

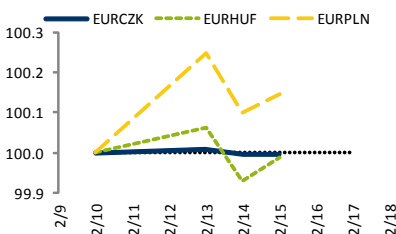


Central European Daily

Wednesday, 15 February 2017

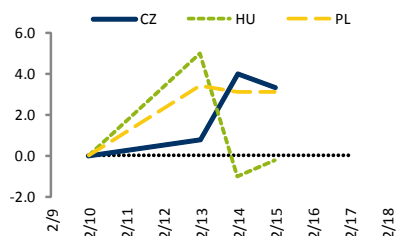
Regional Overview

Forex markets (index)



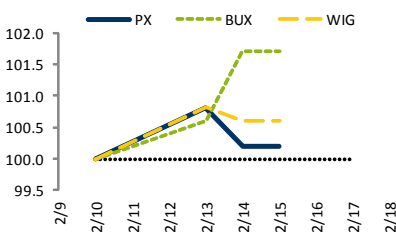
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	308.2	308.1	0.06
EURPLN	4.306	4.304	0.05

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.502	0.509	-0.7
HUGB 10Y	3.56	3.55	0.2
PLGB 10Y	3.86	3.86	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	966.3	966.3	0.00
BUX	33725	33725	0.00
WIG	57728	57728	0.00

Macro, FX & Rates: CZ SocDem want banking tax

(CZ) The ruling Czech Social Democratic Party will propose a special tax on banks as part of its campaign for a parliamentary election in October, Prime Minister Sobotka said yesterday. The party said its proposed bank tax would carry four rates, depending on the size of assets starting with 0.05 % for banks with assets up to CZK 50bn, 0.1% up to CZK 100bn and 0.2% up to CZK 300bn. The top rate would be 0.3% for banks with assets of more than CZK 300bn crowns. **It estimated the new taxes, which would be on top of the 19% corporate tax rate, could bring in CZK 11bn a year.**

Equities: CZ banks under pressure

(CZ) BANKS: Czech banks suffered with profit-taking yesterday, especially MONET (-3.3%) but also KOMB to some extent (-0.8%) after PM Sobotka repeated his Social Democratic Party (ruling party) will propose a special tax on banks as part of its campaign for a parliamentary election in October; / *While these revelations are not exactly straight off the printing press (first muted a couple of months ago and resurfaced yesterday), and we place a very low probability of this getting the green light... we estimated KOMB might be hit the most with special tax consuming c. 19% of consensus expected net income in 2017, followed by Erste Bank (9 %) and Moneta (5 %), when looking at a potential impact of special tax on Czech banks according to CSSD proposal;* /

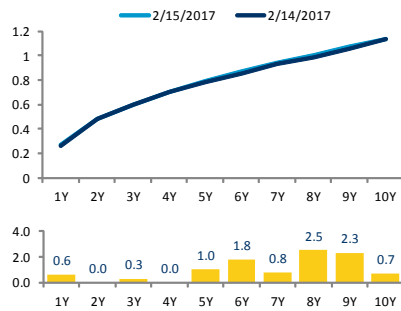
(HU) OTP: NBH Vice President Nagy said that Hungary has too many commercial lenders and wants more bank competition on mortgages; / **SLIGHT NEGATIVE;** *We expect more pressure on banking margins, could cloud expected lending growth in 2017-18 (majority would come from housing);* /

(PL) KGH: KGHM expects to book USD 1.24bn impairments from its international assets, including Chilean Sierra Gorda mine, in 2016 earnings, co. said in regulatory filing. KGHM doesn't plan to start 2nd phase of Sierra Gorda investment in "current market conditions"; / **SLIGHT NEGATIVE,** *nevertheless might have been expected;* /

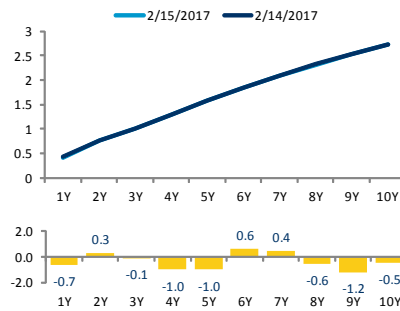
(PL) OPL: A return to dividend payments depends on the investment profile of the firm, including CAPEX set for fibre optics, the CFO had said; / **NEUTRAL;** *We expect OPL may return to dividend payouts no sooner than in two years as competitive pressure remains high and market players will have to compete for clients with price rather than with the fibre optic network. Moreover, cash generation at Orange looks weak and there is a risk of lower roaming fees and high marketing and commercial costs;* /

Interest-rate Swap Curves

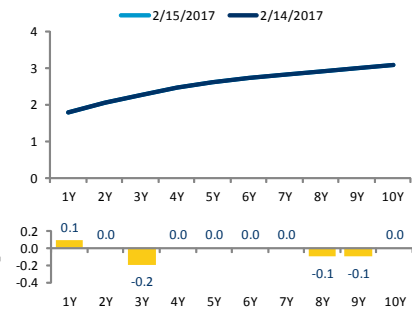
CZK *



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

Contacts

Brussels Research (KBC)			Global Sales Force		
Piet Lammens	+32 2 417 59 41		Brussels		
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
Dublin Research			France		
Austin Hughes	+353 1 664 6889		London		+44 207 256 4848
Shawn Britton	+353 1 664 6892		Singapore		+65 533 34 10
Prague Research (CSOB)			Prague		
Jan Cermak	+420 2 6135 3578		Prague (Equities)		+420 2 6135 3535
Petr Baca	+420 2 6135 3570				+420 2 2142 4216
Tomas Sykora	+420 2 2142 4128				
Bratislava Research (CSOB)			Bratislava		
Marek Gabris	+421 2 5966 8809				+421 2 5966 8820
Budapest Research			Budapest		
David Nemeth	+36 1 328 9989				+36 1 328 99 85

ALL OUR REPORTS ARE AVAILABLE ON WWW.KBC.BE/DEALINGROOM

This non-exhaustive information is based on short-term forecasts for expected developments on the financial markets. KBC Bank cannot guarantee that these forecasts will materialize and cannot be held liable in any way for direct or consequential loss arising from any use of this document or its content. The document is not intended as personalized investment advice and does not constitute a recommendation to buy, sell or hold investments described herein. Although information has been obtained from and is based upon sources KBC believes to be reliable, KBC does not guarantee the accuracy of this information, which may be incomplete or condensed. All opinions and estimates constitute a KBC judgment as of the data of the report and are subject to change without notice.

