

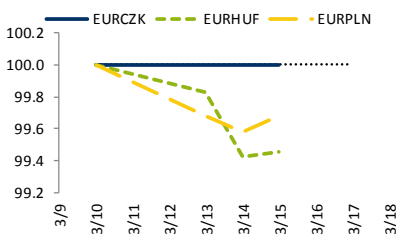


Central European Daily

Wednesday, 15 March 2017

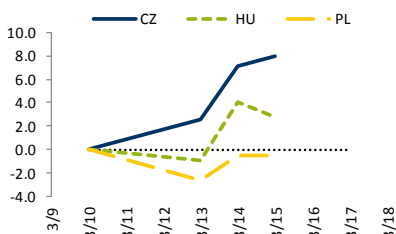
Regional Overview

Forex markets (index)



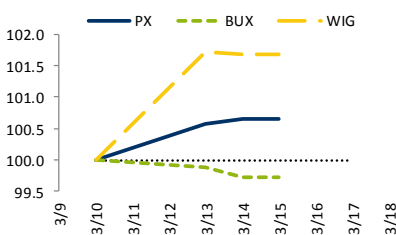
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	311.2	311.1	0.04
EURPLN	4.322	4.318	0.10

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.778	0.769	0.9
HUGB 10Y	3.65	3.66	-0.3
PLGB 10Y	3.74	3.74	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	978.6	978.6	0.00
BUX	32636	32636	0.00
WIG	59301	59301	0.00

Macro: February inflation exceeded market expectations

Having slightly surpassed market consensus, February **inflation in Poland** got close to the NBP target of 2.5% y/y. It is well possible that tightening of so far neutral monetary policy may return on the agenda as early as by the end of the first half of this year. Higher rates would undoubtedly help the zloty regain positions lost at the end of 2016.

Most **Czech macroeconomic figures** published today look optimistic. **Industrial output** and new orders testify to a very good shape of the sector, increasing **retail sales** reflect big spending appetite of consumers. Only **construction** still did not leave early stages of its recovery.

Equities: headline

(CZ) Unipetrol: Company released its new strategy yesterday A/Mkt. / **POSITIVE.** *Albeit Company has not proposed DPS (contrary to its mother PKN that at the same day proposed DPS at PLN 3.0), it committed to gradual dividend increase going forward what we see as the main point of the whole presentation (we count with DPS at CZK 6.0). On top of that, Company indicated EBITDA within 2017-2018 period at CZK 19.7bn in total of which CZK 17.5bn is expected to be realized in downstream and CZK 2.3bn to be realized in retail. For CAPEX, Company expects CZK 16.3bn in total for 2017 -2018 period of which CZK 8.6bn as development and CZK 7.6bn as maintenance. Company organized press conference where we expect more details to be specified.*

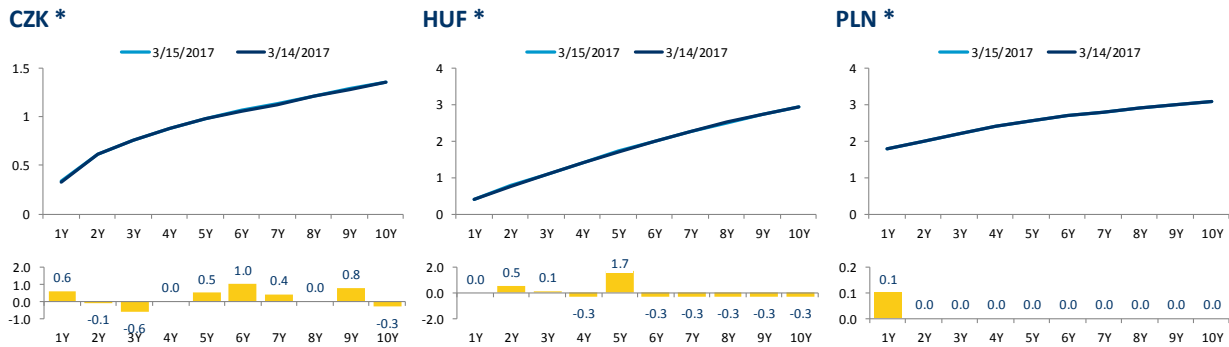
(CZ) Fortuna agreed to acquire Penta's Romanian betting & gaming companies. The consideration to be paid for the Acquisition is expected to be around EUR 47mn out of which approx. EUR 15mn will be deferred for up to 48 months. In addition, Fortuna shall refinance around EUR 3mn of Seller's loans. The Acquisition will need to be approved by the shareholders of Fortuna and the closing of the transaction is expected to occur in the 2Q17. / **TO WATCH.** *No further details provided. Thanks to the acquisition Fortuna will further strengthens its position in Romania and will be clear #1 in the country. The acquisition will be financed through bank loans and Fortuna didn't mention share issue etc, what is positive news in our view.*

(PL) PZU reported PLN 638.5mn in 4Q16 attributable net profit, while delivering a strong beat to the consensus forecast of PLN 530.8mn. /**SLIGHT +IVE.** *The beat comes on 2.4% higher than expected Gross written premiums and 7.7% lower than expected Net insurance claims, while investment result disappointed. All in all market reaction likely positive.*

Weekly Preview: Current account surplus

Notably higher exports than imports along with absence of dividend outflows will push current account into a double digit surplus. For the whole of 2017, we expect the surplus to be around 1.2 % of GDP.

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
PL	0:00	Earnings PZU	PLN FY/2016								
PL	0:00	Earnings Tauron Polska	PLN FY/2016								
CZ	9:00	Retail sales	% 01/2017	7		7.7		7.5		3.7	
CZ	9:00	Construction output	% 01/01/2017			-0.2				1.9	
CZ	9:00	Industrial output	% 01/01/2017	7		9.6		7.9		2.7	
CZ	12:00	CZ bond auction 2017-20, 0.00%	CZK B 03/01/2017					5			
CZ	12:00	CZ bond auction 2014-2025, 2.40%	CZK B 03/01/2017					4			

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