

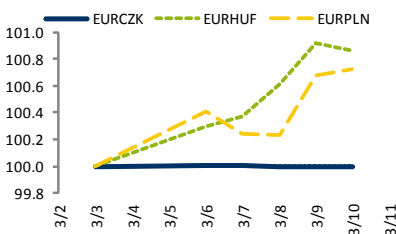


Central European Daily

Friday, 10 March 2017

Regional Overview

Forex markets (index)



	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	311.7	311.9	-0.05
EURPLN	4.325	4.323	0.05

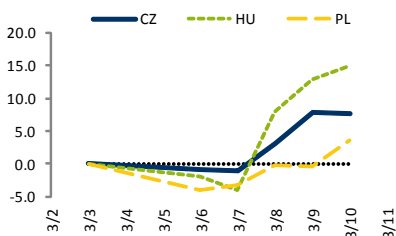
Macro, FX & Rates: Czech wages growth remains strong

(CZ) Czech average wage growth reached 4.2% Y/Y in 2016Q4, the statistical office said today. / Although the headline figure may look like a disappointment, the opposite is in fact true. The reason is that **median wage growth reached 6% Y/Y** which basically means that remuneration of employees with lower wages grew faster than of those with higher wages.

All in all, the figure should not be disappointment for the central bank either and it should remain on track to exit from the intervention regime (which we expect during the second quarter of 2017).

We expect wages growth to further accelerate this year as labour market conditions will continue to tighten. For 2017 we expect wages will grow by 5% (average) and 6% (median).

Gov. bonds 10 Y (bps change)

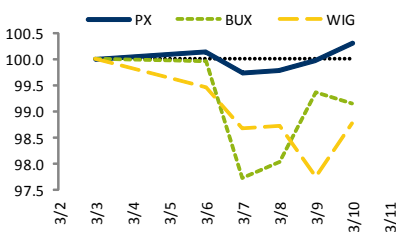


	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.666	0.669	-0.3
HUGB 10Y	3.61	3.59	0.6
PLGB 10Y	3.76	3.72	1.1

Equities: PGE & ENERGA to fill the funding gap

(PL) PGE, ENERGA: Companies may need to fill in the PLN 150mn gap in equity funding for ailing coal miner KHW after Poland's Energy Ministry announced that coal trader Weglokoks will not invest additional funds in KHW. /**NEGATIVE.** Poland plans to merge the country's biggest coal producer PGG with its smaller rival KHW by the end of March. Otherwise, KHW would collapse, the energy ministry said at the end of February. The merged entity will need to be capitalised by around 1 billion zlotys and PKN was also asked to inject PLN 400mn.

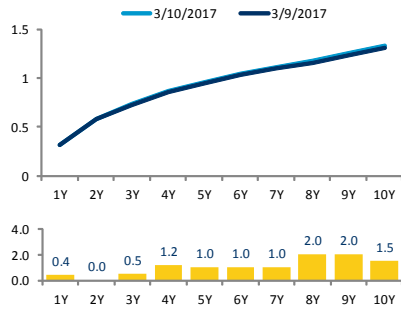
Equity indices (index)



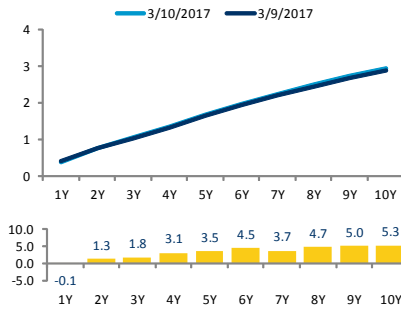
	LAST	PREVIOUS	CHANGE (%)
PX	977.2	974.0	0.33
BUX	32917	32987	-0.21
WIG	58582	57987	1.03

Interest-rate Swap Curves

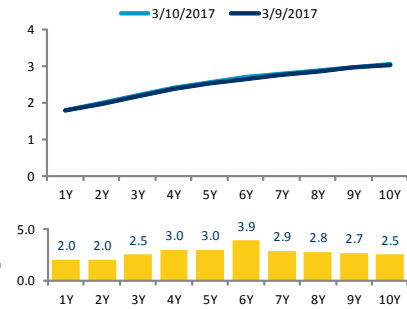
CZK *



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	Real wages	%	4Q/2016			2.8		3.2		4
HU	9:00	Trade balance	EUR M	01/2017 *P		658		599		579	

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