

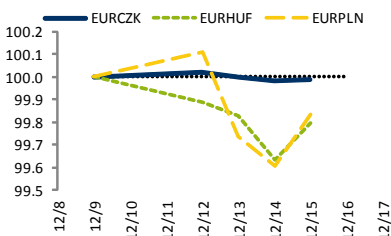


Central European Daily

Thursday, 15 December 2016

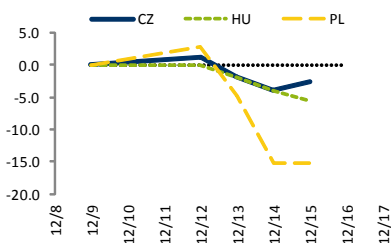
Regional Overview

Forex markets (index)



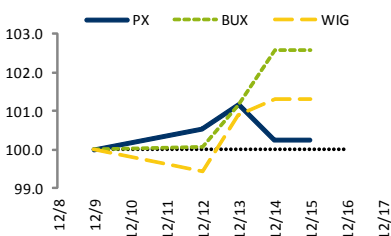
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	314.1	313.5	0.17
EURPLN	4.438	4.428	0.23

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.485	0.472	1.3
HUGB 10Y	3.28	3.30	-0.5
PLGB 10Y	3.45	3.45	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	903.0	903.0	0.00
BUX	31374	31374	0.00
WIG	51358	51358	0.00

Macro, FX & Rates: Hungarian C/A in record surplus

(HU) macro: The Hungarian monthly current account figures suggest a record high level of surplus for 2016. The data in October was EUR362m, which is the lowest read in the last since July mainly due to the higher income outflow from the country. The current account surplus is fueled by the extremely high surplus of the trade balance, which might be close to EUR10bn in this year. The current account surplus may show up also a record year despite the EU funds money inflow is substantially lower than a year before. The balance of C/A was more than EUR3bn in 1H16 and it looks like that the surplus might be around EUR3bn in 2H16 as well, so the **full year C/A balance might be above EUR6bn or 6% of GDP in 2016**. Although the EU funds money inflow may accelerate in 2017, the increasing domestic demand and investment may deteriorate the trade balance so we expect some modest deterioration of CA balance of next year. The higher EU funds inflow may boost construction – which fell by 13% Y/Y in October and by 20% Y/Y YTD in 2016 – in 2017, so we may see a double digit increase in next year.

The high financing capability of the country causes some headache for the National Bank of Hungary as it puts appreciation pressure on the HUF, while NBH would like to stabilize the EUR/HUF exchange rate around the current levels. So we expect that **the NBH may decrease further the maximum cap of 3-month depo in 1Q17 in order to keep the EUR/HUF around 310 in 2017 as well.**

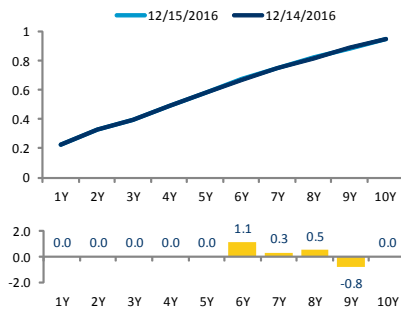
Equities: Moneta to sell its minority stake

(CZ) Moneta: announced the sale of its minority stake in the Prague Stock Exchange. The price was agreed at CZK 135mn. As a consequence of the sale, Moneta is likely to book one off gain, however it is difficult to calculate it precisely. In the last 1H16 report, the combined valuation of all assets including equity instruments not traded on the market reached CZK 74mn (6.56% stake in PSE and 20% in Czech Banking Credit Bureau). The positive gain could thus reach CZK 61-135mn, CZK 0.12-0.27/shr (depending on the internal valuation of the stake in Czech Credit Bureau).

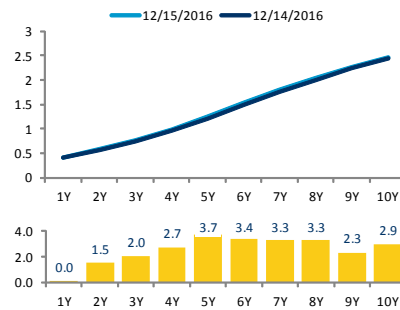
(PL) Pension Funds: Poland is working on the plan to shift 25% of assets in private pension funds OFE to the demographic reserve fund FRD and to transform OFE into investment funds, with legislative proposals expected in Q1 2017, the statement following the sitting of the Social Dialogue Council RDS indicated. Note that Poland expects to shift 25% of OFE assets to the Demographic Reserve Fund and convert the remaining 75% into individual pension accounts. This will also cover creation of employee pension schemes. In general this is based on the assumptions of the Strategy for Responsible growth presented by deputy PM Morawiecki.

Interest-rate Swap Curves

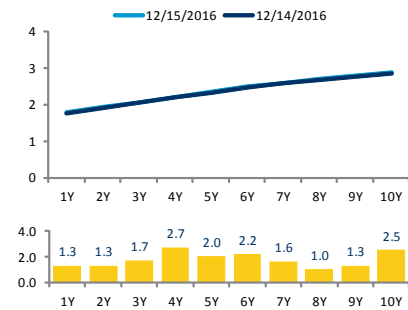
CZK *



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

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