

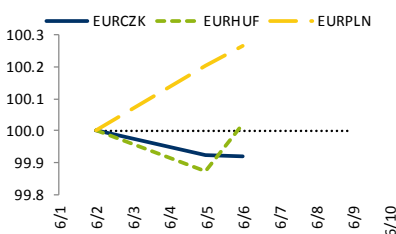


Central European Daily

Tuesday, 06 June 2017

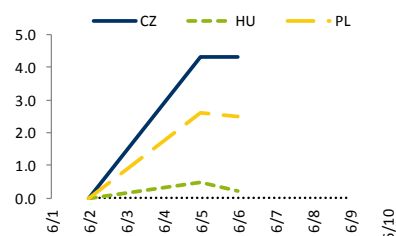
Regional Overview

Forex markets (index)



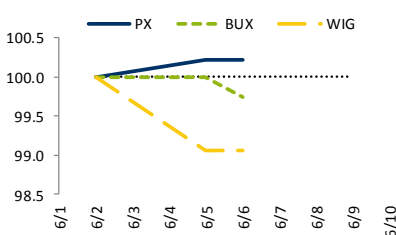
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.33	26.33	0.00
EURHUF	307.8	307.3	0.15
EURPLN	4.194	4.192	0.06

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.827	0.827	0.0
HUGB 10Y	3.02	3.03	-0.1
PLGB 10Y	3.18	3.18	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1007.9	1007.9	0.00
BUX	35059	35150	-0.26
WIG	60179	60179	0.00

Macro: Czech wages and retails sales keep growing

(CZ) Macro: Wage growth in the Czech economy has been accelerating although it is not dramatic. On average, in the first quarter, the average wage increased by 5.3% y/y, which in real terms means an increase in purchasing power of 2.8%.

In relative terms, employees in the accommodation and catering industry have bettered themselves most. These wages increased by almost 12%, however, the main driver was not the boom in this industry but the increase in the minimum wage widely used in this sector. Not by accident, wages in accommodation and catering are the lowest in the economy.

Of those who improved more at the beginning of the year, we can name health care professionals and public administration where the wages table increased faster. Statistics for the public sector, which was wage-generous last year, are no longer available. Therefore we cannot say how the gap between private and public employees is being opened up. It is interesting, however, that at the beginning of the year, again, the education profession did not do too well. An increase of less than five percent means that this sector is lagging behind the rest of the public sector.

The wage growth in the manufacturing industry, which is the main driver of the economy, reached 5.6%. Faster wage growth is the logical consequence of the success of industry where there is a persistent shortage of employees. Given that industry is doing well and will probably continue to do so for the rest of the year, the wage rate should remain above five percent. This is not a dramatic increase that would put the overall competitiveness of the economy at risk.

Solid wage growth still support private consumption as retail sales keep growing by solid pace even in the second quarter. According seasonally and working-day adjusted figures Czech retail sales grew by 4.8 y/y, which implies almost 3% growth in real terms.

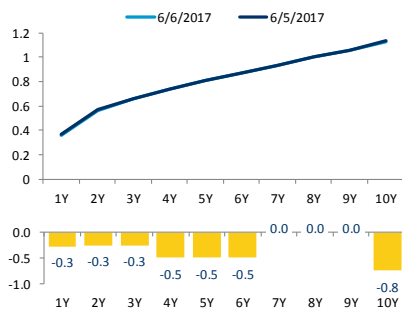
Equities: Positive data from Unipetrol in May

(CZ) UNIPE: Company has released its macro data for May, today morning.

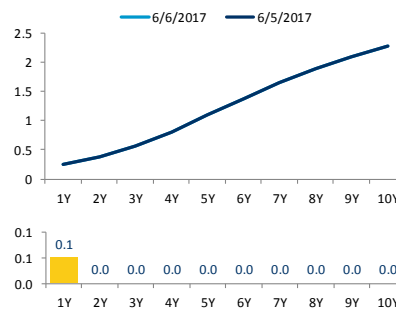
We consider them as positive. Model refining margin drop to USD 3.4/bbl in May from USD 4.2/bbl in April but remains still higher in y/y terms (USD 2.7/bbl in May 2016). Petrochemical margin stood more or less flat m/m with olefin margin slightly higher (EUR 435/t from EUR 399/t in April) while polyolefin margin slightly lower at EUR 419/t (from EUR 446/t in April). Although we have been in downward cycle since 2015, the way down is significantly mitigated by weaker local currencies and strong maintenance works across the Europe in 2016.

Interest-rate Swap Curves

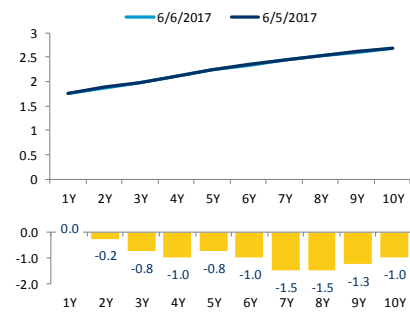
CZK *



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	Retail sales	%	04/01/2017		5		-0.3		1.2		10.1
CZ	9:00	Trade balance (national)	CZK B	04/01/2017	21.5		10.6		20.2		22.6	
HU	9:00	Retail sales	%	04/2017				2		4.2		5.6

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