

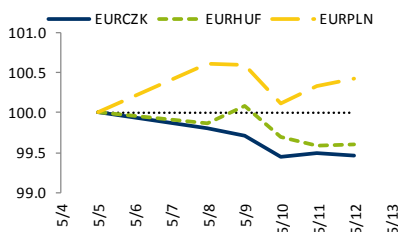


# Central European Daily

Friday, 12 May 2017

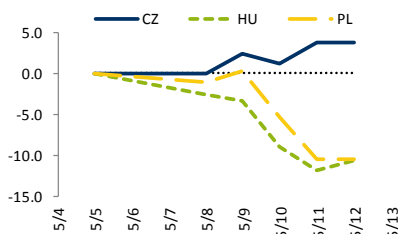
## Regional Overview

### Forex markets (index)



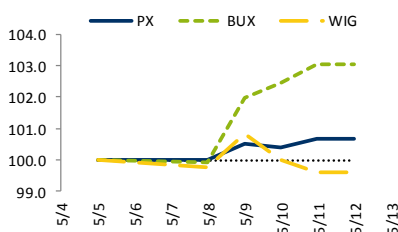
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.57	26.58	-0.04
EURHUF	310.4	310.4	0.01
EURPLN	4.225	4.221	0.10

### Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.642	0.642	0.0
HUGB 10Y	3.05	3.04	0.4
PLGB 10Y	3.36	3.36	0.0

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1012.8	1012.8	0.00
BUX	33859	33859	0.00
WIG	61599	61599	0.00

### Macro, FX, Rates: EUR/HUF is testing the 310 support

**(HU) FX:** The EUR/HUF pair continued its gradual and slow decline thereby interbank quotes reached 310 levels, which means five-week highs for the forint.

### Equities: Polish banks will pay much higher taxes in 2017

**(PL) BANKING:** Ten of Poland's largest commercial banks will pay an aggregate PLN 3.57 bln banking tax this year, up almost 20% versus 2016 according to Rzeczpospolita.

*This year the tax will be collected for 12 months versus 11 months in 2016 and the monthly payment will top PLN 320 mln versus PLN 290 mln last year with the increase due to the banks' growing assets as their loan portfolios keep rising.*

**(PL) PGE:** Company posted PLN 964mn net profit in 1Q17, slightly above a preliminary release pointing to PLN 882mn and PLN 1.95bn EBITDA, in-line with the most recent pre-release estimate, the company said yesterday A/Mkt. PGE continue to expect EBITDA to decline for both conventional and power segment, stable EBITDA in distribution and growth in EBITDA of the sales segment. Moreover, PGE agreed to buy EDF's Polish assets and granted the French utility the put option on them. As a result, PGE will recommend suspending dividend payments from 2016-2018 profits and will offer 40-50% payout from earnings adjusted for impairments.

*Although 1Q17 results came slightly better than preliminary estimates, we expect investors will focus on the dividend payments skipping and better sell PGE shares, despite the fact that the expectation of dividends in next 3 years were relatively muted; Please note PGE shares gained +6% on Thursday after speculations that the Ministry of Energy most likely to resigned from the plans of raising the nominal value of shares at state companies this year.*

**(HU) OTP:** Company reported strong set of quarterly results when beating the market consensus across the lines.

*Quality beat all lines!! Better revenue and good cost control. Net profit HUF52.86 vs 42.79 expected. NPLs down to 14.1 while coverage still 98.8%, much above its peers. Stock will shoot up. As CEO predicted, 7800 was unjustified. More details in a separate note.*

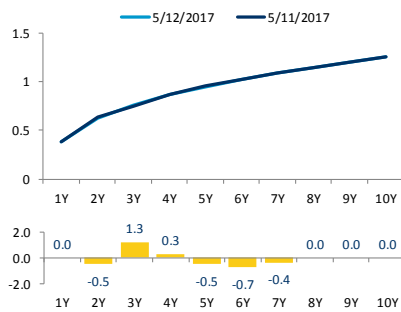
### Preview for today: Watch sovereign rating reviews

**(HU) Macro** Fitch rating agency should review Hungary's sovereign rating – no change is expected.

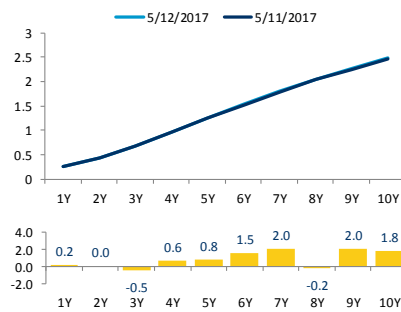
**(PL) Macro:** Moody's should make an update of the Polish sovereign rating. Even though the country's rating (A2) has a negative outlook, we do not expect any change.

# Interest-rate Swap Curves

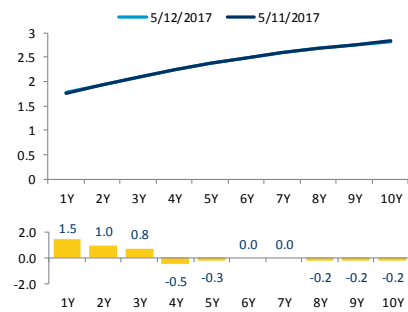
CZK \*



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
HU	0:00	Earnings OTP Bank	HUF 1Q/2017								
PL	14:00	CPI	% 04/2017 *F							0.3	2
HU	17:00	Review rating - Fitch	BBB- 1. revision								
PL	17:00	Review rating - Moody's	A2 neg 2. revision								

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