

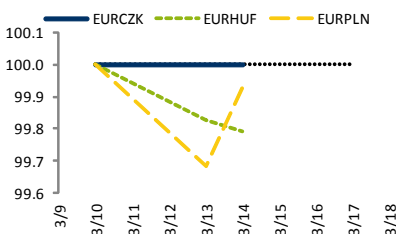


Central European Daily

Tuesday, 14 March 2017

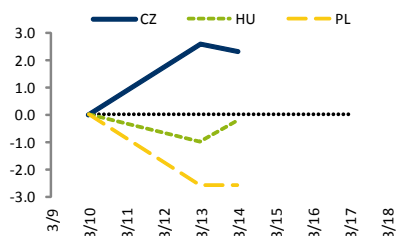
Regional Overview

Forex markets (index)



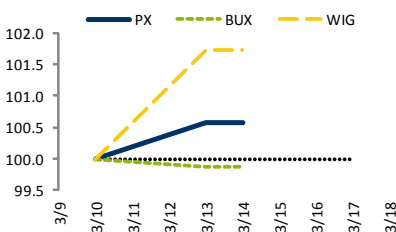
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	312.3	312.4	-0.04
EURPLN	4.333	4.323	0.25

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.721	0.724	-0.3
HUGB 10Y	3.62	3.61	0.2
PLGB 10Y	3.72	3.72	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	977.9	977.9	0.00
BUX	32686	32686	0.00
WIG	59323	59323	0.00

Equities: headline

(HU) MOL: Company proposed DPS at HUF 625 on 2016 earnings. **/POSITIVE.** Proposed dividend is 10% y/y higher (vs. HUF 567 paid from 2015 earnings) and 5.4% above mean market estimate. It equals to 3% dividend yield. AGM will be on April 13. We expect positive market reaction.

(PL) PGN: Company approved the new strategy for 2017-2022 period as a reaction to a number of changes in the external and internal environment of which the main is rapidly accelerating competition on the Polish gas market and the need to diversify gas imports from 2022 onwards. **/NEGATIVE.** At first glance, Company wants to expand into riskier business areas with relatively high yield (upstream where 45% of total capex is expected to be allocated) at the expense of stable, regulated areas such as gas distribution where 42% of planned capex should be allocated. Capex at PLN 34bn within 2017-2022 seems pretty high vs. our model forecast at PLN 30bn and even lower market estimate. On the other hand our EBITDA forecast within 2017-2022 stands at PLN 44bn vs. Company's forecast at PLN 34bn and roughly PLN 40bn expected by the market. Therefore we expect negative market reaction and potential for downward revision of our target price.

(PL) ENA: Company posted PLN 849mn consolidated net profit in FY 2016, while EBITDA reached PLN 1.1bn. **/NEGATIVE.** At first glance, 4Q16 figures were affected by several negative one-offs: a write-down of the value of wind power assets at PLN 49mn, a reserve connected to the revision of the value of the stake in Eco-Power at PLN 129mn as well as a PLN 54mn reserve set up for the voluntary leave programme. Company will publish full 2016 report on March 30.

Weekly Preview: headline

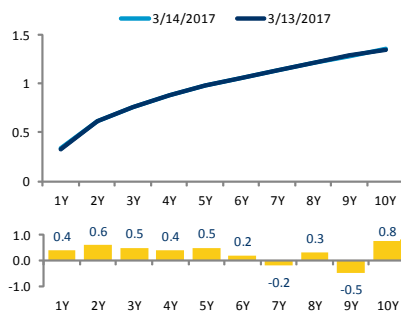
In **Poland**, consensus forecast **headline inflation** to rise by 0.3pp to +2.1% y/y in February, largely driven by base effects in fuel inflation.

Although the results of December's trade did not impress January could be the sign of a re acceleration of growth in **Czech retail sales**. Inflation, which exceeded the 2% limit, acted like a brake, but consumer interest and two extra working days should provide a very solid January result. Retail growth this year will probably surpass last year's results even though consumption will be the main engine of economic growth this year.

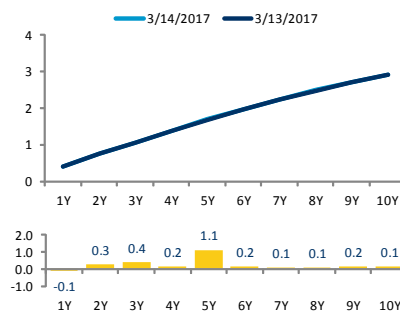
Czech Industry entered the new year in very good condition. At least the new orders, confidence surveys and PMI hinted so. Therefore, we expect a very favourable result from industry in January, with particularly fast growth in automobile production once again. Industry, except mining, will probably experience positive development and will also contribute most significantly to the growth of the Czech GDP this year.

Interest-rate Swap Curves

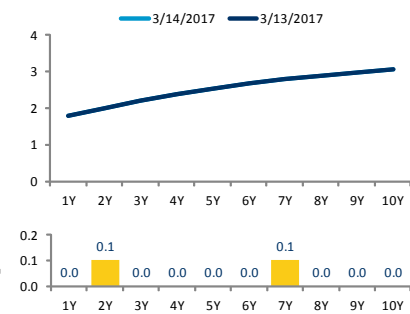
CZK *



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	14:00	Money supply M3	%	02/01/2017				0.6	8.5	-1.3	8.5
PL	14:00	CPI	%	02/01/2017				0.2	2.1	0.4	1.8

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