

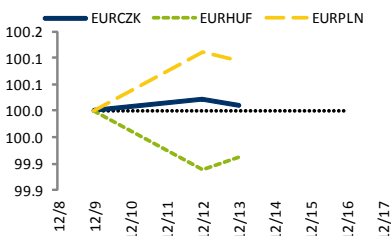


# Central European Daily

Tuesday, 13 December 2016

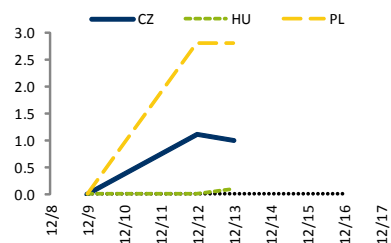
## Regional Overview

### Forex markets (index)



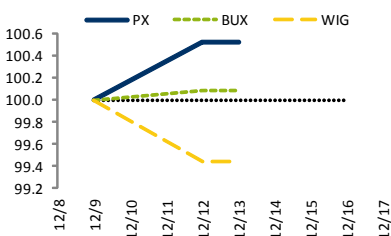
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.03	27.03	-0.01
EURHUF	314.4	314.4	0.02
EURPLN	4.449	4.450	-0.02

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.522	0.523	-0.1
HUGB 10Y	3.34	3.34	0.0
PLGB 10Y	3.63	3.63	0.0

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	905.4	905.4	0.00
BUX	30613	30613	0.00
WIG	50411	50411	0.00

### Equities: Czech banks remain resilient according to CNB

**(CZ) Financial sector:** The Czech National Bank revealed results of latest stress tests for the Czech banking sector yesterday. According to the Czech central bank the results confirm (using data available as of the end of 2016 Q3) that the banking sector is sufficiently resilient to potential adverse shocks (sudden recession and a spike in the unemployment rate). The sector's resilience is based mainly on its high capital ratio, which stood at 17.7% at the end of September 2016. Importantly, the **CNB also announced yesterday that it had decided to leave the countercyclical capital buffer rate for exposures located in the Czech Republic at 50bps and not to increase it by additional 50bps as of 2018.** We consider this news as slightly positive for news for Czech Banks - Komerční Banka and Moneta (partly also to Erste through its Czech subsidiary) as they do not need to create additional buffers with positive implications for future dividend pay-outs (0.5% buffer would imply additional ca CZK 10/shr Tier I capital shortfall for Komerční and ca CZK 1.2/shr for Moneta). As a consequence, Komerční will stay at its 15.5% Tier I level floor, similarly to Moneta (14.5%). We should add that

**(PL) PEO:** S&P confirmed 'BBB+' foreign and local currency ratings, while increased outlook from 'negative' to 'stable'. Following the divestment, the outlook revision to stable from negative reflects the fact that the ratings are no longer constrained by the 'bbb-' profile of the UniCredit group.

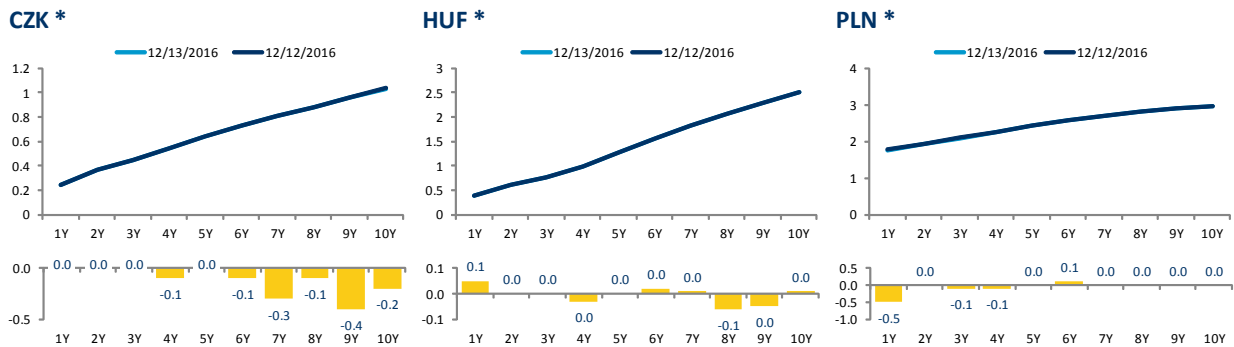
**(PL) PZU** expects the price war in the segment of third-party automotive insurance to come to an end soon, according to CEO Michal Krupinski. He mentioned that he thinks we are facing the end of cycle. *In our view this is not a big surprise for the market as PZU mentioned this fact already with 3Q16 results.*

**(PL) AGO** signed an agreement with its trade unions on expanding the group layoffs program to up to 190 employees from up to 135 planned earlier, and intends to tie a ca. PLN 7.4mn reserve on that account in 4Q16 results. *Let us add that LN 7.4mn negative one-off booked in 4Q16 will be fully offset by recently announced PLN 10mn one-off gain on the sale of TV Metro assets to Discovery. Staff reduction will improve 2017's EBITDA by some 15% (ceteris paribus).*

### Preview for tomorrow: Czech C/A back in black

**The Czech current account** probably posted a moderate surplus in October, again thanks to the surpluses of foreign trade and balance of services. The dividend season was slowly drawing to a close, and thus it probably no longer affected the Czech Republic's external balance very much. For this year as a whole, the current account surplus may reach 1.6% of GDP, i.e. another significant year-on-year improvement and the third consecutive year of the current account in positive territory.

# 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
PL	14:00	Core CPI	%	11/01/2016				0	-0.1	0.4	-0.2

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