

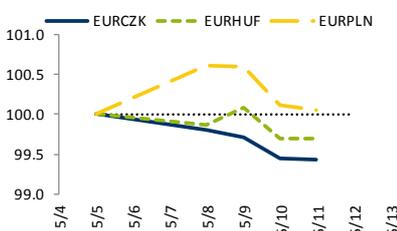


# Central European Daily

Thursday, 11 May 2017

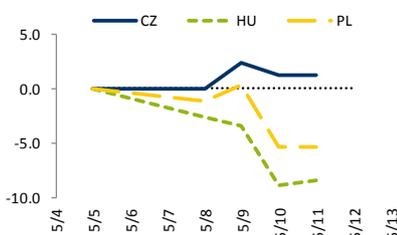
## Regional Overview

### Forex markets (index)



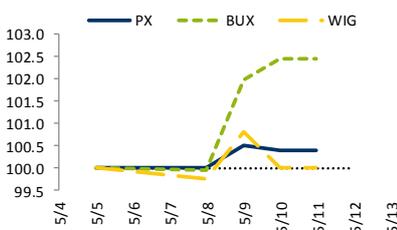
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.57	26.57	-0.01
EURHUF	310.7	310.7	0.00
EURPLN	4.209	4.212	-0.06

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.617	0.617	0.0
HUGB 10Y	3.08	3.07	0.2
PLGB 10Y	3.41	3.41	0.0

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1010.0	1010.0	0.00
BUX	33666	33666	0.00
WIG	61840	61840	0.00

### Macro, FX & Rates: Chance for NBH's easing is still there

**(HU) Macro, Rates:** The tone of the latest Minutes of the NBH Monetary Council remained slightly dovish although it emphasizes less the possible further easing of monetary policy. The Council thinks that there is still unused capacities in the economy so the output gap may close only in 1H18. It means that they don't expect for a strong pressure on inflation coming from domestic factors. They highlighted that the fast increase of wages are counterbalanced by the moderation of taxes of social contribution fee and corporate income.

Hence, despite of the increasing inflationary environment the chance of further monetary easing in Hungary is still there. The reason is that the Monetary Council highlighted that in case the inflation remains well below the inflation target, they may use unconventional tools. As we won't see close to 3% inflation figures (recall yesterday CPI release for April) in the following months the cap of 3 month depo might be moderated from HUF500bn to HUF300bn even already in June. Additionally the NBH still would like to see fiscal loosening before stopping monetary easing. Finally there are discussion of VAT cut of some food product already this year, which may push headline inflation lower. So we expect that the dovish stance will remain during the summer, the cap may be moderated and the FX swap tenders may be continued till autumn.

### Equities: CEZ results positive for the first glance

**(CZ) CEZ:** The Company has release its 1Q17 results which we found as positive for the first glance. EBITDA reached CZK 19.0bn (-5 % y/y) vs. expectations of CZK 17.6bn; EBIT reached CZK 11.7 bn (-10 % y/y) vs. expectations of CZK 10.0bn; Net Income reached CZK 8.7 bn (-13% y/y) vs. expectations of CZK 7.0bn; Adjusted Net Income reached CZK 8.8 bn (-12% y/y) vs. expectations of CZK 7.0bn; adjustment included is goodwill write-off in Turkey. Regarding the outlook - 2017 EBITDA guidance remains CZK 52.0 bn. Moreover, 2017 Adjusted Net Income guidance has been increased to CZK 17.0 bn (from CZK 12-17bn). The change in the Net Income comes mainly from the disposal of MOL shares (buyback of the exchangeable bond and sale of MOL shares) and lower depreciation and amortization and higher capitalised interest in connection with postponed date of final acceptance of Ledvice Power Plant for operation.

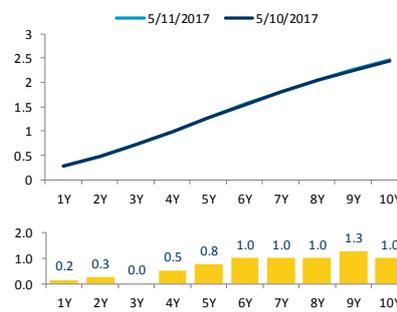
All in all, POSITIVE results in 1Q17 in our view driven by favourable market conditions (relatively low temperatures in 1Q17) permitted higher generation. Regarding the NI guidance increase, we have been expected specification to CZK 15bn on back of MOL shares disposal in an amount of c. CZK +3.5bn, nevertheless the final impact is even better (CZK +4.5bn).

# 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 Moneta Money Bank	CZK 1Q/2017								
CZ	0:00	Earnings CEZ	CZK 1Q/2017								
CZ	0:00	Earnings Fortuna	CZK 1Q/2017								
CZ	0:00	Earnings Pegas NW	CZK 1Q/2017								
CZ	0:00	Earnings Kofola	CZK 1Q/2017								
PL	0:00	Earnings PGE	PLN 1Q/2017								
PL	0:00	Earnings Cyfrowy Polsat	PLN 1Q/2017								

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