

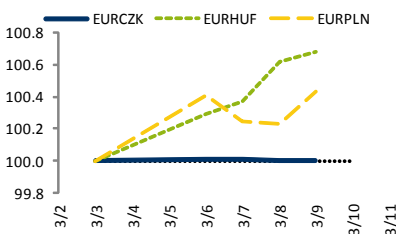


Central European Daily

Thursday, 09 March 2017

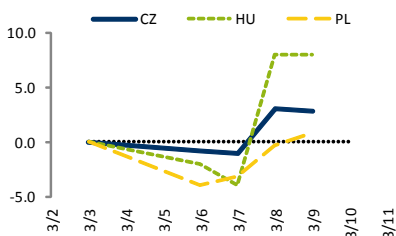
Regional Overview

Forex markets (index)



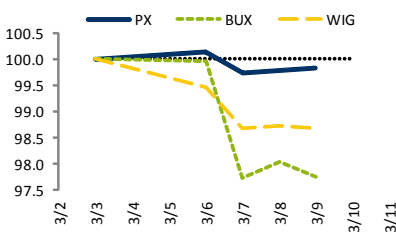
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	311.2	311.0	0.06
EURPLN	4.313	4.304	0.20

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.618	0.621	-0.3
HUGB 10Y	3.54	3.54	0.0
PLGB 10Y	3.73	3.72	0.3

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	972.6	972.2	0.04
BUX	32448	32547	-0.30
WIG	58538	58559	-0.04

Macro, FX & Rates: Czech inflation overshoots target

(CZ) Macro: Czech inflation for February came out a touch higher than anticipated by the market (2.5% vs 2.4% Y/Y). In month-on-month terms, prices grew by 0.4%, mainly due to rising prices of food and winter holidays. **Headline inflation thus exceeds central bank's (point) forecast by 0.4 p.p.** We expect price growth will further accelerate in the upcoming months and inflation may even approach 3% Y/Y. Moreover, we see little probability that inflation could return below the target in 12 months (on monetary policy horizon) so we expect the CNB will exit from the intervention regime in the second quarter of 2017.

(PL) Macro, Rates As expected, the Polish central bank left its monetary policy unchanged, but it also released headlines from its new Inflation report. The NBP Staff left only little changed projection for GDP growth, but as expected it revised up its inflation estimates. According to the new projection annual price growth will be in the range of 1.6 – 2.5 % in 2017 (against 0.5 – 2.0% in the November projection), 0.9 – 2.9% in 2018 (as compared to 0.3 – 2.6%). Nevertheless **sounding a bit dovish the MPC added in its statement that "the risk of inflation running persistently above the target in the medium term is limited"**.

Equities: Fortuna's figures a notch below estimates

(CZ) Fortuna presented 2016 figures, which were a notch below estimates. Amount stakes grew 22.6% y/y and beat Co's guidance by 3%; however EBITDA was 4.2% below estimates and slightly below FY16 guidance. Net profit was negatively affected by one-off EUR 1.9mn impairment related to the ongoing sale of Lottery business. Fortuna reiterated no dividend in 2016-2017 and did not mention any new info to the recent acquisition of Hatrick's Group. For 2017, the Company expects Amount stakes at EUR 1.3bn (up 25% y/y) and EBITDA increase in a range between 20-25%! **/SLGHT +IVE.** The 2016's figures were a notch below estimates, what is not a big issue for the market in our view. No dividend is also in line. 2017's outlook should be a positive surprise for the market, however we need to clarify if the outlook calculates also with the positive effect from recent acquisition or if it is based only on the organic growth. More info will follow in separate note and after the Conference call.

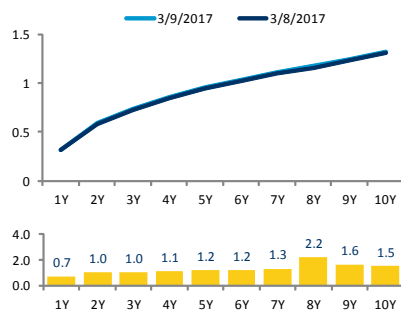
(CZ) CEZ: Czech Coal might pay CZK 4bn for CEZ's Pocerady coal-fired power plant, according to local newspaper. **/TO WATCH.** It would translate into some CZK 7.5/shr fresh cash. Note that CEZ has option to sale this power plant in 2024 for circa CZK 2bn.

(PL) Netia telco recommends PLN 0.25 DPS (5.6% DY) from 2016 profit, retained earnings. **/In LINE.** Last year, Netia paid a PLN 0.4 dividend per share, in line with the motion from private pension fund PZU OFE and above the management proposal at PLN 0.2 DPS.

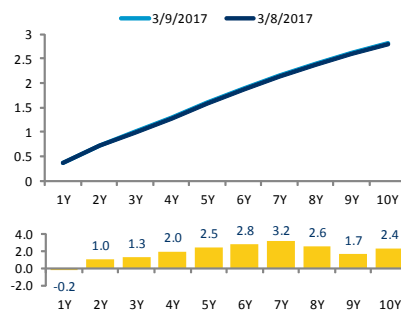
(PL) ALR posted an attributable net profit of PLN 618.3mn in 2016, implying a Q4 result of PLN 369.5mn. **/NEUTRAL.** The positive surprise come fully on an one-off PLN 508.1mn gain in 2016 in relation to BPH takeover, while Alior also booked PLN 268.1mn restructuring reserve.

Interest-rate Swap Curves

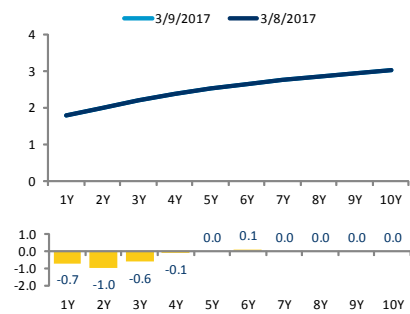
CZK *



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
CZ	9:00	Trade balance (national)	CZK B 01/01/2017					22.2		-5	
CZ	9:00	CPI	% 02/01/2017	0.3	2.4	0.4	2.5	0.3	2.4	0.8	2.2

Contacts

Brussels Research (KBC)		Global Sales Force	
Piet Lammens	+32 2 417 59 41	Brussels	
Peter Wuyts	+32 2 417 32 35	Corporate Desk	+32 2 417 45 82
Mathias van der Jeugt	+32 2 417 51 94	Institutional Desk	+32 2 417 46 25
Dublin Research		France	+32 2 417 32 65
Austin Hughes	+353 1 664 6889	London	+44 207 256 4848
Shawn Britton	+353 1 664 6892	Singapore	+65 533 34 10
Prague Research (CSOB)		Prague	+420 2 6135 3535
Jan Cermak	+420 2 6135 3578	Prague (Equities)	+420 2 2142 4216
Petr Baca	+420 2 6135 3570		
Tomas Sykora	+420 2 2142 4128		
Bratislava Research (CSOB)		Bratislava	+421 2 5966 8820
Marek Gabris	+421 2 5966 8809		
Budapest Research		Budapest	+36 1 328 99 85
David Nemeth	+36 1 328 9989		

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