

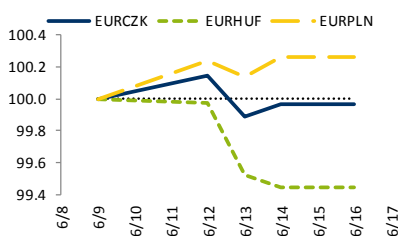


Central European Daily

Friday, 16 June 2017

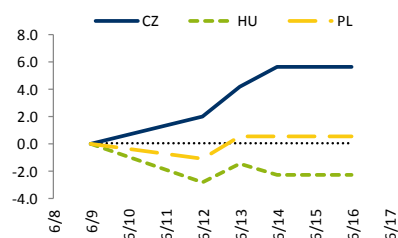
Regional Overview

Forex markets (index)



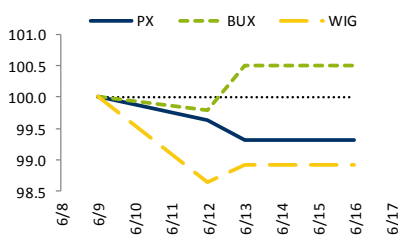
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.17	26.17	0.00
EURHUF	306.0	306.0	0.00
EURPLN	4.197	4.197	0.00

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.883	0.883	0.0
HUGB 10Y	2.97	2.97	0.0
PLGB 10Y	3.16	3.16	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1001.3	1001.3	0.00
BUX	35589	35589	0.00
WIG	60518	60518	0.00

Macro, FX & Rates: CE currencies ease after FOMC and BoE

(Central Europe) Forex: All regional currencies eased yesterday as recent FOMC and Bank of England meetings delivered some hawkish surprises, which led not only to sell-off on global core markets, but put into (at least) a temporary defensive mode some risky markets. Recall that following Wednesday's FOMC meeting, there was a regular interest-rate-setting meeting of the Bank of England (BoE) yesterday. Although the BoE kept its policy unchanged as expected, only five members actually supported the majority view. Three members unexpectedly voted in favour of a rate hike as the BOE expects inflation to move beyond 3% in autumn and as inflation is expected to stay above target for a prolonged period of time.

Following yesterday's price action in regional FX markets we can just repeat our statement from yesterday. Regional economies are in fact satellites of the Euro-zone and that is why the ECB policy is much more important (rather than the Fed or BoE one). In this respect, since the stance of the ECB policy has remained extremely relaxed, most of regional assets should be OK. Still, should the Fed/BoE hawkishness trigger severe sell-off in emerging markets the zloty and Polish government bonds would be vulnerable.

Equities: PEGAS approved a dividend with a yield 3.8%

(CZ) CEZ: Czech Prime Mister Sobotka said yesterday that three main methods for financing a new reactor at Dukovany will be considered. Either a subsidiary of ČEZ would be used, the subsidiary would be bought by the state, or the state would buy ČEZ's nuclear assets. He said the method to be used should be determined by the cabinet by spring 2018.

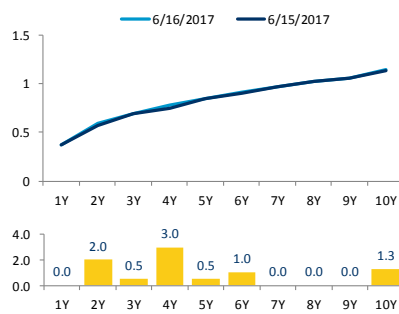
(CZ) PEGAS: Company approved on yesterday's AGM to pay out DPS at EUR 1.3 (DY 3.8%) distributing total of nearly CZK 314mn.

Over the past five years, Pegas has been raising its dividend by 5-10 cents annually. Last year it distributed dividend worth EUR1.25 percent. The dividend will be paid out on October 26.

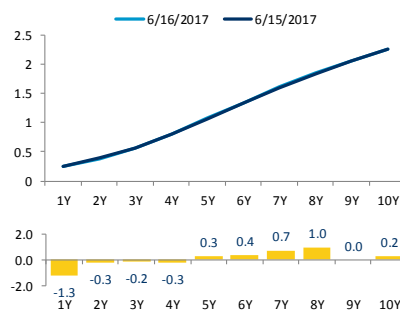
(PL) TELCO: Poland's four major mobile telecom operators, Orange Polska, T-Mobile Polska, P4 and Polkomtel, have largely complied with the EEA roam-like-at-home rule which came into effect June 15, but the solution need not be permanent according to the Polish press. If the rule entails significant losses, a telecom can seek regulatory consent to charge higher fees. As many as 36 operators from a dozen or so countries have so far applied and 24 were granted approval, according to the press. The Polish regulator UKE would not disclose if domestic operators were among them, but telecoms have previously estimated potential losses at no less than PLN 200 mln.

Interest-rate Swap Curves

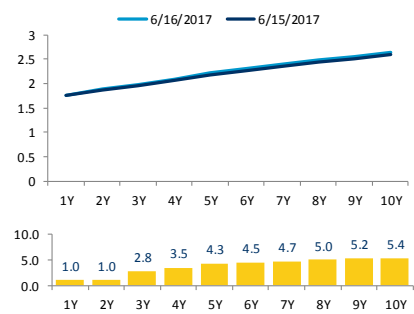
CZK *



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	%	05/01/2017			-0.5	2.3	-0.1	2.8	0.3	3.2

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		

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