

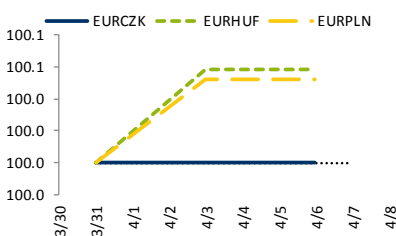


Central European Daily

Thursday, 06 April 2017

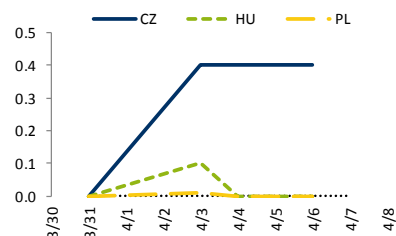
Regional Overview

Forex markets (index)



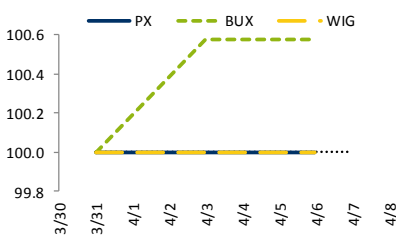
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	309.0	309.0	0.00
EURPLN	4.233	4.233	0.00

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.872	0.872	0.0
HUGB 10Y	3.25	3.25	0.0
PLGB 10Y	3.48	3.48	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	981.2	981.2	0.00
BUX	31815	31815	0.00
WIG	57911	57911	0.00

Macro, FX & Rates: Will the CNB scrap its FX peg today?

(CZ) FX: The Czech National Bank holds its non-monetary regular meeting today and potentially could announce the end of the FX intervention regime. It is worth noting that the Czech central bank meets every Thursday, but the meetings are not “monetary” so the Bank Board should not take monetary policy decisions. Nevertheless it was said that the CNB board can make exceptional monetary policy meeting whenever they want (to end FX interventions). *Hence, in our view there is higher possibility that the exit will happen on Thursdays...when all Board members naturally meet. Obviously the best timing for the exit from intervention regime would be after a regular interest-rate-setting meeting, but the next one is scheduled for May 4th and it might sound as quite distant future given the pace of FX reserves accumulation.*

It is important to add, however, that if the CNB really decides to end interventions at today's meeting, it does not have to be at specific hour. But again we would assume the highest probability is the morning up till 13.00 (CET). The central bank would probably announce the decision immediately after it was taken.

(CZ) Macro: Released Czech macro figures for February can be in line with expectations, but there were positive revisions of January data both for the industrial output and foreign trade surplus.

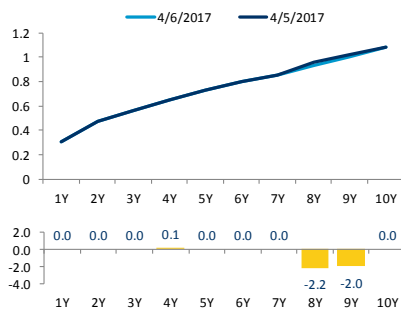
(PL) Macro & Rates: As expected the National Bank of Poland left its policy unchanged at its MPC meeting yesterday. In our view, *the NBP statement sounds neutral to slightly dovish* as the MPC thinks that ‘inflation will stabilise at a moderate level over the following quarters. The stabilisation of price growth in the coming quarters will result from fading effects of the past increase in global commodity prices, with only a gradual rise in domestic inflationary pressure stemming from improving domestic economic conditions. In consequence, the risk of inflation running persistently above the target in the medium term is limited’.

Equities: Will

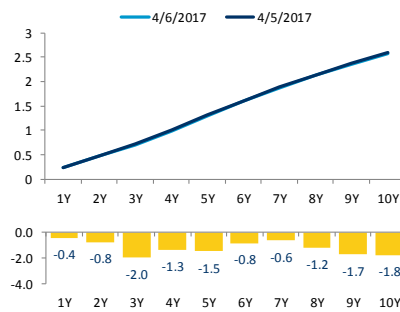
(CZ) Unipetrol: The Company announced margins for March 2017. Unipetrol model refining margin increased USD 0.4/bbl y/y to USD 3.3/bbl (down USD 1.1/bbl m/m). Petrochemical margins mixed with olefin margin up EUR 148/t y/y to EUR 439/t, while polyolefin margin down EUR 103/t to EUR 445/t. *In our view still solid margins at above average levels.*

Interest-rate Swap Curves

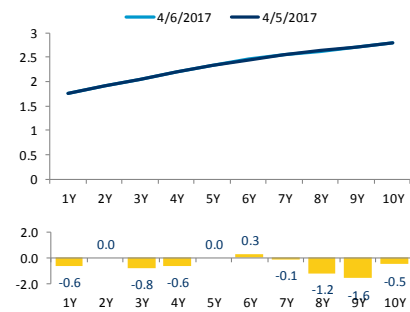
CZK *



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	Construction output	%	02/01/2017	-2.5		-7					-0.2
CZ	9:00	Industrial output	%	02/01/2017	2.9		2.7		2.7			9.6
CZ	9:00	Trade balance (national)	CZK B	02/2017	17.8		17.9		17.4			19.4
HU	11:00	Budget balance	HUF B	03/01/2017								180.4

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