

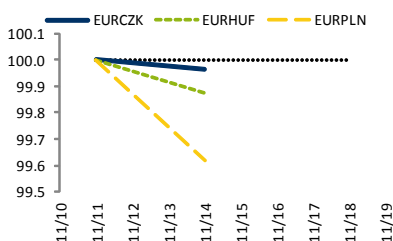


# Central European Daily

Monday, 14 November 2016

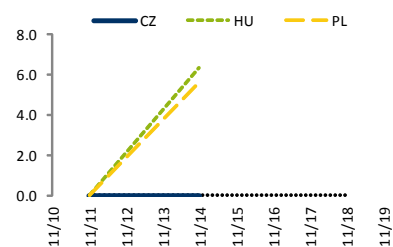
## Regional Overview

### Forex markets (index)



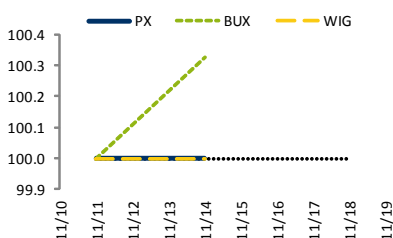
|        | LAST  | PREVIOUS | CHANGE (%) |
|--------|-------|----------|------------|
| EURCZK | 27.02 | 27.03    | -0.04      |
| EURHUF | 308.9 | 309.3    | -0.13      |
| EURPLN | 4.404 | 4.421    | -0.38      |

### Gov. bonds 10 Y (bps change)



|          | LAST | PREVIOUS | CHANGE (bps) |
|----------|------|----------|--------------|
| CZGB 10Y | #N/A | #N/A     | #N/A         |
| HUGB 10Y | 3.47 | 3.41     | 1.8          |
| PLGB 10Y | 3.39 | 3.33     | 1.7          |

### Equity indices (index)



|     | LAST  | PREVIOUS | CHANGE (%) |
|-----|-------|----------|------------|
| PX  | 901.0 | 901.0    | 0.00       |
| BUX | 30601 | 30502    | 0.33       |
| WIG | 48448 | 48448    | 0.00       |

### Macro, FX & Rates:

**(PL)** Global bond sell-off has hit Polish government bonds, which have suffered huge losses since the US elections, which inspired global reflation trade. Recall that the Polish bond market is particularly vulnerable to swings to global sentiment as non-resident holdings of PLN T-bonds at 36% of the total outstanding value. The bond sell-off spilled over to the Polish forex markets as the EUR/PLN has easily broken above the 4.40 level. Unless US yields and emerging markets stabilize, further losses of the zloty and Polish bonds will be possible.

**(CZ)** The sell-off in bond and emerging markets even triggered a small and short-lived depreciation of the Czech koruna. Nevertheless Czech exporter quickly utilized this opportunity and through their hedges pushed back the EUR/CZK pair to the 27.00 (intervention) floor.

### Equities: GNB net loss deeper-than-expected

**(PL) GNB:** reported PLN 26.5mn net loss in the 3Q16, worse than consensus expectations for PLN 12mn net loss, as higher than expected provisions (+20% vs. consensus) weighed on the result, the bank's 3Q report showed late Friday; / **SLIGHT NEGATIVE;** Also, NII was slightly lower than expected (-1% vs. consensus) as it rose +9% y/y but the quarterly growth was just +1% q/q. Net fees declined -65% y/y due to lower net fees from investment products and net insurance fees, nevertheless, on quarterly basis rose +18% q/q. All in all, the pace of NII growth disappointed while the q/q increase in net fees may signal that fees has already bottomed; /

### Preview: Regional economies to report GDP for 2016Q3

#### CZ: GDP to decelerate slightly

The preliminary GDP growth forecast for the third quarter of the year is unlikely to be very satisfactory. We expect the growth rate of the economy to ease to some 2%, mainly because of lower investment activity. On the other hand, we anticipate a positive contribution from consumption in particular.

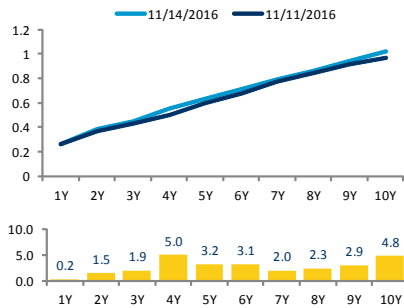
#### PL: Economy maintains 3% growth

Poland's economic growth for the third quarter was similar to that for the first half of the year, but the economy was fuelled more by accelerating private consumption, encouraged by increased child benefits and low interest rates. While retail sales rose more rapidly (year-on-year), the performance of industry was slightly worse in the past quarter – even though foreign trade remained in good condition.

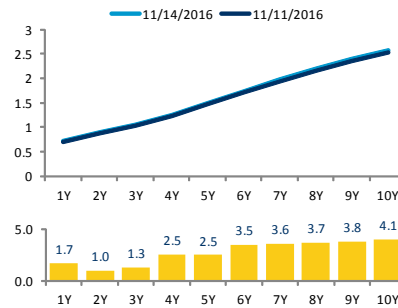
**HU:** Watch tomorrow the GDP figures for the third quarter too.

# Interest-rate Swap Curves

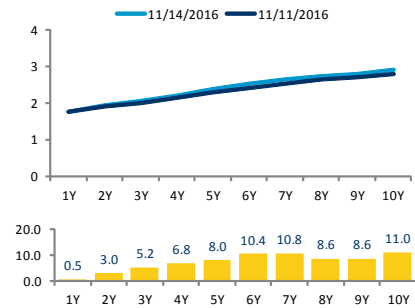
CZK \*



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      | 10:00 | Current account | CZK B 09/01/2016 | 0        |     |        |     | 0         |     | -0.74    |      |
| PL      | 14:00 | Current account | EUR M 09/01/2016 |          |     |        |     | -605      |     | -1047    |      |
| PL      | 14:00 | CPI             | % 10/2016 *F     |          |     |        |     |           |     | 0.5      | -0.2 |
| PL      | 14:00 | Trade balance   | EUR M 09/01/2016 |          |     |        |     | 121       |     | -509     |      |
| PL      | 14:00 | Money supply M3 | % 10/01/2016     |          |     |        |     | 0.8       | 8.8 | 0.4      | 9.3  |

## Contacts

| Brussels Research (KBC)           |                  |  | Global Sales Force |  |                  |
|-----------------------------------|------------------|--|--------------------|--|------------------|
| Piet Lammens                      | +32 2 417 59 41  |  | <b>Brussels</b>    |  |                  |
| Peter Wuyts                       | +32 2 417 32 35  |  | Corporate Desk     |  | +32 2 417 45 82  |
| Mathias van der Jeugt             | +32 2 417 51 94  |  | Institutional Desk |  | +32 2 417 46 25  |
| <b>Dublin Research</b>            |                  |  | France             |  | +32 2 417 32 65  |
| Austin Hughes                     | +353 1 664 6889  |  | London             |  | +44 207 256 4848 |
| Shawn Britton                     | +353 1 664 6892  |  | Singapore          |  | +65 533 34 10    |
| <b>Prague Research (CSOB)</b>     |                  |  | <b>Prague</b>      |  |                  |
| Jan Cermak                        | +420 2 6135 3578 |  |                    |  | +420 2 6135 3535 |
| Jan Bures                         | +420 2 6135 3574 |  |                    |  |                  |
| Petr Baca                         | +420 2 6135 3570 |  |                    |  |                  |
| <b>Bratislava Research (CSOB)</b> |                  |  | <b>Bratislava</b>  |  |                  |
| Marek Gabris                      | +421 2 5966 8809 |  |                    |  | +421 2 5966 8820 |
| <b>Budapest Research</b>          |                  |  | <b>Budapest</b>    |  |                  |
| David Nemeth                      | +36 1 328 9989   |  |                    |  | +36 1 328 99 85  |

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