

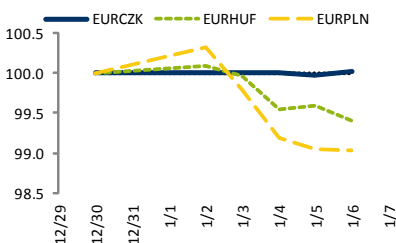


Central European Daily

Friday, 06 January 2017

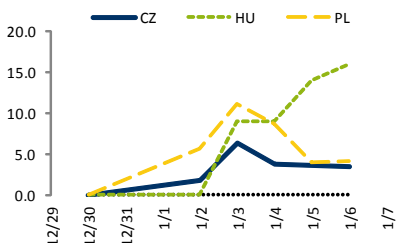
Regional Overview

Forex markets (index)



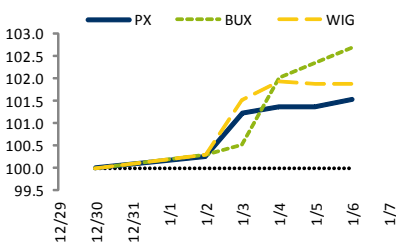
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.01	0.04
EURHUF	307.4	308.0	-0.19
EURPLN	4.362	4.363	-0.01

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.448	0.450	-0.2
HUGB 10Y	3.32	3.30	0.6
PLGB 10Y	3.66	3.66	0.1

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	935.8	934.1	0.19
BUX	32862	32750	0.34
WIG	52722	52722	0.00

Macro, FX & Rates: Czech industry surprises positively

(CZ macro) Industrial production surprised positively in November as it grew by 7% year-on-year (vs. expect. 4.7% Y/Y). Once again, the key driver of growth was car industry. / *Industrial production showed positive result in November after two rather weaker months. This is certainly **good news** for the economy as a whole as industry remains the main driver of **economic growth which could thus reach about 2% in the last quarter and 2.4% in the whole year.** Moreover, new orders confirm that **positive results may also be expected in the months ahead.***

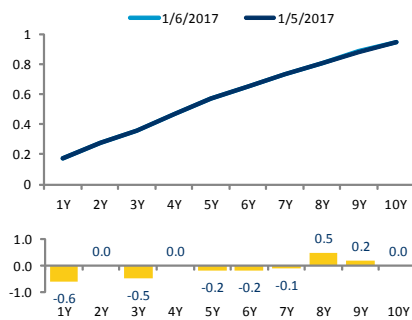
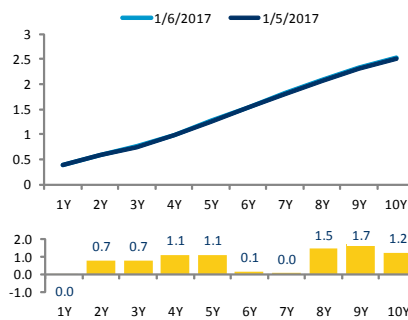
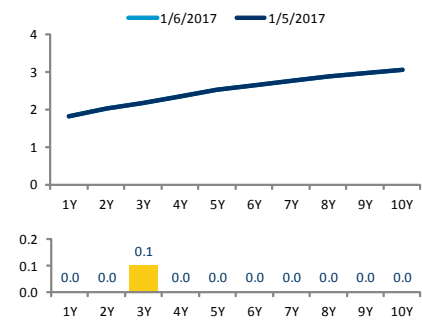
(CZ macro) Trade balance reached CZK 11bn. (about EUR 0.4bn.) surplus in November. The result was driven mainly by export of cars which made up about a quarter of total exports. / *Despite the fact that industry/export is likely to remain one of the key drivers of economic growth also in 2017, the likely positive impact of domestic demand (incl. investments) on imports **should limit the room for further growth** of trade surplus. Regarding possible **consequences of (likely) CNB's exit** from the intervention regime, we **do not expect** it will have a **significant influence on export** performance of the economy.*

(CZ macro) Total volume of CNB interventions against the koruna appreciation in November was about EUR 524 million. In total, the Czech National Bank (CNB) interventions have already reached more than EUR 30 bn. / **We expect interventions to strengthen** as the exit from the intervention regime is (likely) approaching. **The data on CNB liquidity operations as well as EURCZK forwards indicate that the CNB interventions against the appreciation of the koruna have intensified in the beginning of 2017.**

Equities: Pegas shares will be delisted from WSE

(CZ) PEGAS: Company's shares will be delisted from the Warsaw Stock Exchange, possibly in the middle of March, because of low trading volumes that do not correspond with the cost of the stock quotation according to Company's representatives. The shares **will remain on the Prague Stock Exchange. /SLIGHT NEGATIVE.** *The intention to delist the shares from the Warsaw bourse was approved by the board of directors yesterday. Shareholders will be offered a stock buyout for the price at PLN 127/shr (CZK 786/shr). Offered price is 2.7% above yesterday's close and implies total amount at more than CZK 341mln.*

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	Trade balance (national)	CZK B 11/01/2016	10		12.4		11.7		15.5	
CZ	9:00	Construction output	% 11/01/2016		-6.5		-2.3				-8.5
CZ	9:00	Industrial output	% 11/2016		4		7		4.6		-1.7
HU	9:00	Industrial output	% 11/01/2016			0.9	0.6		1.1	2	-2.1
HU	9:00	Retail sales	% 11/01/2016				4.7		3.7		2.6
CZ	9:00	GDP	% 3Q/2016 *F			0.2	1.9	0.2	1.9	0.2	1.9
CZ	10:00	FX reserves of the CNB	EUR B 12/01/2016				85.3				80.3

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