

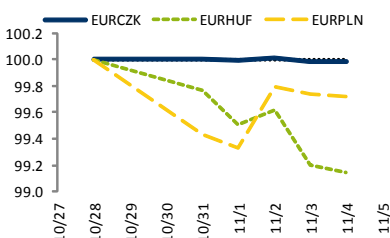


Central European Daily

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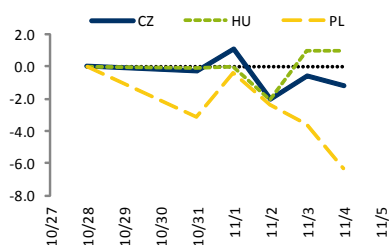
Regional Overview

Forex markets (index)



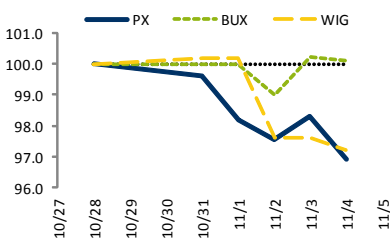
| | LAST | PREVIOUS | CHANGE (%) |
|--------|-------|----------|------------|
| EURCZK | 27.02 | 27.02 | 0.01 |
| EURHUF | 306.9 | 307.1 | -0.06 |
| EURPLN | 4.319 | 4.320 | -0.02 |

Gov. bonds 10 Y (bps change)



| | LAST | PREVIOUS | CHANGE (bps) |
|----------|-------|----------|--------------|
| CZGB 10Y | 0.443 | 0.449 | -0.6 |
| HUGB 10Y | 3.02 | 3.02 | 0.0 |
| PLGB 10Y | 3.05 | 3.08 | -0.9 |

Equity indices (index)



| | LAST | PREVIOUS | CHANGE (%) |
|-----|-------|----------|------------|
| PX | 897.0 | 909.7 | -1.39 |
| BUX | 29834 | 29872 | -0.13 |
| WIG | 47709 | 47900 | -0.40 |

Macro, FX & Rates: CNB continues according to plan

November's CNB Board meeting saw no dramatic changes. The new forecast only negligibly differs from the previous one and consequently has enabled the **CNB** to **reaffirm its hard as well as soft commitments, i.e. an exit "not before 2017 Q2"**. At the same time, **the CNB Board "considers it likely that the commitment will be discontinued in mid-2017"**. The CNB still expects that "according to the forecast, sustainable fulfilment of the target, which is a condition for a return to conventional monetary policy, will occur from mid-2017 onwards".

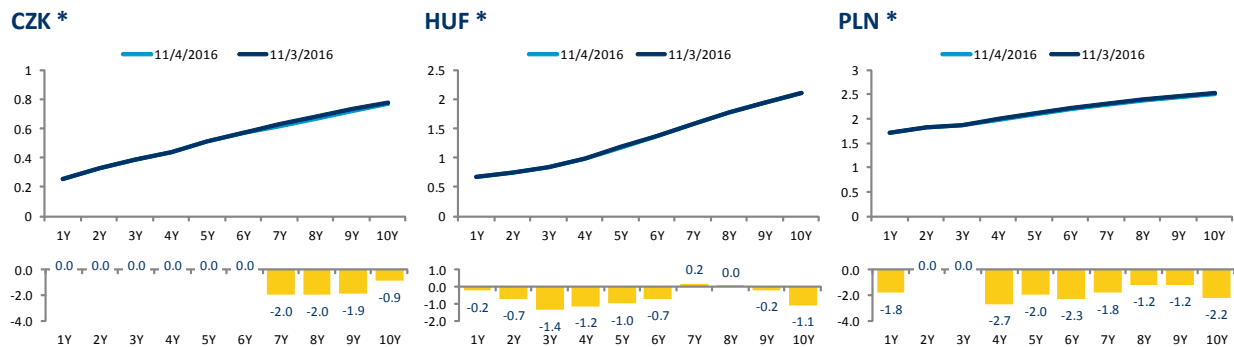
Therefore, the tenor of the latest meeting **has not even changed our view** of the **unleashing of the koruna**, which we think should take place **around the third quarter of next year**. Inflation will already be very close to the target at that time (albeit probably not significantly above it); nonetheless, even this can be seen as meeting the assumption above. We see the **risks of the timing of the exit abroad** in particular – specifically at the **ECB**, which has not yet decided whether to terminate its **QE** (quantitative easing) according to its plan, i.e. in March 2017, or to extend it, or to phase it out gradually. A termination or phase-out would favour the exit of the koruna, while a possible QE extension would probably also postpone the end of interventions in the Czech Republic.

Equities: Erste & MOL results above consensus

(CZ) Erste reported 21.8% y/y growth in net profit to EUR 337.4mn, **2.6% above market consensus**. Erste is on track for a dividend of EUR 1/shr (3.5% DY). Slightly above current market estimate at ca EUR 0.9/shr. / **SLIGHT NEGATIVE**. *Erste beat market consensus by 2.6% on net profit line due to lower cost of risk, which declined faster than expected. The operating profit is 2.5% below cons. Dividend is a mild positive surprise as is some 10% above market consensus. On the other hand the outlook for 2017 seems to be relatively cautious in our view and this is likely to overshadow 3Q16 beat and proposed dividend.*

(HU) MOL: Company reported its 3Q16 results today. / **POSITIVE**. *In general, reported figures beat the market across the lines. Revenues at HUF 962bn and EBITDA at HUF 165bn beat the market estimates by 9.8% and 5% respectively. While Revenues were even above our estimates (+ 6.7%), EBITDA fully matched our forecast. EBIT at HUF 93bn and Net Income beat the market by 13.7% and 19.4% respectively. As we expected the main surprise came from upstream business line that has delivered first growth since 2011 thanks to higher volumes (production in Hungary and Croatia increased by 22% and 15% respectively) and strict cost control. Following strong beat, management raised the full year guidance targeting EBITDA at USD 2.2bn, currently.*

Interest-rate Swap Curves



* 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 Erste Group Bank | CZK 3Q/2016 | | | | | | | | |
| HU | 0:00 | Earnings MOL Group | HUF 3Q/2016 | | | | | | | | |

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