

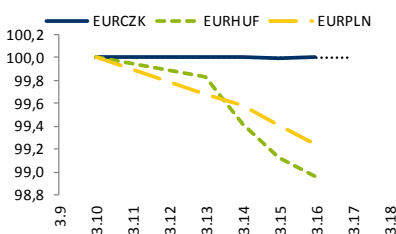


Central European Daily

Thursday, 16 March 2017

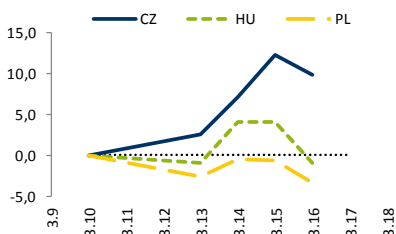
Regional Overview

Forex markets (index)



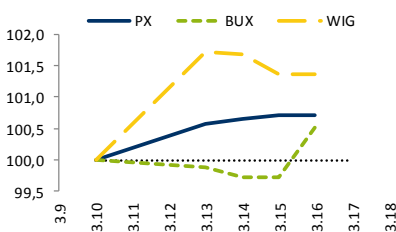
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27,02	27,02	0,00
EURHUF	309,7	310,2	-0,16
EURPLN	4,304	4,311	-0,16

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0,796	0,820	-2,4
HUGB 10Y	3,61	3,66	-1,4
PLGB 10Y	3,71	3,74	-0,7

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	979,2	979,2	0,00
BUX	32897	32636	0,80
WIG	59109	59109	0,00

Macro: The Czech industry starts pushing up inflation

Czech PPI jumped by 3.1 % y/y in February (largely owing to the food industry) and the growth rate still appears to be far below its peak. Recently released data raise pro-inflationary risks in this year as well as probability of a soon end of the current CNB's exchange rate regime.

In line with expectations, the C/A of the **Czech balance of payments** closed with a large (CZK 29bn) surplus in January, mainly owing to exports higher than imports and weak net dividend outflow at the beginning of the year. For the whole of 2017, the C/A surplus may climb up to 1.2 % of GDP, supporting thereby CZK's strengthening in the medium term horizon.

Equities: headline

(CZ) Unipetrol: CFO Miroslav Kastelik of Unipetrol said the company wants to raise its dividend in the coming years, on the condition of maintaining financial stability. Its latest plans call for a systematic increase in the dividend over the next two years. **/POSITIVE.** *In line with our estimate and fully consistent with wording of its mother PKN Orlen. We see the 2017 DPS between CZK 6 – 8 (2.7% - 3.5% yield) with its gradual increase since then.*

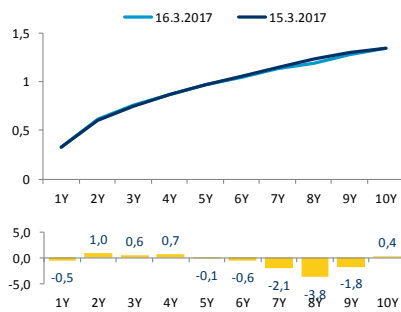
(PL) CPS: Company published its 4Q16 results today morning, B/Mkt. **/POSITIVE.** *Company reported very solid figures slightly above our and market estimates except net income that strongly beat both our and market forecasts (+ 84% y/y) on recognition of an asset related to deferred income tax recognized in connection with transactions that are subject to elimination during the process of consolidation in the amount of PLN 104mn. Revenues at PLN 2.5bn (-2.9% y/y but +1.5% y/y on pro forma) were driven by pay TV, IC settlements higher advertising and higher revenue from sale of equipment. EBITDA at PLN 902mn (+2.4% y/y) translated into EBITDA margin at 35.6%. Company indicated that expects FCF for 2017 not lower than in 2016 (PLN 1.5bn). Albeit elevated, indebtedness remains well below covenant set by the banks (2.8x vs. 3.06x). We expect positive market reaction. More in a separate note.*

Weekly Preview: Polish industry will be positive

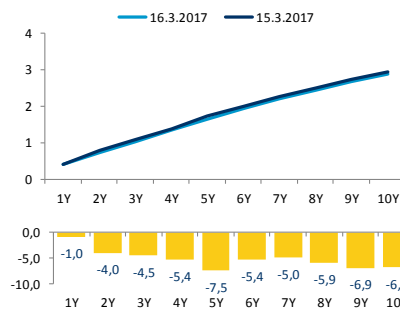
February results of the **Polish industry**, to be published tomorrow, should be positive (+1.6 % m/m, +2.7 % y/y). Compared to January, the y/y growth rate may somewhat decrease, but only due to technical (base effect) rather than real reasons. **Retail sales** (also for February) should confirm strong consumer appetite prevailing in the country, which is increasingly reflected also in demand inflation.

Interest-rate Swap Curves

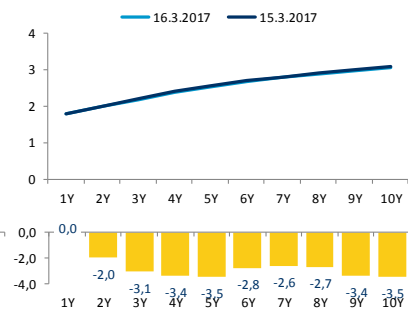
CZK *



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	Unit	Period	Forecast		Actual		Consensus		Previous	
					m/m	y/y	m/m	y/y	m/m	y/y	m/m	y/y
CZ	9:00	PPI	%	02/01/2017			0,4	3,1	0,2	3	0,7	2,1
CZ	10:00	Current account	CZK B	01/01/2017	30		29,4		30,5		-22,11	
PL	14:00	Current account	EUR M	01.2017					332		-533	
PL	14:00	Trade balance	EUR M	01/01/2017					377		-151	
PL	14:00	Wages	%	02/01/2017					0,7	4	-7,7	4,3

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		

ALL OUR REPORTS ARE AVAILABLE ON WWW.KBC.BE/DEALINGROOM

This non-exhaustive information is based on short-term forecasts for expected developments on the financial markets. KBC Bank cannot guarantee that these forecasts will materialize and cannot be held liable in any way for direct or consequential loss arising from any use of this document or its content. The document is not intended as personalized investment advice and does not constitute a recommendation to buy, sell or hold investments described herein. Although information has been obtained from and is based upon sources KBC believes to be reliable, KBC does not guarantee the accuracy of this information, which may be incomplete or condensed. All opinions and estimates constitute a KBC judgment as of the date of the report and are subject to change without notice.

