

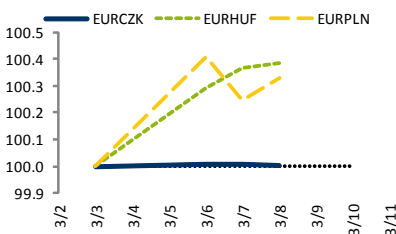


# Central European Daily

Wednesday, 08 March 2017

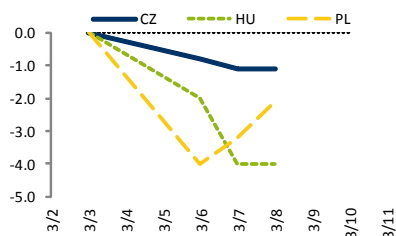
## Regional Overview

### Forex markets (index)



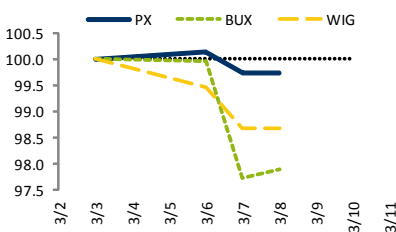
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	310.2	310.2	0.02
EURPLN	4.308	4.305	0.08

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.579	0.579	0.0
HUGB 10Y	3.42	3.42	0.0
PLGB 10Y	3.70	3.69	0.3

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	971.7	971.7	0.00
BUX	32500	32442	0.18
WIG	58530	58530	0.00

### Macro, FX & Rates: Hungarian inflation approaching 3%

**(HU) Macro:** Headline inflation accelerated in Hungary in February and it has almost reached the mid-point of the NBH inflation target (3.0%). Consumer prices increased by 2.9% compare to the same period in 2016, while it has been grew by 0.4% M/M. On yearly basis the highest price rise were measured for other goods including motor fuels as well as for alcoholic beverages and tobacco. Food prices rose by 1.9% within which the price of sugar by 14% means the biggest jump.

**(CZ) Unemployment rate** came out a bit lower than expected in February at 5.1%. Let us recall that employment stands at record. As regards unemployment rate it fell by 1.2 percentage point year-on-year in February. We expect that unemployment rate will fall further and in summer month it could be even around 4%. This also means that wage pressures will further strengthen.

### Equities: PGN results slightly positive

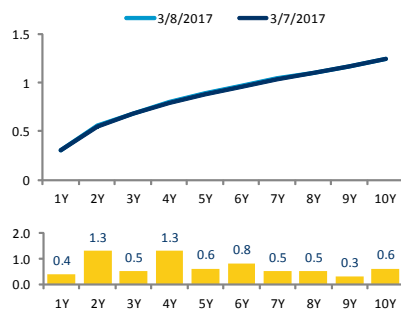
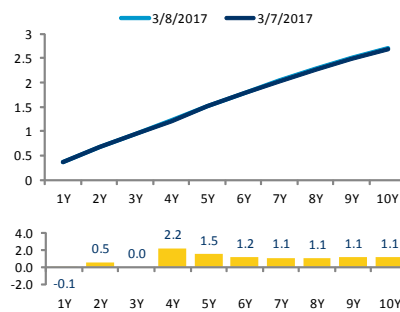
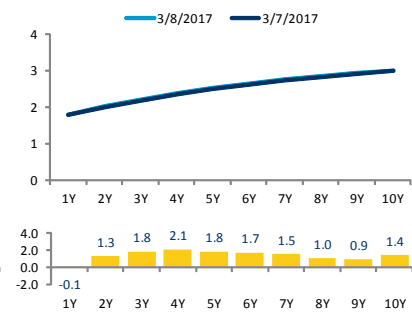
**(PL) PGE:** Company released its 4Q16 figures today, B/Mkt. / NEUTRAL. Reported numbers were slightly above its preliminary figures (reported on Feb, 10) with Net Income at PLN 1.37bn vs. PLN 1.25bn already reported. For 2017, Company expects EBITDA to decline in conventional generation due to the expected drop in the wholesale price of energy to PLN 163 – 165/MWh vs. PLN 168 realized in 4Q16. On the other hand, Company expects growth in the supply segment and stabilization in distribution.

**(PL) PGN:** Company released its 4Q16 figures today, B/Mkt. / SLIGHT POSITIVE. Company already released strong preliminaries in mid of February that came with positive market reaction as beat the market across the lines. Therefore we do not expect any big surprise from the official 4Q16 figures announcement. Nevertheless reported numbers were even slightly above the strong preliminaries with Net Income at PLN 721mn vs. PLN 690mn and EBITDA 1.71bn at PLN vs. PLN 1.69bn primarily supported by higher volumes of core products sold with the main contribution coming from T&S and Distribution divisions delivering altogether 73% of total Group's EBITDA. Market reaction will depend on the highlights from conf. call (focus on progress in Gazprom negotiations and new distribution tariffs) that starts at 9:00 (CET).

### Daily preview: NBP inflation forecast will be revised up

**(PL) The Monetary Policy Committee will discuss the NBP's new inflation forecast** (to be completely released on March 13), which will have to be revised significantly upwards and will be the main **hawkish sign**. The NBP still expects that the annual inflation for this year will not exceed 1.3%, while in February it was more than 2.0%.

# 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 STOCK	CZK 9M/2016								
HU	9:00	CPI	% 02/01/2017			0.4	2.9	0.4	2.8	0.4	2.3
CZ	9:00	Unemployment rate 15-64	% 02/2017			5.1		5.2		5.3	
CZ	12:00	CZ bond auction 2017-20, 0.00%	CZK B 03/01/2017					5			
CZ	12:00	CZ bond auction 2015-2023, 0.45%	CZK B 03/01/2017					3			
CZ	12:00	CZ bond auction 2013-2028, 2.50%	CZK B 03/01/2017					4			
PL	14:00	NBP meeting	% 03/01/2017	1.5				1.5		1.5	

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