

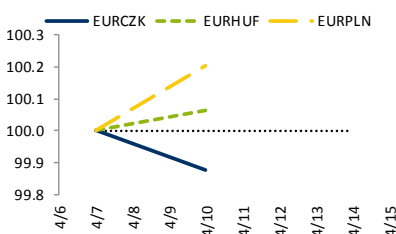


Central European Daily

Monday, 10 April 2017

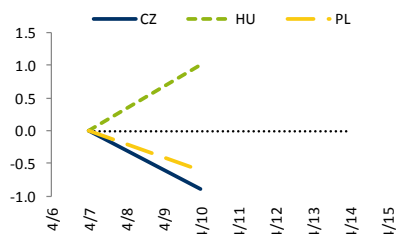
Regional Overview

Forex markets (index)



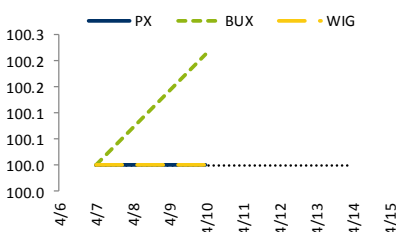
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.53	26.56	-0.12
EURHUF	310.1	309.9	0.06
EURPLN	4.226	4.218	0.20

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.910	0.919	-0.9
HUGB 10Y	3.30	3.29	0.3
PLGB 10Y	3.45	3.45	-0.2

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	984.1	984.1	0.00
BUX	32669	32600	0.21
WIG	59288	59288	0.00

Macro, FX & Rates: Czech inflation flat in March

(CZ) Macro The Czech consumer prices stagnated in March. In year-on-year terms (+2.6 %), all items in the consumer basket except for household equipment got more costly.

What development of inflation can we expect next? In our opinion, inflation is set to stay above the CNB's inflation target by the end of the year, in line with central bankers' expectations and hence not inciting them to any change in the current policy setting. While the CNB inflation forecast will still envisage a soon interest rate hike, there will be no real scope for monetary policy tightening due to possible negative consequences of a widening interest rate differential on the koruna exchange rate. In this respect we do not believe comments coming from CNB's Governor Jiri Rusnok, who said hiking cycle may start by late 2017 or early 2018.

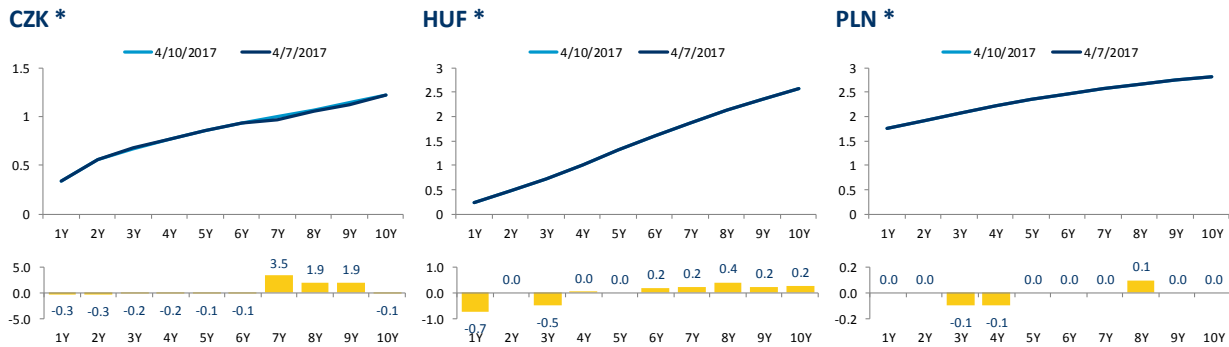
Equities: PGN to import gas from Qatar

(PL) PGNiG : It will import approx. 1.3bn cubic meters of gas to Swinoujscie LNG terminal under its long term contract with Qatar, while next year it will be 2.9bn cubic meters. Imports might be even higher if the company goes ahead with the additional purchases on the spot market, daily Parkiet reports. The company is also planning to produce 22.1 thousand tons of LNG at its units in Odolanów and Grodzisk Wielkopolski, while last year's output reached 25.5 thousand tons; / just FYI; Please note, there will be discussions with Gazprom over new contract and PGN wants to be as much flexible as can. PGN wants to offset at least part of the Gazprom's contract by Norwegian pipes and LNG terminals. Local press speculated in March that PGN will likely be charged the highest possible price for Russian gas this year that is near the upper end of the USD 180-190 price range for EU clients announced by Gazprom.

Preview: Watch Hungary's inflation readings tomorrow

(HU) Macro The Hungarian headline inflation might remain around 3% Y/Y in March. The main driver of inflation is still base effect (oil price), but the markets services price increase started to accelerate. As the gross wages are rising by 10% Y/Y the domestic demand may remain strong in this year. Although the headline inflation may decrease in April (mainly due to the change of excise duty of fuel), we still think that inflation pressure is increasing. We see this year's average CPI at 2.6% Y/Y, which might accelerate above 3% Y/Y in 2018.

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	9:00	CPI	%	03/01/2017	0	2.6	0	2.6	0	2.6	0.4	2.5
CZ	9:00	Unemployment rate 15-64	%	03/01/2017	4.8		4.8		4.9		5.1	

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