

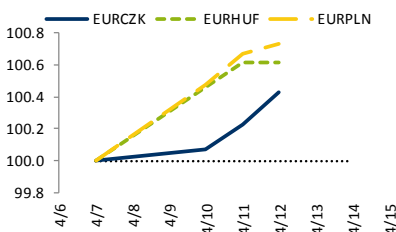


Central European Daily

Wednesday, 12 April 2017

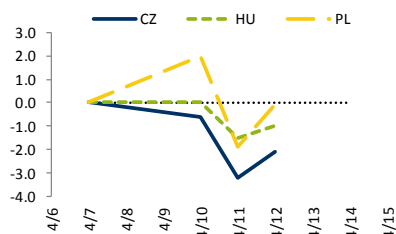
Regional Overview

Forex markets (index)



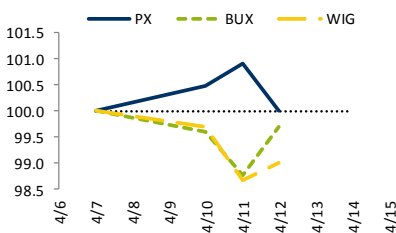
| | LAST | PREVIOUS | CHANGE (%) |
|--------|-------|----------|------------|
| EURCZK | 26.67 | 26.62 | 0.20 |
| EURHUF | 311.8 | 311.8 | 0.00 |
| EURPLN | 4.248 | 4.246 | 0.06 |

Gov. bonds 10 Y (bps change)



| | LAST | PREVIOUS | CHANGE (bps) |
|----------|-------|----------|--------------|
| CZGB 10Y | 0.898 | 0.887 | 1.1 |
| HUGB 10Y | 3.28 | 3.28 | 0.2 |
| PLGB 10Y | 3.45 | 3.44 | 0.5 |

Equity indices (index)



| | LAST | PREVIOUS | CHANGE (%) |
|-----|-------|----------|------------|
| PX | 984.2 | 993.0 | -0.89 |
| BUX | 32500 | 32199 | 0.93 |
| WIG | 58698 | 58510 | 0.32 |

Macro, FX & Rates: EUR/HUF approaching 4-month highs

(HU) Forex: Yesterday, the EUR/HUF pair was traded above the 312 level, which is not far away from four-month highs. It is worth noting that according yesterday's release the consumer price index moderated from 2.9% Y/Y in February to 2.7% Y/Y in March, which is lower than the market expectation of 2.9% Y/Y. Moreover, the core inflation remained at 1.8% Y/Y in March. Hence the market might think that because of low inflation the NBH will remain dovish. *Actually, we think that the NBH is focusing mainly on the core inflation, hence we agree that the overall picture doesn't change substantially compared to previous months. The following months might bring further moderation of consumer price index (even close to 2% Y/Y) due to base effect, and headline inflation may move back to around 3% Y/Y only in autumn, the NBH won't be in a hurry to reverse its monetary policy. Moreover we see increasing chance for another cut of the cap of the 3-month deposit in June. But we still expect that the government may ease its fiscal policy in 2H17, which might bring the turn of monetary policy as well. It means that we expect that the NBH may start to cut back its ad-hoc swap tenders from summer, which means some gradual tightening of monetary policy for autumn time. We still not expect any base rate change till 4Q18.*

So, the dovish NBH monetary policy supports also the weak HUF exchange rate, although from fundamentally perspective we still expect that HUF may start to strengthen. Although NBH has no exchange rate target, we think that it is more satisfied with EUR/HUF levels around or slightly above 310. We don't expect radical movements of EUR/HUF for the coming months, it might be traded mainly in the range of 307 and 313.

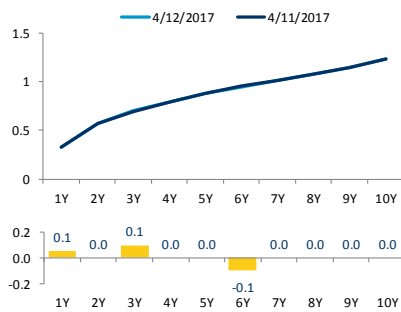
Equities: Fortuna revises down its 2016's net profit

(CZ) Fortuna revises down 2016's net profit from EUR 11.2mn to EUR 8.3mn on deferred tax related to its Polish division. *In our view it shouldn't have any meaningful impact on the market. No one cares for 2016's figures now as the majority owner would like to delist Fortuna from the market.*

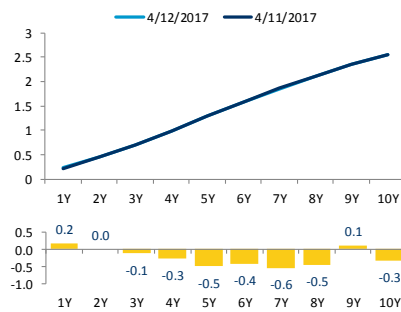
(PL) GNB: Getin Noble Bank plans to conduct a PLN 50mn capital increase via a private placement of 18.3mn shares priced at PLN 2.73 apiece. The shares will be addressed to entities with capital or personal ties to lead shareholder Leszek Czarnecki. The resolution is subject to GM's approval. A meeting has been called for May 9. *We think that it indicated price is 50% above yesterday price, but the private placement is rather small (2% of shares outstanding).*

Interest-rate Swap Curves

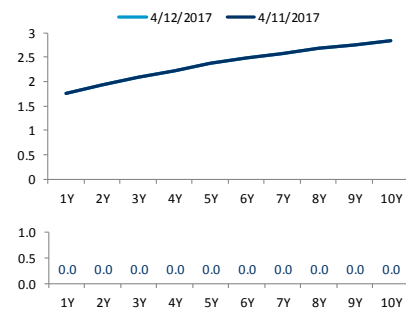
CZK *



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 | Unit | Period | Forecast | | Actual | | Consensus | | Previous | |
|---------|-------|-----------|------|------------|----------|-----|--------|-----|-----------|-----|----------|-----|
| | | | | | m/m | y/y | m/m | y/y | m/m | y/y | m/m | y/y |
| PL | 14:00 | Core CPI | % | 03/01/2017 | | | | | 0.2 | 0.5 | 0.1 | 0.3 |

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