

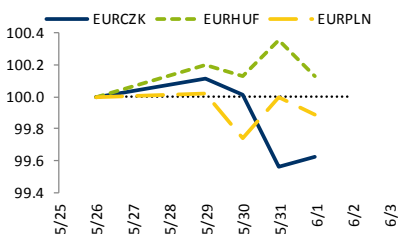


Central European Daily

Thursday, 01 June 2017

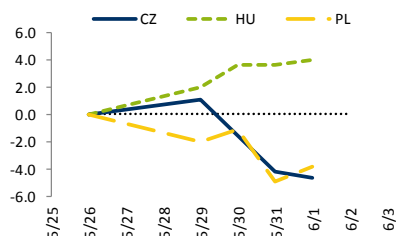
Regional Overview

Forex markets (index)



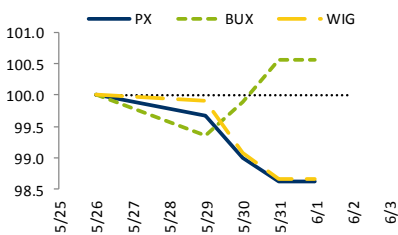
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.37	26.35	0.06
EURHUF	307.8	308.5	-0.22
EURPLN	4.178	4.183	-0.11

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.786	0.791	-0.5
HUGB 10Y	3.04	3.04	0.1
PLGB 10Y	3.23	3.22	0.3

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1002.4	1002.4	0.00
BUX	34552	34552	0.00
WIG	60092	60092	0.00

Macro, FX & Rates: Polish inflation and PMI fall in May

(PL) Macro: As we expected the Polish inflation was muted in May and actually slightly declined on month-on-month basis, which implied that the annual headline inflation dropped to 1.9%. Since these numbers are just flash estimates and details are not available, we suspect that lower petrol prices, stronger zloty and lower food prices were behind the decline of the headline figure.

In our view, the recent inflation development in Poland together with the strong zloty supports the recent NBP dovish stance as the inflation still stays visibly below the central bank target (2.5%).

(CZ, HU, PL) Macro: Regional PMIs in Manufacturing released this morning have been a mixed bag. While the Polish manufacturing sector disappointed with PMI falling to six-month lows (52.7 points), the business sentiment in manufacturing in Hungary soared to all-time highs in May (62.1 points). Although the Czech, May's PMI reading (56.4) was lower than April's figure of 57.5, the rate of growth remained at historically strong levels. As concerns the Polish data – it seems that the stronger zloty and lower oil prices could be behind the dip as input and output price inflation softened in PMI (detail) numbers.

Equities: Poland might try new ways how to help FX borrowers

(PL) Banking: Poland is considering using funds from the distressed borrowers fund to alleviate the situation of FX borrowers whose debt exceeds the value of their property according to Polish press. The excess would be redeemed, a person involved in the works said.

Recall that Poland wants to divide the currently PLN 600 mln worth fund in two parts - one helping distressed borrowers and the other supporting voluntary FX loans conversion.

(CZ) TABAK: Tobacco companies would like the CR to take a break for a while from raising the excise tax after 2018, because of the end of the CNB's intervention regime. *An amendment passed in 2015 determined the tax through the end of 2018.*

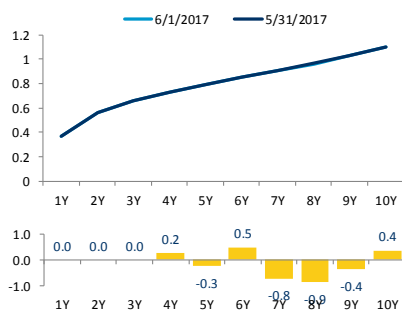
(CZ) TELCOS: Unnamed virtual operators asked the ČTÚ for an exemption to the EU requirement that roaming charges be the same as domestic fees as of June 15. *We see still low probability of postponement as roaming fee cut has been discussed for a long time and is expected to become effective since June 15 across the EU countries.*

(PL) RBI: Company is pressing Polish regulators to be allowed to delay the IPO of its Polish unit Raiffeisen Polbank according to Polish press.

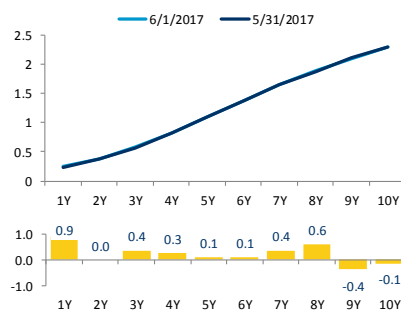
Raiffeisen Polbank has heavy load of Swiss franc loans at 35% of the entire loan portfolio worth PLN 33.4 bln with a further 11% of EUR mortgages.

Interest-rate Swap Curves

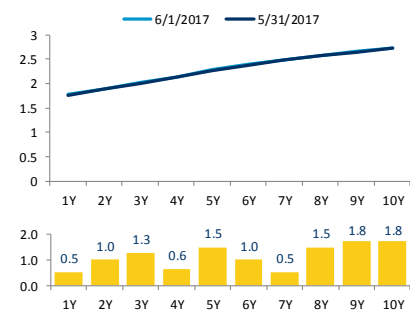
CZK *



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
HU	9:00	PMI manufacturing	05/01/2017			62.1		56.6		55.9	
PL	9:00	PMI manufacturing	05/01/2017			52.7		54.5		54.1	
HU	9:00	Trade balance	EUR M 03/2017 *F			978				956	
CZ	9:30	PMI manufacturing	05/01/2017			56.4		57.9		57.5	
CZ	14:00	Budget balance	CZK B 05/01/2017							6.3	

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