

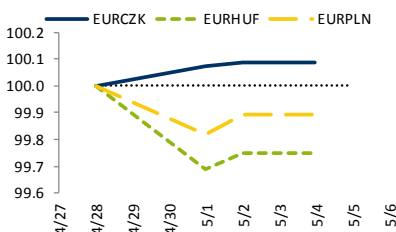


# Central European Daily

Thursday, 04 May 2017

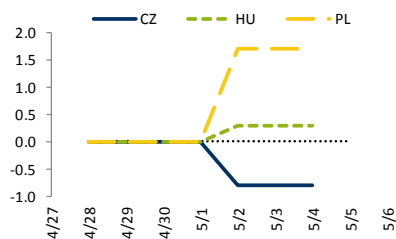
## Regional Overview

### Forex markets (index)



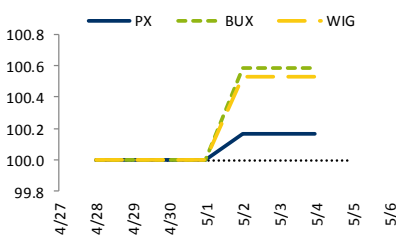
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.87	26.87	0.00
EURHUF	312.2	312.2	0.00
EURPLN	4.222	4.222	0.00

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.729	0.729	0.0
HUGB 10Y	3.22	3.22	0.0
PLGB 10Y	3.45	3.45	0.0

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1009.5	1009.5	0.00
BUX	33150	33150	0.00
WIG	61974	61974	0.00

### Macro, FX & Rates: CZK strengthens regardless of politics

**(CZ)** In spite of heightened political uncertainty, the koruna strengthened yesterday and hit a two-week high against the euro. Neither has the fall of PM Sobotka's government impact on government bond yields. Today, the Czech National Bank's meeting is in focus (see the preview below).

### Equities: Komerčni results above consensus

**(CZ)** KB: Komerčni netted CZK 4.08bn in 1Q17, which represents an increase of 41% vs. 1Q16, while beating the market consensus significantly. As we expected, the bank booked one-off gain related to the sale of its headquarters in total amount of CZK 817mn (it was booked as negative depreciation). Tier I ratio at 15.7% (below with MT target at 16-17%), only a notch above regulator's threshold at 15.5%. / **POSITIVE All in all, results were significantly above the market consensus.** As we expected, Komerčni booked one-off gain related to the sale of the headquarters, which as we mentioned in yday's earnings preview wasn't reflected fully in the market consensus. NII and fees were a bit below estimates (1.2% and 3.2%, respectively), but this was largely offset by income from financial operations (19.2% above cons and 7.9% above our estimates) boosted by clients hedging activity before removal of CNB's FX cap. **Operating profit was fully in line with our estimates, while 12.6% above market consensus.** The net profit line was strongly supported by super low cost of risk (-6bps) on low number of new defaults and good recoveries. As a consequence Net profit beat the market consensus by 34% y/y. All in all market reaction should be positive.

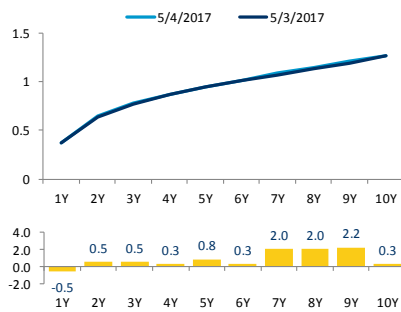
### Weekly Preview: CNB meeting in focus

**(CZ)** The Czech National Bank meets today for the first time since the removal of the FX floor on Apr-6. **We expect the CNB to keep rates on hold at this and upcoming meetings.** Let us recall that the current forecast sees rate hikes already in the third quarter of this year. On the contrary, we expect interest rates will remain stable in the rest of the year and might rise around mid/2018.

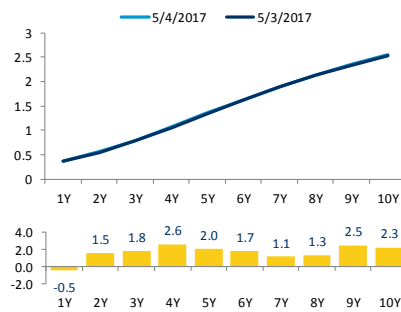
Regarding the koruna, we expect that the MPC members will want to wait for positioning to wind off, to get a sense of the fundamental level of the CZK. At the meeting, the CNB will also present new forecasts for growth and inflation.

# Interest-rate Swap Curves

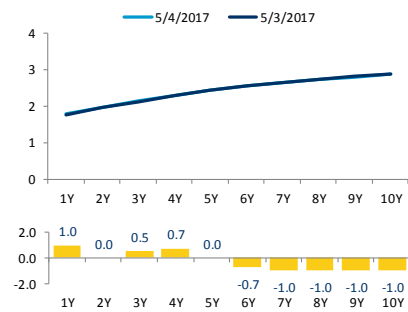
CZK \*



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	0:00	Earnings Komerční banka	CZK 1Q/2017								
HU	9:00	Retail sales	% 03/01/2017			5.6		3.4			1.2
CZ	13:00	CNB meeting	% 05/2017	0.05				0.05			0.05

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