

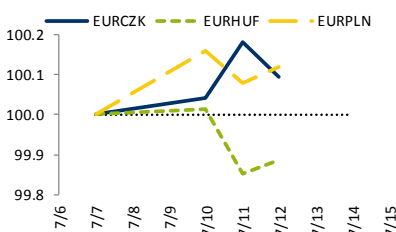


Central European Daily

Wednesday, 12 July 2017

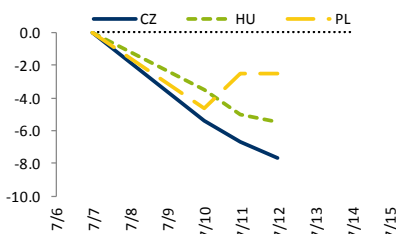
Regional Overview

Forex markets (index)



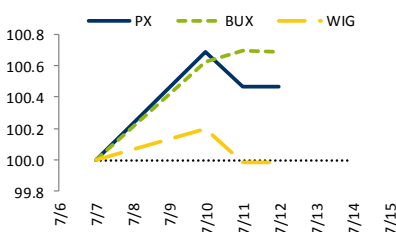
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.11	26.13	-0.08
EURHUF	307.7	307.6	0.03
EURPLN	4.238	4.236	0.04

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.132	1.142	-1.0
HUGB 10Y	3.14	3.14	-0.2
PLGB 10Y	3.33	3.33	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	996.8	996.8	0.00
BUX	35747	35750	-0.01
WIG	60700	60700	0.00

Macro, FX & Rates: headline

(CZ) Macro: The Czech inflation matches market expectations as in terms of the year-on-year comparison the consumer prices increased by 2.3% in June. As expected the headline consumer price index remained unchanged compared with May. According to the Czech Statistical Office the growth of prices in 'recreation and culture' and 'food and non-alcoholic beverages' was offset by price cuts of petrol and diesel oil.

Following the June inflation figure the Czech central bank faces a dilemma – while the current figure is above its inflation target (2.0%), it actually stands below its projection and there is risk that it will decrease further in coming months. Hence, the case a rate hike in the third quarter, which had been advocated by some Board members and it still assumes the central bank projection, is not as clear as it looks. In our view, today's inflation release supports our scenario of a later start of the CNB tightening cycle.

Equities: headline

(PL) BANKING: Polish banks may possibly face several hundred million zloty of additional costs if the consumer protection office UOKiK decides they have been informing their clients about changes in fees or regulations through means that do not meet the criteria of durable media according to Polish press.

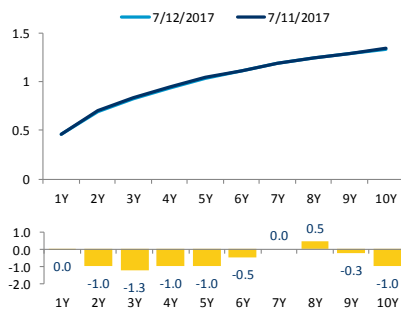
We see it as slightly negative. A total of 18 institutions have been subject to investigation concerning the effectiveness of client communication. The first of them, Credit Agricole, has agreed to return fee hikes from 2013-15 announced to clients in electronic messages in the bank's transaction system. At issue may be PLN 10-15mn according to Polish press.

(CZ) CETV: Moody's changes CME's outlook to positive while confirming its B2 rating.

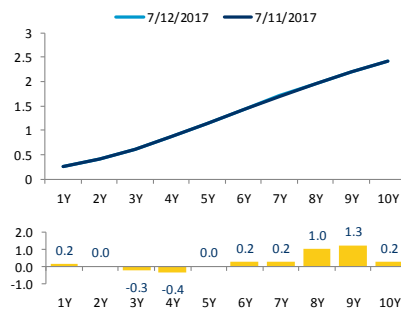
The rating action follows the announcement that CME has agreed to sell its leading broadcast operations in Croatia ("Nova TV") and in Slovenia ("POP TV") to Slovenia Broadband S.à.r.l., a subsidiary of United Group B.V. ("United Group") which itself is a wholly owned subsidiary of Adria Midco B.V. ("Adria", B2 negative) with a majority ownership by the US investment firm KKR. The transaction is subject to certain closing conditions, including regulatory approvals, its cash purchase price is EUR230.0 million (approximately USD262.5 million), subject to customary working capital adjustments, and it is expected to close by year-end 2017. If successful, following closing of the transaction proceeds will be used to repay CME's EUR250.8 million term loan due November 2018. CME's divestment announcement and, more importantly, its stated intention to apply the full amount of the proceeds to repay debt underscores CME's commitment to a significantly lower leverage profile. CME's average cost of borrowing will also decline by 275 basis points, following the intended repayment of the 2018 term loan, resulting in annual interest cost savings of at least USD30 million.

Interest-rate Swap Curves

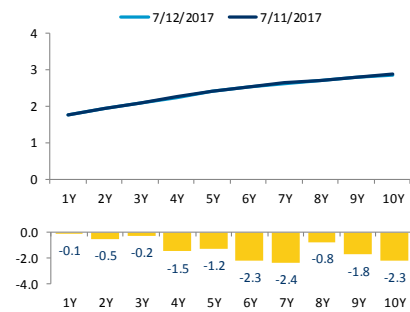
CZK *



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
CZ	9:00	CPI	%	06/01/2017	0	2.3	0	2.3	0	2.3	0.2	2.4
CZ	9:00	Unemployment rate 15-64	%	06/01/2017	4		4		4			4.1
PL	14:00	Core CPI	%	06/2017					0.1	0.8	-0.1	0.8

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