

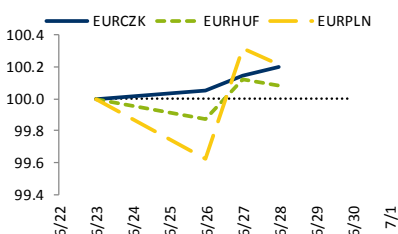


Central European Daily

Wednesday, 28 June 2017

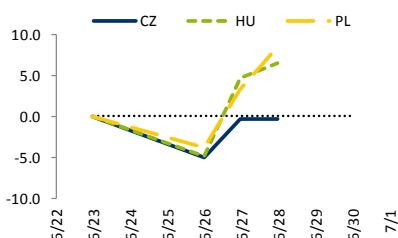
Regional Overview

Forex markets (index)



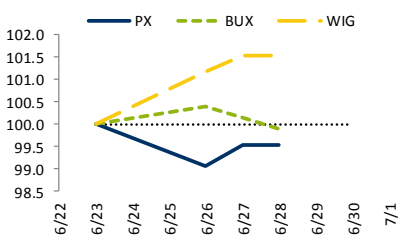
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.32	26.30	0.05
EURHUF	310.0	310.1	-0.04
EURPLN	4.232	4.237	-0.10

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.945	0.945	0.0
HUGB 10Y	2.99	2.97	0.6
PLGB 10Y	3.31	3.26	1.6

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	976.0	976.0	0.00
BUX	35562	35646	-0.23
WIG	61915	61915	0.00

Macro, FX & Rates: Draghi weakens regional currencies

(CE region) Forex: All regional currencies weakened yesterday as ECB's Draghi surprisingly said the economic improvement could lead to a gradual ECB policy change. He explained how the ECB could gradually unwind its non-conventional stimulus measures. It was clearly a turnaround of the ECB president, who sounded optimistic on growth, even if he remained very cautious and suggested that policy changes should be very gradually and depending on improving dynamics in the economy. "As the economy continues to recover, a constant policy stance will become more accommodative, and the central bank can accompany the recovery by adjusting the parameters of its policy instruments -- not in order to tighten the policy stance, but to keep it broadly unchanged."

Although Mario Draghi repeated that the governing council needs to be patient in letting inflation pressures build, his remarks should nevertheless be considered as an early signal that policy will be adapted with a formal announcement of tapering likely at the September meeting.

Should ECB's tapering of its QE be really on agenda in September then regional currencies can hardly extend their gains during the upcoming summer. Actually, the opposite can be true. We think that especially the forint could be in danger as the NBH still remains in an easing mode.

Equities: Higher tax on fuel in Poland – not bad for Unipetrol

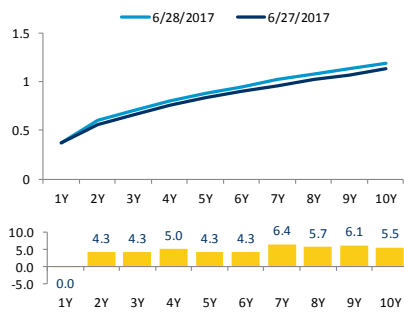
(CZ) UNIPE: Poland may boost excise tax on fuel by PLN 0.2/liter (PLN 0.25/liter incl. VAT) to help fund roads. Assuming fast-track legislation, new rates could come into effect yet this summer.

It could be slightly positive for Unipetrol as the price gap between Czech and Polish prices would narrow significantly (currently circa PLN 0.3/liter in case of gasoline and PLN 0.37/liter in case of diesel), which could at least partly increase consumption in the Czech Rep. and Unipetrol's utilization as well. We will watch the issue.

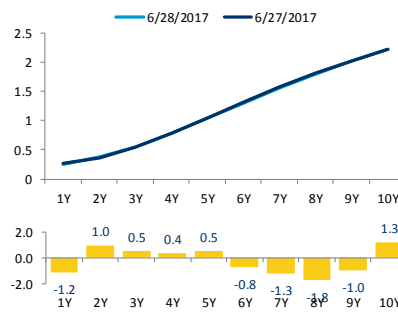
(CZ) CEZ: Czech and Albanian authorities are looking into CEZ's transfers of EU7m to Albania shortly after buying local power-distribution company, local newspaper reports, citing ongoing probe by Albanian parliamentary commission.

Interest-rate Swap Curves

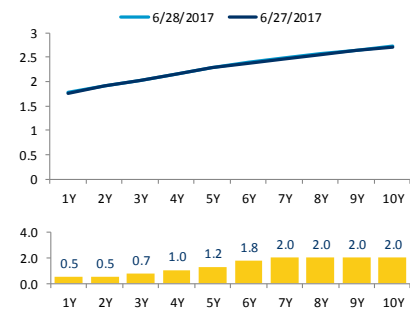
CZK *



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
HU	9:00	Unemployment rate	%	05/01/2017			4.4		4.4		4.6	

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