

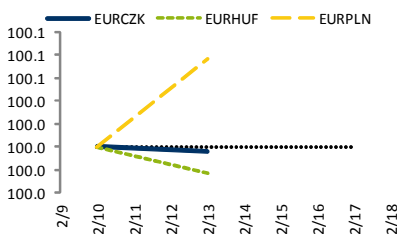


# Central European Daily

Monday, 13 February 2017

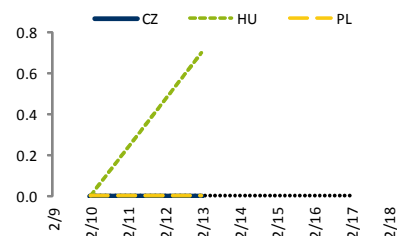
## Regional Overview

### Forex markets (index)



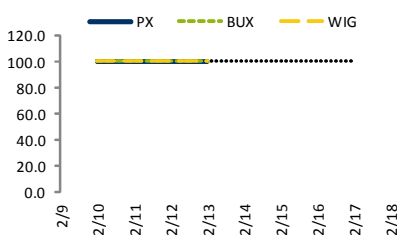
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	308.2	308.3	-0.02
EURPLN	4.303	4.299	0.08

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	#N/A	#N/A	#N/A
HUGB 10Y	3.57	3.56	0.2
PLGB 10Y	#N/A	#N/A	#N/A

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	964.3	964.3	0.00
BUX	33156	33156	0.00
WIG	57385	57385	0.00

### Macro, FX & Rates: Czech C/A with 1.6% surplus in 2016

**(CZ) Macro:** Although the Czech current account swung into surprisingly deep deficit in December of 2016 (CZK 22.1bn), it was still able to **manage 1.6% of GDP surplus for the whole year, which is the best result in the Czech history.**

### Equities: PGE profit comes above expectations

**(CZ) CEZ:** The stock lost 2.2% last Friday after CEO Benes said it would be “unrealistic” to expect CEZ to maintain dividend level of CZK40/share while profitability continues to decline on low electricity prices. He also noted, that 2017-2018 were some of the worst years for company’s earnings as power prices “hit bottom”; / *Although the statement was in line with consensus expectations (30 CZK per share as a dividend in 2017), CEO breached rising expectations of dividend maintenance after recent news flow;*

**(CZ) KOMB:** The stock gained +4.6% on Friday supported with rising Czech government bond/swap yields (please check GGR: Czech Republic). *Some fortunate should weight up locking their short-term gains on Komerční banka according to us as dividend yield of KOMB fall down to 4%;*

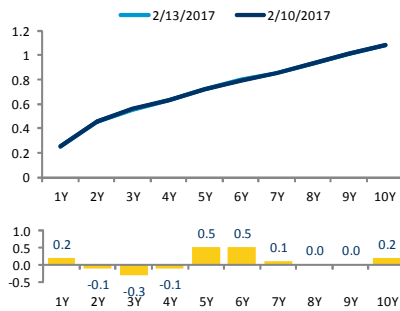
**(PL) PGE:** The Company spotted PLN 7.39bn in FY2016 EBITDA while net profit was PLN 2.45bn implying at PLN 2.60bn 4Q16 take ahead of PLN 1.25bn in net profits, preliminary estimates released in a Friday evening showed. 2016 CAPEX is estimated at PLN 8.15bn, the filing showed. PGE produced net 53.67TWh of power last year, the firm also said. The realized wholesale price amounted to PLN 168 per MWh. **We consider results as slightly positive.** *Although, EBITDA looks encouraging for the first glance, it was supported with c. PLN 840bn one offs (LTC revenues of PLN 136mn, provisions reversal of PLN 643mn. When stripping-off EBITDA for 4Q16, PGE came with 1.76bn of recurring result, hence c. 8% above consensus expectations (1.75 incl. LTC). We expect slightly positive market reaction on results; In general, we turned more positive about Polish Utilities for 2017 as we believe most negatives have already been priced in. Also, Polish utilities are rather underweight in most portfolios according to Polish Pension funds 2016 asset structure. Please note, Pekao, PZU, KGHM and PGE remained the top underweighted positions vs. the WIG index. Regarding PGE, we think the company has the highest chances to pay a dividend from 2016 profits (0.25/share) among Polish utilities which should give shares some support. The dividend proposal should be mare in June.*

### Weekly Preview: Watch GDP for 2016Q4 & January’s CPI

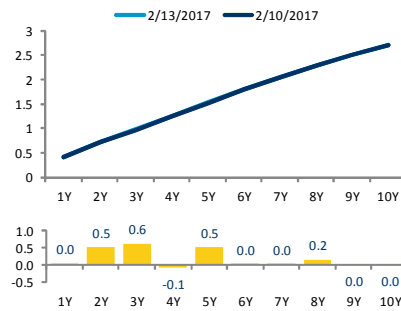
**(CE, Macro)** Tomorrow there will GDP releases in all countries from Central (Tuesday), while there will be important inflation prints in Poland today and in Hungary on Tuesday. While growth should stagnate, inflation should rather accelerate in year-on-year terms.

# Interest-rate Swap Curves

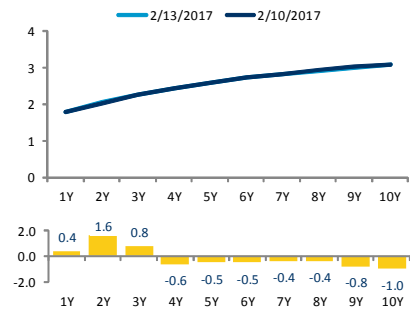
CZK \*



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	0:00	Earnings Orange Polska	PLN FY/2016								
CZ	10:00	Current account	CZK B 12/01/2016	0				2.25		4.57	
PL	14:00	Current account	EUR M 12/2016					-726		-427	
PL	14:00	Trade balance	EUR M 12/01/2016					-284		102	
PL	14:00	CPI	% 01/01/2017					0.3	1.7	0.7	0.8

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