

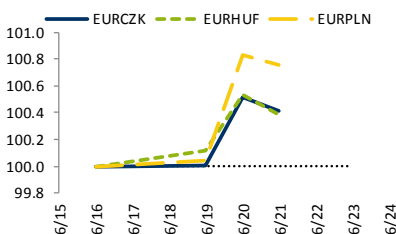


Central European Daily

Wednesday, 21 June 2017

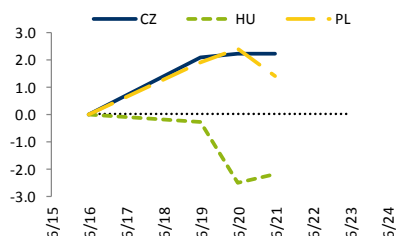
Regional Overview

Forex markets (index)



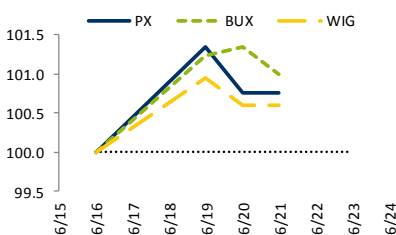
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.30	26.33	-0.10
EURHUF	308.8	309.2	-0.15
EURPLN	4.244	4.247	-0.08

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.954	0.954	0.0
HUGB 10Y	2.95	2.95	0.1
PLGB 10Y	3.15	3.16	-0.3

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	998.2	998.2	0.00
BUX	35865	35990	-0.35
WIG	60842	60842	0.00

Macro, FX & Rates: The NBH keeps its dovish stance

(HU) Rates: The Monetary Council of the National Bank of Hungary has kept the policy rates unchanged but they cut on the quantity of the 3-months depo for banks from HUF 500bn to HUF 300bn until September. They will decide on the September session about the further restriction on the 3-months depo. Recall that the NBH tend to maintain the extra ease monetary policy with this step. At the same time, the Council kept its dovish rhetoric in place as its statement says that “the inflation target (3%) is expected to be achieved in a sustainable manner half a year later, from early 2019”. In this respect, it is worth noting that the Statement also warns that “if inflation remains persistently below the target, the Council will stand ready to ease monetary conditions further using unconventional, targeted instruments”. The forint started to weaken intensively during NBH’s rate session yesterday and so the EUR/HUF closed above 309. This morning modest correction can be seen, the EUR/HUF pair has been slipped back near to 308.80.

(PL) Macro: Polish macro figures still look extremely bullish from macroeconomic point of view. Yesterday, the Polish Central Statistical Office released important data series from May, which indicate that GDP growth has been very strong in the second quarter (probably stronger than in the first when GDP grew by 4% y/y). Recall that the Polish industrial output was by 9.1% higher than in May of 2016, while real retail sales increased by 6.7% year-on-year in May.

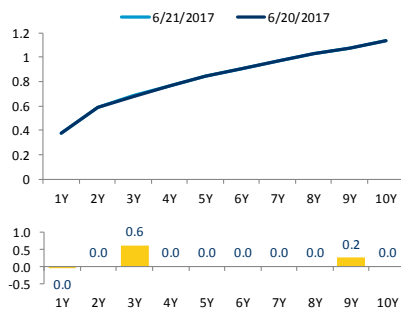
Equities: CEZ holds its AGM meeting today

(CZ) CEZ: Company holds its AGM today (starts at 11am). The main point is to approve DPS proposal at CZK 33 (DY 7.3%). Ex-dividend day of CEZ is scheduled on Monday, June-26.

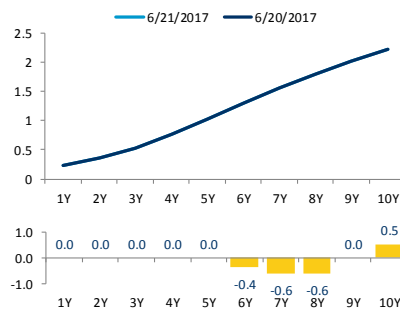
Proposed DPS is in line with company’s dividend policy and represent roughly 90% of adjusted net profit. We reiterate our view that a potential increase to CZK 40/share is a less likely scenario after Andrej Babis of ANO has been dismissed and replaced by Ivan Pilny of ANO as the finance minister (May-24). We expect DPS proposal (CZK 33) to be approved without any changes. For 2018, we expect DPS CZK 30 [BBG cons est. CZK 26/share] and we count with DPS CZK 22 in 2019 [BBG cons est. CZK 21/share]. CEZ still has a significant advantage of above average dividend yield vs. polish “peers” (PGE, TPE, ENG, ENA) that has scrapped or skipped coming dividends [lastly PGE on May-12].

Interest-rate Swap Curves

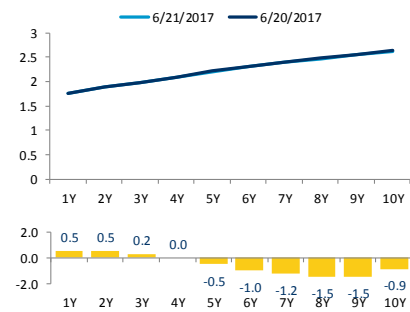
CZK *



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	8:30	Current account	HUF B 1Q/2017			1221		1300		688	
HU	9:00	Wages	% , ytd. 04/01/2017					14.6		12.8	12.8

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