

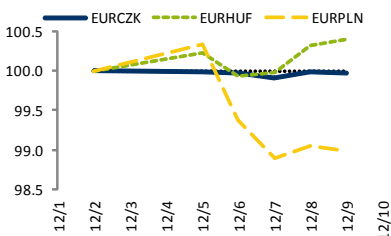


Central European Daily

Friday, 09 December 2016

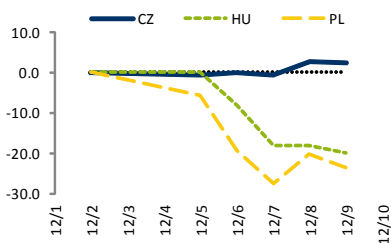
Regional Overview

Forex markets (index)



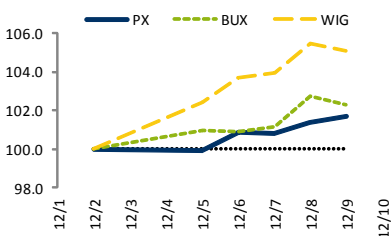
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.04	27.05	-0.02
EURHUF	314.6	314.3	0.08
EURPLN	4.440	4.442	-0.05

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.536	0.538	-0.2
HUGB 10Y	3.34	3.36	-0.6
PLGB 10Y	3.58	3.61	-1.0

Equity indices (index)

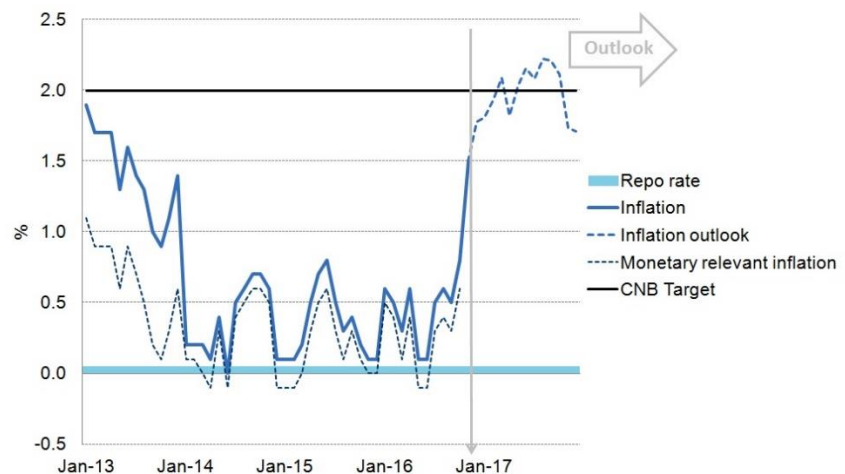


	LAST	PREVIOUS	CHANGE (%)
PX	902.5	899.6	0.32
BUX	30493	30629	-0.44
WIG	50938	51123	-0.36

Macro, FX & Rates: Czech inflation rises

(CZ, macro) Inflation for November came out slightly higher than markets had anticipated. Year-on-year, prices grew by 1.5% which means that it reached the highest level in three years, mainly due to higher food and gasoline prices. / We expect inflation may reach inflation target (2%) at the end of the first quarter of 2017 (and will likely be close to it already in December). Given the fact that inflation and wages have grown faster than had been anticipated by its latest forecast, we expect the Czech National Bank will keep its hard commitment (i.e. it will not end the intervention regime before the second quarter). At the same time, we believe the CNB will end the interventions most likely in the third quarter of the next year. Yesterday's decision of the European Central Bank to extend its QE programme did not have a significant impact on our view.

CZ: Inflation and interest rates



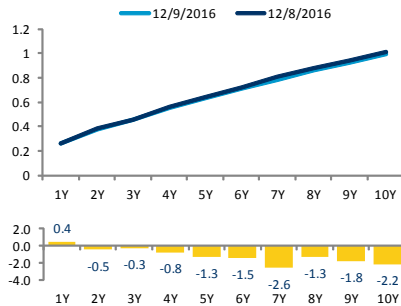
Equities: PZU sees the 100% payout

(PL) PEO: PZU sees the 100% payout to be in play in the coming 2-3 years if lending growth reaches 6-7% annually. Later on if growth continues to be that strong, it will likely be closer to 75%. / **NEUTRAL.** This is in line with our view. It would imply some 6+%DY for next 2-3 years, continuously falling to some 5%.

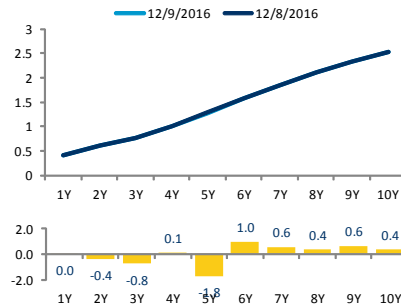
(PL) AGO: Agora closed the sale of perpetual usufruct right and building ownership rights for two Lodz-based properties. / **NEUTRAL.** As a consequence, Agora to book one-off PLN 6mn gain in 4Q16. This will largely offset one-off costs related to the severance payments to the ongoing 10% staff reduction.

Interest-rate Swap Curves

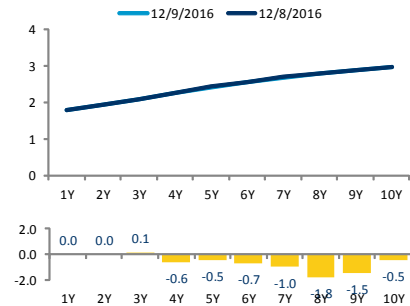
CZK *



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	%	11/01/2016	0.2	1.4	0.3	1.5	0.2	1.3	0.3	0.8

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