40 CZK/share), therefore, the Ministry of Finance (69.8% share in CEZ) might reject CEZ proposal at AGM and approve own proposal of a higher dividend. The AGM date has not yet been set, nevertheless it usually take place in June. CEZ is to release its 4Q/FY16 results on Mar-21, but the dividend proposal usually come later on.*

Weekly preview: NBH meeting & regional earnings

(HU) Macro, Rates: The macro highlight of the week should be MPC meeting in Hungary on Tuesday. *We expect the MNB to maintain the policy rate at the historical low of +0.90%. Please note, at its last meeting on Jan-24, the MNB kept the base rate and all the parameters of the rate corridor unchanged, and maintained its rhetoric that it stands ready to loosen monetary conditions further through the use of unconventional policy tools if needed.*

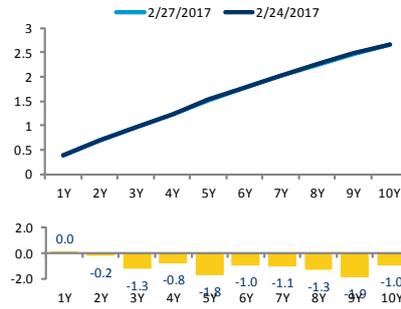
(HU, PL) Equity: Quarterly earnings season will continue in Hungary and Poland this week. GPW (PL) is to release its 4Q16 results on Monday, Erste Bank (AT), MOL (HU), CCC (PL) on Tuesday, Transelectrica (RO) on Wednesday, OTP (HU), Bank Millennium (PL) or Asseco (PL) on Friday.

Interest-rate Swap Curves

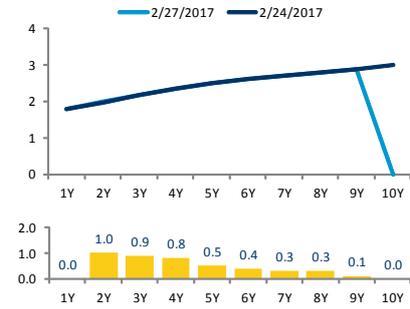
CZK *



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	Unemployment rate	%								4.4

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