

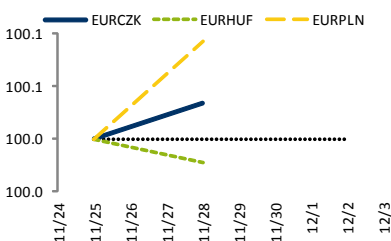


Central European Daily

Monday, 28 November 2016

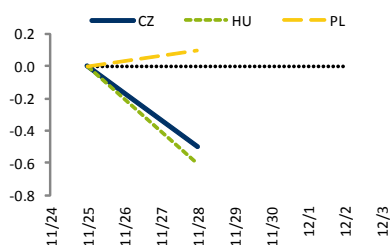
Regional Overview

Forex markets (index)



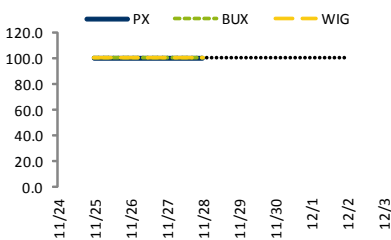
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.04	27.03	0.03
EURHUF	310.0	310.1	-0.02
EURPLN	4.419	4.415	0.09

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.511	0.516	-0.5
HUGB 10Y	3.42	3.43	-0.2
PLGB 10Y	3.55	3.55	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	888.1	888.1	0.00
BUX	29980	29980	0.00
WIG	48579	48579	0.00

Macro, FX & Rates: Polish zloty strengthened

(PL) Both the **zloty** and government **bonds regained some ground recently** as US government bonds stabilized. Still, 10-year government bond yield is seen by approximately 50 basis points higher than in the beginning of November. Although markets will pay some attention to Polish figures released this week (e.g. inflation for November), **US eco data will likely be more important**. If US government bonds remain stable (or even consolidate), **Polish bonds may extend their gains in days ahead** (10Y yield has already fallen by about 15 bps over past four days).

Equities: Polish utilities gained on Friday

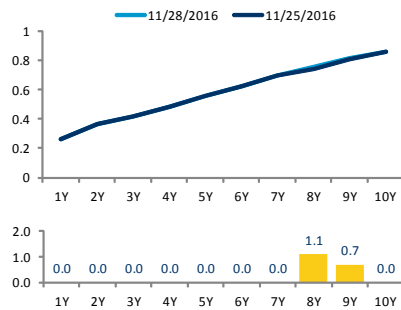
(PL) UTILS: Polish utilities gained on Friday leading by PGE +3.0% followed by ENG +2.8% or TPE +2.2% after Energy Minister Tchorzewski told internet radio Wnet that Poland won't enforce any more capital involvement in troubled coal mines from the energy sector. Coal mines, in turn, are expected to start generating profits as of 2018, he added. The capital invested so far was significant, but not overburdening for the energy firms, Tchorzewski claimed. / **POSITIVE** statement, although with just hardly quantifiable impact. Note, state-controlled WSE-listed power utilities PGE and Energa as well as the power unit of gas firm PGNiG put in PLN 500mn each in rescue capital in the coal group PGG, crafted out of select assets of the defunct Kompania Weglowa in May 2016. Another power utility Enea is to inject PLN 350mn in another troubled Silesian coal group, KHW. State coal exporter Weglorkoks is to contribute PLN 150mn and state investment firm TF Silesia - PLN 200mn. Therefore, the risk of further investments needed into the ailing coal mining sector has been still present in the market... although soaring coal prices have somewhat eased such a threat during last couple of months. /

(PL) ENG/ENA: Power utilities Energa and Enea will sign an agreement on a joint investment in building a new power unit at Energa's Ostroleka power plant in the coming days, Energy Minister Tchorzewski told internet radio Wnet last Friday; / **POSITIVE** for ENG, however **NEGATIVE** for ENA as Ostroleka C power plant investment has been fully priced-in ENG shares but not in ENA shares; Note, ENG share price decline from PLN 25 in the beginning of 2015 to almost PLN 7 currently discounts potential large value destruction, in our view. Note, we have said (Strategy Update Comment from NOV-17) that we do not expect any dividends from ENG until 2023 which is the end of Ostroleka C power plant investment cycle, nevertheless, JV with Enea could potentially release some net debt capacity and allow for some dividends in case of ENG; /

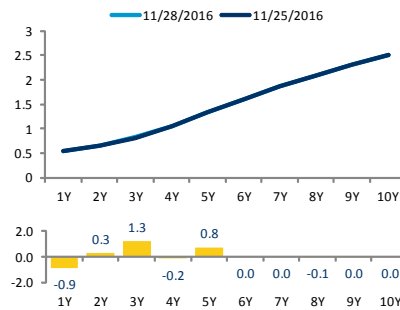
(PL) GTC: posted an attributable net profit of EUR 71.4mn in 3Q16, above consensus expectations for EUR 66.3mn profit, as the result was helped by both revaluations and a strongly negative effective tax rate; / **SLIGHT POSITIVE**; Note, The group recorded a EUR 46.9mn gain on tax, versus a marginal payment in the year prior period. As a result of mergers within the group, "temporary deferred tax differences related to interest and exchange rates on Euro denominated loans granted by GTC S.A. to GTC RH B.V. were derecognized as tax income in the amount of EUR 48 million," the company said; /

Interest-rate Swap Curves

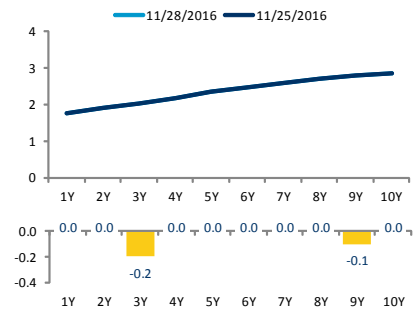
CZK *



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

Contacts

Brussels Research (KBC)			Global Sales Force		
Piet Lammens	+32 2 417 59 41		Brussels		
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
Dublin Research			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
Prague Research (CSOB)			Prague		
Jan Cermak	+420 2 6135 3578				+420 2 6135 3535
Jan Bures	+420 2 6135 3574				
Petr Baca	+420 2 6135 3570				
Bratislava Research (CSOB)			Bratislava		
Marek Gabris	+421 2 5966 8809				+421 2 5966 8820
Budapest Research			Budapest		
David Nemeth	+36 1 328 9989				+36 1 328 99 85

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