

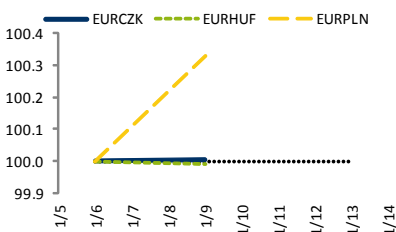


# Central European Daily

Monday, 09 January 2017

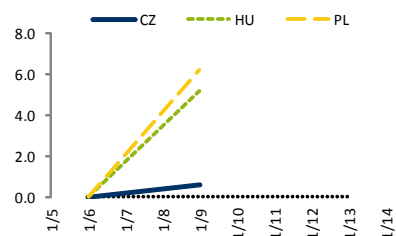
## Regional Overview

### Forex markets (index)



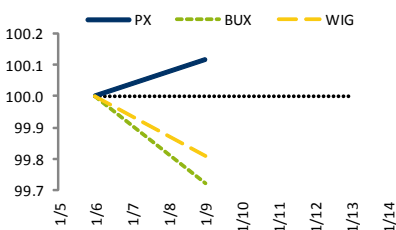
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	307.3	307.3	-0.01
EURPLN	4.372	4.358	0.33

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.470	0.464	0.6
HUGB 10Y	3.41	3.36	1.5
PLGB 10Y	3.72	3.66	1.7

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	938.6	937.5	0.12
BUX	32766	32856	-0.27
WIG	52623	52722	-0.19

### Macro, FX & Rates: headline

**(CZ, FX)** While the Czech koruna remained stuck to the intervention threshold of EUR/CZK 27.00, **its forwards have been moving lower these days.** This market action can be explained by growing liquidity at CNB's accounts, which indicate that the central bank has to intervene to defend the 27.00 floor. We are not surprised as the latest interviews given by Governor Rusnok quite hawkish stance. While our baseline scenario still envisages the discontinuation of the (FX) interventions in the third quarter of 2017, we believe that inflation will rise slightly faster than envisaged in the CNB's latest forecast, and will already exceed 2% late in the first quarter. From this perspective, an earlier exit during the second quarter cannot be ruled out at all. If markets were to start anticipating this, we cannot rule out forwards again falling deeper into negative territory. In this regard, the most important event to pay attention this week will be the Czech inflation figure for December released tomorrow morning (for more see the preview below).

### Equities: Pegas & Kofola will be delisted from Warsaw

**(CZ, PEGAS/KOFOL):** Pegas' shares will be delisted from the Warsaw Stock Exchange, sometimes in the middle of March, because of low trading volumes that do not correspond with the cost of the stock quotation Company's representatives said on Friday. The shares will remain on the Prague Stock Exchange. Like Pegas Nonwovens, Kofola will delist in Warsaw local press wrote today. *The intention to delist the shares from the Warsaw bourse was approved by the board of directors last Thursday. Shareholders who will keep Pegas' stock in KDPW (Central Depository) 3days after Jan-5 will be offered a stock buyout for the price at PLN 127/shr (CZK 786/shr); Offered price is c. 2.7% above yesterday's close and implies total amount at more than CZK 341mln as of Jan-5.*

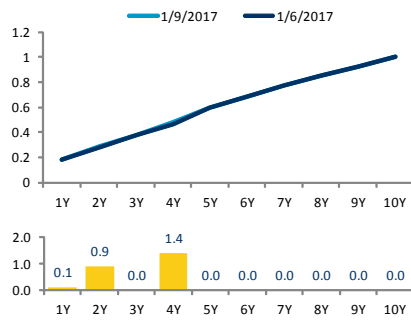
### Weekly Preview: Watch CZ&HU inflation, Polish ratings

This week there will be an **MPC meeting in Poland** (Wednesday), and **inflation releases in the Czech Republic** (Tuesday) and Hungary (Friday). Also, **Moody's (A2; Negative) and Fitch (A-; Stable) will announce their latest sovereign rating review for Poland** on Friday.

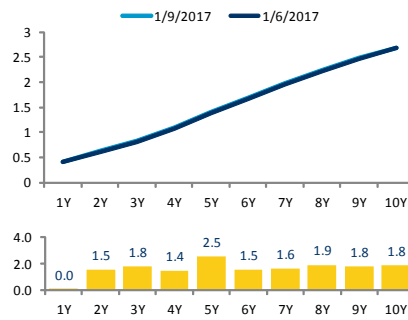
Regarding the Czech inflation for December (released tomorrow) we expect inflation to rise to +1.9% y/y in December, hence it may climb very close to the inflation target (2.0%) The inflation should be driven mainly by base effects from stabilising energy prices and a rise in food prices or living costs.

# Interest-rate Swap Curves

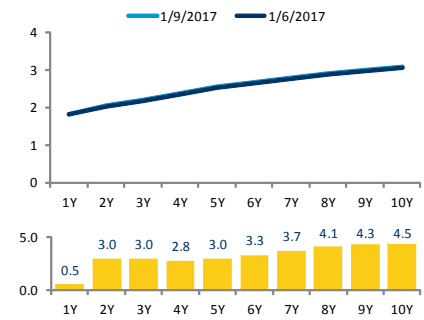
CZK \*



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	Unemployment rate 15-64	% 12/01/2016	5.2		5.2		5.2		4.9	
HU	9:00	Trade balance	EUR M 11/2016 *P			908		800		903	

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