

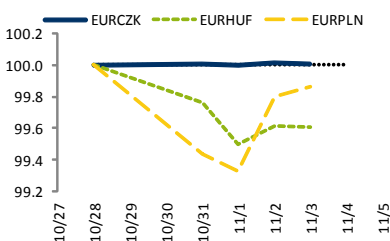


Central European Daily

Thursday, 03 November 2016

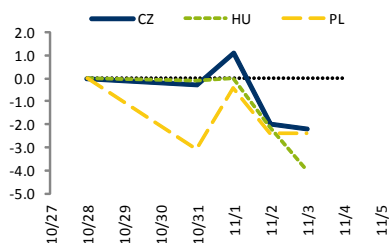
Headlines

Forex markets (index)



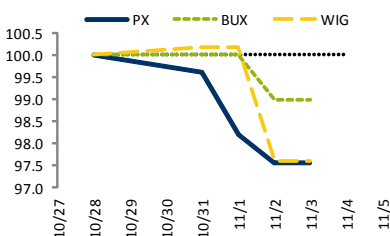
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.03	27.03	0.00
EURHUF	308.3	308.4	-0.01
EURPLN	4.325	4.323	0.06

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.433	0.435	-0.2
HUGB 10Y	2.97	2.99	-0.6
PLGB 10Y	3.09	3.09	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	902.9	902.9	0.00
BUX	29499	29499	0.00
WIG	47899	47899	0.00

Macro, FX & Rates: Zloty slightly weaker on PMI

After weakening on worse than expected PMI for October yesterday in the morning, the zloty has eventually stabilized between EURPLN 4.32 and 4.33. Although the data suggest that GDP growth in the third quarter may have slowed down (maybe even below 3%), we still do not expect any policy response (and neither does markets – FRAs indicate expectations of stable official rates in the next 12 months).

Equities: Komerční surprises positively

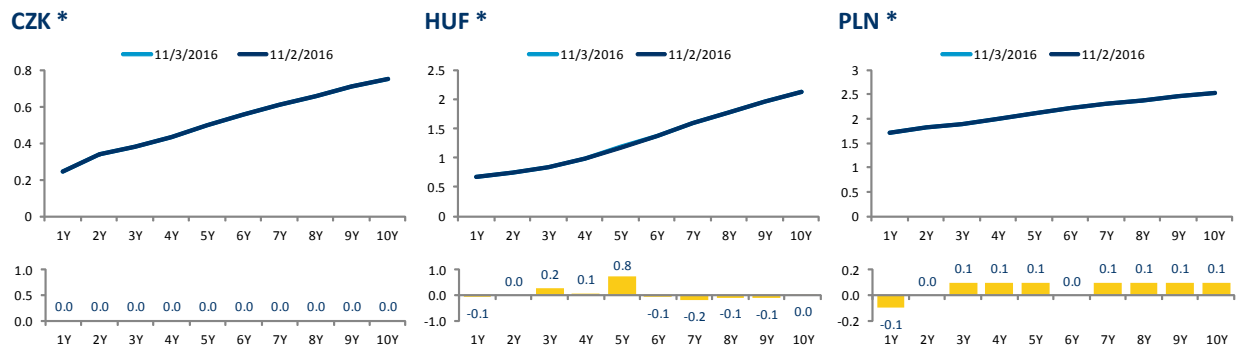
(CZ) Komerční netted CZK 3.95bn in 3Q16, which represents an increase of 21.6% vs. 3Q15, and 9.2% market **consensus beat**. The positive surprise comes fully on higher than expected one-off gain from Cataps sale, and lower than expected CoR. Apart of that KB announce to propose to pay-out 55% of FY16 profit on dividend (ie some CZK 40/shr or 4.5% DY). NII income reached CZK 5.32bn, down 0.2% y/y, 1.9% above our estimates and 2.5% above market consensus. Net fees were 2.2% below market consensus and broadly in line with our estimates. Net profit from financial operations increased 15% y/y. Operating costs were up 3.9% y/y, primarily on higher staff costs (up 5.3% y/y). Cost of risk was perfectly in line with our estimates (CUK 437mn vs our CZK 441mn), while 8.8% better than market consensus. **/SLIGHT POSITIVE** Overall, the bank announced a solid set of figures, which beat market consensus on higher than expected one-off gain from Cataps sale, and lower than expected CoR. Proposed dividend pay-out ratio implies ca CZK 40/shr FY16 DVD or 4.5% DY.

(CZ) Fortuna released today its 3Q16 figures, which were **slightly below estimates**. The Amount staked reached EUR 244.4mn (up 20.3% y/y, 1.5% below estimates), while EBITDA reached EUR 6.2mn (down 28.6% y/y) and was 7.2% below market consensus. The amounts staked in Sport betting were supported by continued strong growth of online traffic supported by an abolishment of the online handling fee in Slovakia. Fortuna confirmed FY16 guidance with EBITDA decline in range 10-15%. **/SLIGHT NEGATIVE**. Fortuna published a bit weaker results than the market anticipated and reiterated FY16 outlook. The main reasons behind weaker results were higher than expected staff costs (on the EBITDA level) and lower than expected gross win margin.

Preview: CNB releases new forecast

Czech National Bank's (CNB) monetary policy meeting is this week's eye-catcher. Although the bank's board will have a new forecast at its disposal, we do not expect any significant changes in the communication as economic developments are more or less in line with the previous projection. We therefore still **expect the CNB to exit the intervention regime in the third quarter of 2017**. The key risk at the moment is possible **extension of ECB's QE programme** (or pace of possible tapering) which could result in extension of the intervention regime.

Interest-rate Swap Curves



* 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	0:00	Earnings Komercni banka	CZK 3Q/2016								
CZ	0:00	Earnings Fortuna	CZK 3Q/2016								
CZ	13:00	CNB meeting	% 11/2016	0.05				0.05		0.05	

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