

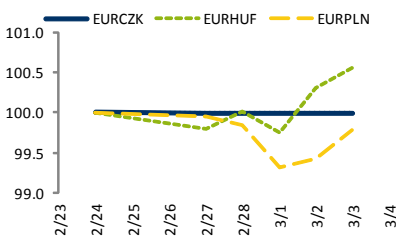


Central European Daily

Friday, 03 March 2017

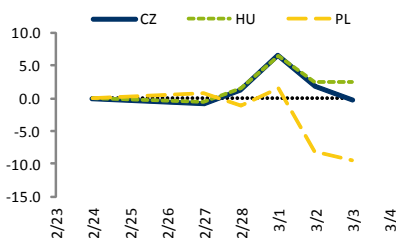
Regional Overview

Forex markets (index)



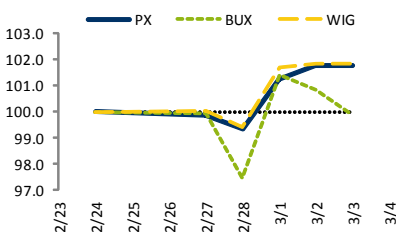
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	309.9	309.2	0.26
EURPLN	4.305	4.290	0.35

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.570	0.592	-2.2
HUGB 10Y	3.43	3.43	0.0
PLGB 10Y	3.71	3.73	-0.4

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	977.2	977.2	0.00
BUX	32847	33155	-0.93
WIG	59744	59744	0.00

Macro, FX & Rates: Czech economy grew by 2.3% in 2016

(CZ) As expected, Czech economic growth slowed down markedly in 2016. A fresh set of data from the Czech statistical office show economic growth reached 2.3% last year (it was 4.6% in 2015). At the same time, the figure for the fourth quarter of 2016 was revised slightly to the upside (to 1.9% Y/Y). / **Although the growth slowed down mainly due to one-off reasons** such as decline in investment due to lower utilization of EU funds, **we do not expect the economy to accelerate significantly in 2017** (we expect 2.5% growth). Investment as well as consumption should pick-up/accelerate but this should be accompanied by accelerating imports and possibly also by slower growth of exports.

(HU) Yesterday Hungarian forint aimed the top of the 307-310 channel, where the currency jammed into in the recent weeks. On the last trading day of the week the EURHUF pair doesn't show clear direction but it started the trading at around 309.70 Friday morning. All in all, this weakening seems to be important compare to the typically dull trading at around 308 in the last few weeks.

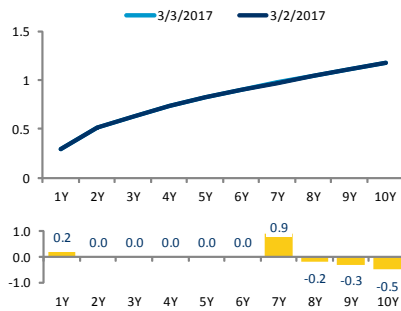
Today, the regional eco calendar is heated up with Moody's revision of Hungary's sovereign rating, though the change is not expected.

Equities: OTP results missed estimates

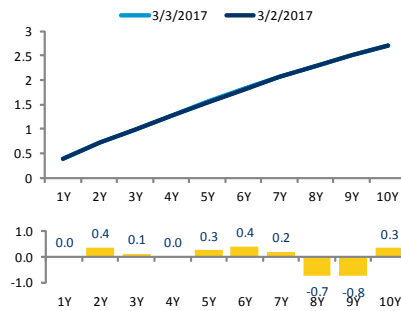
(HU) OTP: OTP missed estimates on the net profit line by 19%, primarily on the revaluation of deferred tax. Excluding this one-off item, the 4Q16 net profit would be broadly in line with estimates. NII reached HUF 193.6bn, up 5.9% and 3% above market consensus. Net fees were also notch above estimates (+5% vs. cons.). OPEX was 1% above estimates, while operating profit reached HUF 85bn (+11.5% y/y) and beat market consensus by 6%. FY17 outlook was broadly in line - >15% ROE, NIM drop to slow down to 15-20bps, lower risk costs, +3-4% op. costs on wage inflation / **NEUTRAL**. OTP presented solid set of figures, while beat market consensus on operating profit line (on better than expected NII, fees), while missed estimates on net profit line due to higher than expected risk costs and the revaluation of deferred tax. Market reaction should thus be only muted.

Interest-rate Swap Curves

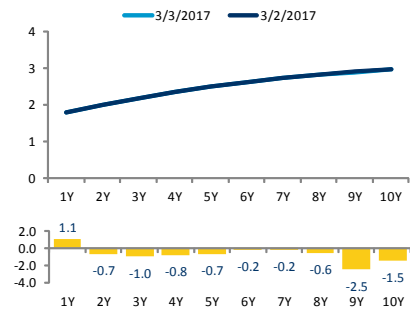
CZK *



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
PL	0:00	Earnings PGNiG	PLN FY/2016								
HU	0:00	Earnings OTP Bank	HUF FY/2016								
HU	9:00	Retail sales	% 01/2017				3.7		4		3.2
HU	9:00	Trade balance	EUR M 12/2016 *F			579					556
CZ	9:00	GDP	% 4Q/2016 *P				1.9	0.2	1.7	0.2	1.7
HU	17:00	Review rating - Moody's	Baa3 1. revision								

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