

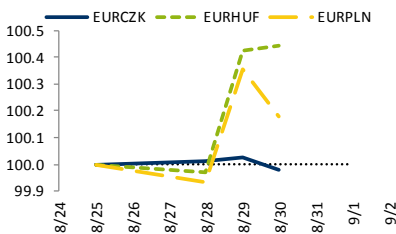


Central European Daily

Wednesday, 30 August 2017

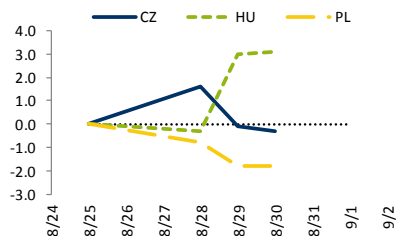
Regional insights

Forex markets (index)



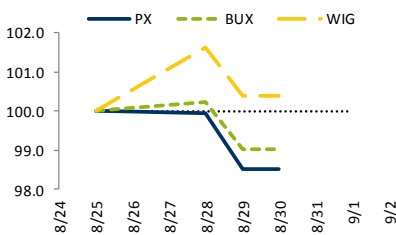
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.09	26.10	-0.05
EURHUF	305.9	305.9	0.02
EURPLN	4.260	4.268	-0.18

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.960	0.962	-0.2
HUGB 10Y	2.93	2.93	0.0
PLGB 10Y	3.26	3.26	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1021.3	1021.3	0.00
BUX	37640	37640	0.00
WIG	64388	64388	0.00

- Czech elections are getting closer
- Watch tomorrow's release of Polish inflation

The Czech Republic is heading towards its regular legislative elections, scheduled for 20-21 October 2017. Therefore, opinion polling for the election is increasing in importance.

Meanwhile, Czech lawmakers launched (Aug-18) a process to strip billionaire Andrej Babis and former Finance Minister of his parliamentary immunity over fraud allegations, the biggest challenge to his ambition to lead the country's next government.

Babis, whose euro-sceptic ANO movement holds a strong lead in opinion polls, is facing a police investigation over the alleged misuse of European Union aid funds. If the parliamentary immunity committee recommends the removal of cover of immunity, the motion will have to be approved by a vote in the full chamber, which convenes for its next session on Sep-05.

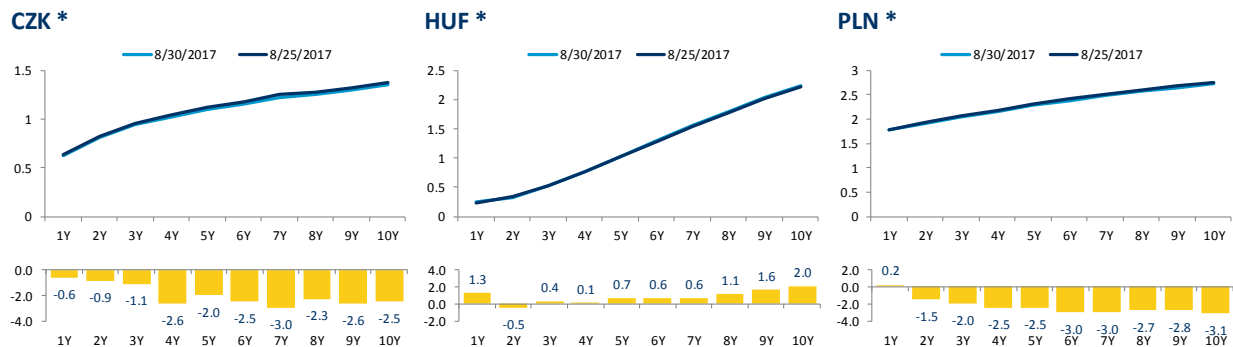
The case represents a test of loyalty for Babis's supporters. Recent polls should be in the spotlight, especially for CEZ or Czech banks investors (for more context please see enclosed our recent report „CZ Parliamentary Elections“ from Jul-03).

According to the latest survey by pollster Median, ANO Party of Andrej Babis would get 26.5% of votes if elections were held now. Prime Minister Sobotka's Social Democrats (CSSD) would finish 2nd with 14.5%, Communist Party 3rd with 13%. The latest poll was taken from Jul-26 to Aug-23.

From the first glance, it might appear that ANO party has started losing substantial ground (which would appear logical, in part at least, due to the police investigation). Nevertheless, once we compare "apples with apples" it does not seem so. The poll results conducted by pollster Median, has been pretty stable and consistent during the last couple of months. Therefore, we need to wait for other polls, especially those of STEM or CVVM (pollsters with the longest history) to see whether support for ANO Party has really started to diminish.

As concerns the upcoming regional data, the interesting item should be tomorrow's release of the Polish inflation. According to our estimate, **Polish inflation probably stagnated at 1.7% year-on-year in August**, while in a month-on-month comparison, due to seasonal developments, it probably fell. Inflation was pushed down by stagnating transportation prices and some low food prices. On the other hand prices in the recreational industry pushed the price level up.

Interest-rate Swap Curves



* upper plot in each panel shows interest swap curve (%), lower plot shows change in interest rates in basis points (against previous Friday).

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	9:00	Unemployment rate	% 07/01/2017			4.2		4.1		4.3	
HU	9:00	PPI	% 07/01/2017							-0.2	1.5
PL	10:00	GDP	% 2Q/2017 *F							1.1	3.9
CZ	10:00	Money supply M2	% 07/01/2017								10.4
PL	14:00	CPI	% 08/2017 *P		1.7			1.8		-0.2	1.7
PL	15:00	Budget balance	PLN M 07/01/2017								5860
HU	9:00	PMI manufacturing	08/01/2017								54.2
PL	9:00	PMI manufacturing	08/01/2017								52.3
CZ	9:00	GDP	% 2Q/2017 *P							2.3	4.5
HU	9:00	Trade balance	EUR M 06/2017 *F								1060
CZ	9:30	PMI manufacturing	08/01/2017								55.3
CZ	14:00	Budget balance	CZK B 08/01/2017								25
CZ	17:00	Review rating - Fitch	A+ 2nd revision								

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