



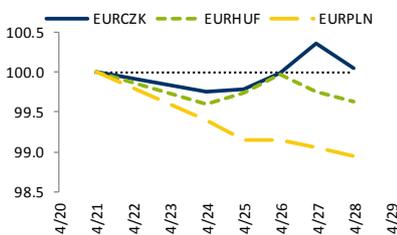
Central European Daily

Friday, 28 April 2017

Dear readers, please note that the next CEDaily will be released on Tuesday (May 2nd).

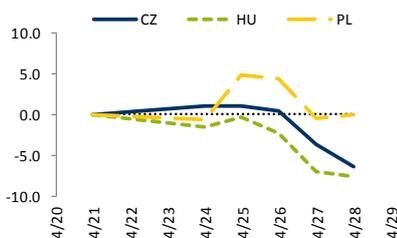
Regional Overview

Forex markets (index)



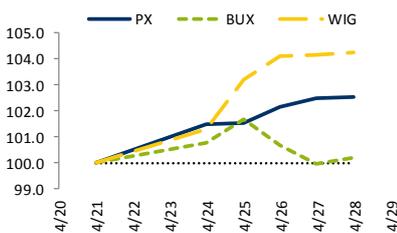
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.95	27.03	-0.31
EURHUF	311.5	311.9	-0.12
EURPLN	4.220	4.224	-0.11

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.800	0.828	-2.8
HUGB 10Y	3.22	3.22	-0.2
PLGB 10Y	3.40	3.45	-1.4

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1002.4	1002.1	0.02
BUX	33030	32960	0.21
WIG	61799	61732	0.11

Macro, FX & Rates: EUR/CZK trades back above 27.00

(CZ) FX: The EUR/CZK has moved back about the former (FX) intervention level set by the CNB at the 27.00. After CNB's exit from the intervention regime (April 6th) the koruna has only twice briefly touched this level, but it had never moved about the EUR/CZK 27.00 level on sustained basis.

Generally, we expect the koruna to be volatile in the coming weeks and months, possibly in both directions. The main reason is the relatively 'overbought' position of the koruna before the end of interventions. "Too" many bets on a stronger koruna were opened before the interventions were stopped. The total cumulative inflow of capital was according to our estimate approximately EUR 45bn at the end of February, and in March (no figures for the March balance of payments are available) it increased by an estimated additional 10-15 bn euros. Overall, the long koruna positions could reach up to 50-60 billion euros at the end of the intervention regime. This is much more than the estimated surplus of the current account of the balance of payments (for 2017 € 3 billion) and the estimated external trade surplus (€ 13 billion). According to these measures, the koruna was simply 'overbought' before the end of interventions. If some of the players on the markets want to reduce their long koruna positions, they may not always find strong enough counterparties. Missing counterparty problems can cause losses for the Czech koruna in the coming weeks and months.

Equities: O2CR- keeps its strong operational performance

(CZ) O2CR: The Company released its 1Q17 figures. All in all, 1Q17 figures exactly matched our estimates and were slightly better than market consensus on operating level and bottom line. Results were driven by mobile data, O2TV and mobile in Slovakia. Mobile in the CZ was supported by customers' upsell to tariffs with higher data limit and simplification of data package. O2TV customers reached 222kt (+5% y/y). Business in Slovakia grew in spite of the very tough market conditions and negative impact of roaming regulation and its contribution to group's EBITDA increased to 22%.

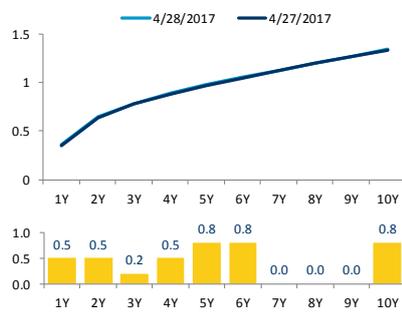
(PL) Bank Handlowy: Company released its 1Q17 figures that were below earlier estimates. The profit warning had been published before Handlowy announced it would pay PLN 60.9 mln in contribution to the banking guarantee fund's bank resolution fund in Q1. Company posted PLN 42.7 mln net profit in Q1 2017, below earlier estimates for around PLN 60mn group net profit.

(PL) PKN: The Company may achieve over PLN 100bn revenues again this year thanks to GDP growth in Poland, Germany, Czech Republic and Lithuania driving fuel consumption according to its CFO Slawomir Jedrzejczyk.

Incremental revenues represent ca 0.1% of total revenues in 2016. The company's margins should be stable if crude oil price stays within USD 50-60 range. PKN Orlen is planning to spend a record PLN 5.5bn in CAPEX this year encouraged by its good earnings' outlook.

Interest-rate Swap Curves

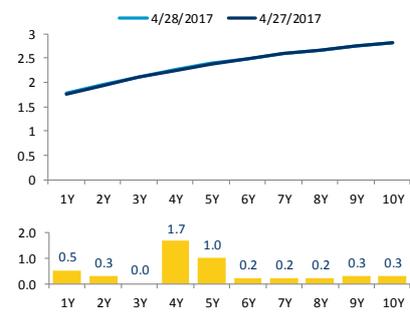
CZK *



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	0:00	Earnings O2 Czech Republic	CZK 1Q/2017								
HU	9:00	PPI	% 03/01/2017							0.3	4
HU	9:00	Unemployment rate	% 03/2017					4.5		4.4	
CZ	10:00	Money supply M2	% 03/01/2017								9
PL	14:00	CPI	% 04/2017 *P					0.3	2	-0.1	2

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