

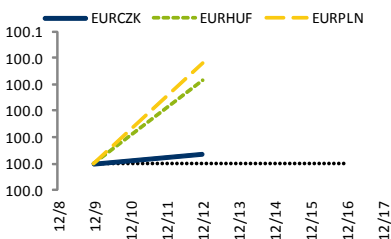


# Central European Daily

Monday, 12 December 2016

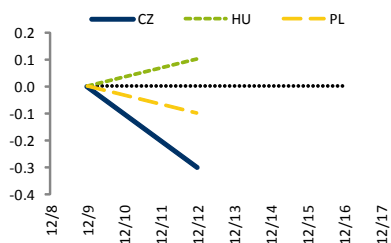
## Regional Overview

### Forex markets (index)



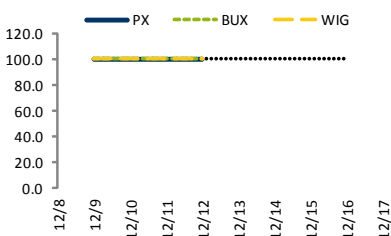
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.03	27.03	0.00
EURHUF	314.8	314.7	0.03
EURPLN	4.447	4.445	0.04

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.509	0.512	-0.3
HUGB 10Y	3.34	3.34	0.0
PLGB 10Y	3.60	3.60	0.0

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	900.7	900.7	0.00
BUX	30588	30588	0.00
WIG	50694	50694	0.00

### Macro, FX & Rates: Rising US yields = PLN's headache

**(PL, HU) Forex:** US yields have broken above some technical levels as global markets have started to count down to Wednesday's FOMC meeting. Although a 25bps rate hike is discounted, the *markets might ask whether the Fed governors can change their dots for next years in a (more) hawkish way*. This factor of uncertainty might pose a problem for some emerging markets, while the forint and particularly the zloty could be among them.

### Equities: Czech Soc-Dem target high dividend outflows

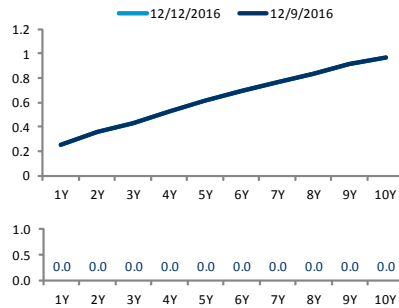
**(CZ) Taxes:** PM Sobotka said after a CSSD leadership meeting on Saturday that his party wants to halt the outflow of dividends from the Czech Republic. It also wants to make a major change to the progressivity of personal and corporate income tax, he said. *Note that Czech PM Sobotka of Social Democrats also said on Nov-21 that the CSSD may propose special taxes on banks, utilities and telecoms as extra levies on financial, energy and telecom industries would curb outflows of dividends to foreign owners; This was a story before last elections in 2013. Next elections are scheduled for October 2017, so it seems that current prime minister would like to play the same cards. Nevertheless, we expect he can just hardly find some supporters with exception of the Communist Party as Finance Minister Babis of ANO (junior coalition member) confirmed his stance against this idea. Babis said that instead of imposing a sector tax, he is thinking about lowering the 15% tax on dividends as a way to encourage Czech companies based in places like Cyprus and the Netherlands to bring their money back to the CR. Note, both left-wing parties losing their voters in favour of Babis's ANO latest poll shown.*

**(PL) PEO:** UniCredit completed the placement of equity-linked certificates tied to its lingering 7.3% stake in Polish bank Pekao UniCredit said in a market filing last Friday. *Note Bear in mind the placement followed the sale of 32.8% of UniCredit's Bank Pekao SA (PEO) unit to Insurer PZU SA and a Polish development fund (PFR) for PLN 10.6bn (PLN 123/shr) last Thursday.*

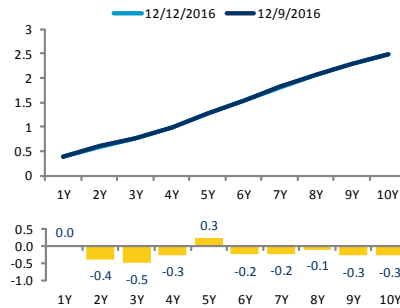
**(PL) CCC:** is mulling an issue of some EUR 150mn in convertible bonds and will allocate up to PLN 300mn from bond sale to a share buyback program that will run to 2019, the company said in a market filing last Friday. *Bonds could be convertible to either new or existing shares. To allow for conversion into new shares, the management will seek shareholders' approval for a conditional share issue, the filing notes. The management assumes the bonds will have maturities of 5-7 years and will be floated in Frankfurt. The company will also seek shareholder approval for limiting voting rights to 20%, save for entities holding over 20% at the time of the EGM. The shareholder meeting to decide on the conditional capital increase, on the buyback program and on limitations to voting rights on Jan 10th.*

# Interest-rate Swap Curves

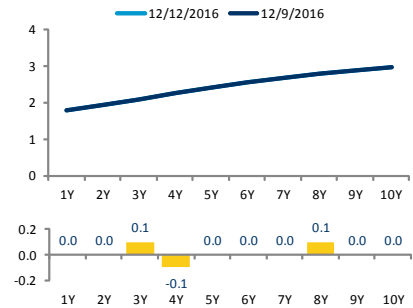
CZK \*



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
PL	14:00	CPI	%	11/2016	*F					0.1	0

## Contacts

Brussels Research (KBC)		Global Sales Force	
Piet Lammens	+32 2 417 59 41	<b>Brussels</b>	
Peter Wuyts	+32 2 417 32 35	Corporate Desk	+32 2 417 45 82
Mathias van der Jeugt	+32 2 417 51 94	Institutional Desk	+32 2 417 46 25
<b>Dublin Research</b>		France	+32 2 417 32 65
Austin Hughes	+353 1 664 6889	London	+44 207 256 4848
Shawn Britton	+353 1 664 6892	Singapore	+65 533 34 10
<b>Prague Research (CSOB)</b>		<b>Prague</b>	+420 2 6135 3535
Jan Cermak	+420 2 6135 3578		
Jan Bures	+420 2 6135 3574		
Petr Baca	+420 2 6135 3570		
<b>Bratislava Research (CSOB)</b>		<b>Bratislava</b>	+421 2 5966 8820
Marek Gabris	+421 2 5966 8809		
<b>Budapest Research</b>		<b>Budapest</b>	+36 1 328 99 85
David Nemeth	+36 1 328 9989		

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