

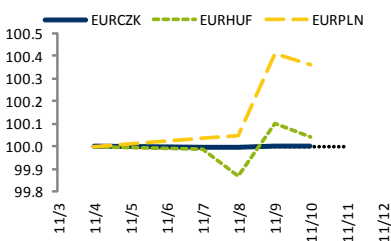


Central European Daily

Thursday, 10 November 2016

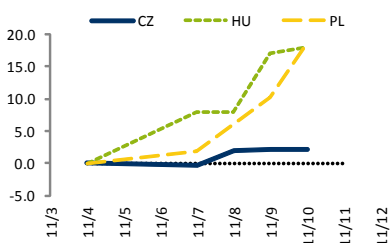
Regional Overview

Forex markets (index)



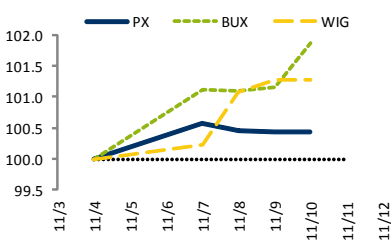
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	305.7	305.9	-0.06
EURPLN	4.343	4.345	-0.05

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.473	0.474	-0.1
HUGB 10Y	3.19	3.18	0.3
PLGB 10Y	3.23	3.14	2.7

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	897.8	897.8	0.00
BUX	30581	30365	0.71
WIG	48215	48215	0.00

Macro, FX & Rates: the NBP on hold as expected, new projection with small changes

Yesterday, the National Bank of Poland matched broad expectations and left its policy unchanged while it evaluated a new forecast. The forecast itself has changed only slightly, enabling the Monetary Policy Council (MPC) to retain its view of the economy, with the current monetary policy settings conducive to sustainable growth and maintaining the (overall) macroeconomic balance. Moreover, NBP Governor Glapinski confirmed that neither the new data nor the draft government budget for 2017 had changed his (neutral) view of the Polish economy in any way. The Governor also added that the MPC believed that the fiscal expansion (through increased child benefits and increased absorption of EU funds) would encourage the economy next year, with its parameters to be close to the fairly optimistic results of the NBP's new forecast in 2017. Hence, we continue to think the NBP will stay on hold for foreseeable future, but Polish government bond might suffer given the global bond sell-off and high presence of non-resident holdings of Polish treasuries.

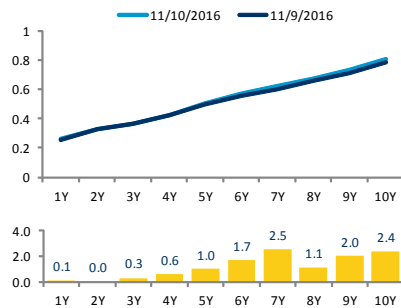
Equities: Moneta - weak results offset by solid dividend

(CZ) Moneta reported its 3Q16 interim results today, while netted CZK 909mn, down 20% y/y on lower than expected NII (2.4% below estimates), lower than expected fees (3.8% below est.) and slightly higher than expected OPEX. Positive surprise stems from lower than expected CoR (16% better than expected). Apart of that, the bank proposes 100-110% dividend PoR. / **SLIGHT -IVE/NEUTRAL**. The bank reported a mix of relatively weak results, which surprised negatively both on income and costs side. On the other hand the proposed dividend payout ratio of 100-110% 2016's net profit would yield into some CZK 8/shr dividend or an almost 10% DY. This will largely offset weak results.

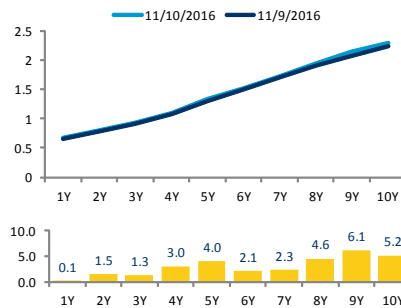
(PL) PEO netted PLN 520.8mn in 3Q16, which represents a decrease of 14.6% vs. 3Q15, while PEO beat the market consensus by 8.3% (6.3% above our estimates). Net interest income reached PLN 1117.5mn (up 6.6% y/y), 1% above market consensus. Net fees surprised negatively with 3.6% y/y decline to PLN 490mn (2.2% below market consensus and 1.6% below our estimates). Total operating costs were down 2% y/y to PLN 860mn (incl. guarantee fund payments), 1.8% better than market estimates. Basel III Tier I capital adequacy ratio reached 18.1% in 3Q16 (vs. 17.7% in 2015YE). ROE amounted to 10.7%, C/I ratio reached 42.4%. /**SLIGHT +IVE** PEO beat the market consensus by 8.3% on net profit line, primarily on the lower than expected taxes (both corporate income tax and banking tax), mildly higher NII and lower OPEX. We can imagine slightly positive market reaction.

Interest-rate Swap Curves

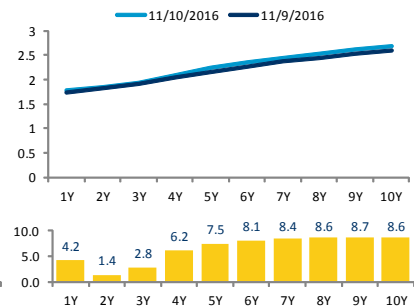
CZK *



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	0:00	Earnings Moneta Money Bank	CZK 3Q/2016								
PL	0:00	Earnings Bank Pekao	PLN 3Q/2016								
PL	0:00	Earnings PZU	PLN 3Q/2016								

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