

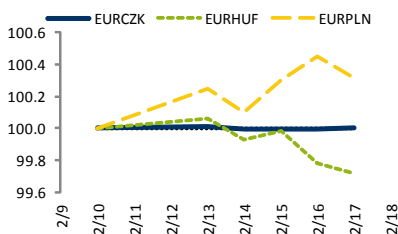


Central European Daily

Friday, 17 February 2017

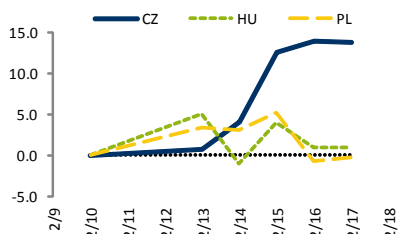
Regional Overview

Forex markets (index)



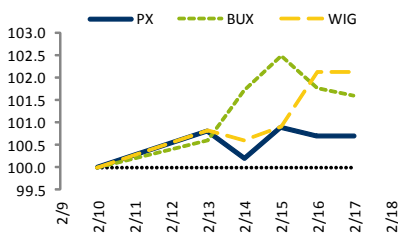
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.01
EURHUF	307.4	307.6	-0.06
EURPLN	4.313	4.319	-0.13

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.607	0.608	-0.1
HUGB 10Y	3.57	3.57	0.0
PLGB 10Y	3.82	3.82	0.1

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	971.1	971.1	0.00
BUX	33688	33745	-0.17
WIG	58610	58610	0.00

Macro, FX & Rates: CNB FX reserves above EUR 100bn

(PL) Labour market data came on the upside of expectations as **employment grew faster than expected in January**.

(CZ) Due to CNB interventions, **total volume of FX reserves has probably already exceeded EUR 100bn**, or 60 % of GDP. This is at least indicated by data on CNB open market operations. Yesterday, CNB Governor Rusnok reiterated that possible future loss (or even negative capital) stemming from koruna's appreciation is an accounting issue. He also reiterated that the CNB wouldn't allow excess volatility of the koruna after the exit.

Equities: Netia posts unexpected profit

(PL) Netia telco posts **PLN 2.4mn net profit in 4Q16 vs. PLN 4.1mn loss expected**. The company focused on cutting cost of sales, as those fell 15.1% q/q and 11.8% y/y to PLN 65.2. Overhead costs were down 2.4% y/y, but up 15.1% q/q, as Q4 overhead costs are traditionally high. Lower costs allowed for posting a profit at the EBIT level at PLN 7.0mnn, better than the PLN 1.1mn loss expected by the market. EBITDA measured PLN 101.6 mln, marginally down both q/q and y/y. / **SLIGHT POSITIVE. The results were a notch above market consensus, primarily on lower than expected OPEX. No indications to dividend provided.**

(PL) PGN: Company reported strong preliminary data today with revenues at PLN 33.1bn vs. our estimate at PLN 30.6bn; EBITDA at 6.0bn PLN vs. our estimate at PLN 5.4bn; and Net Income at PLN 2.3bn vs. our estimate at PLN 2.0bn. *Reported preliminaries are far above our and market estimates. We assume strong preliminaries to be mainly driven by i) annual increase in crude oil price as well as volume of oil sold especially in Norway ii) for T&S we would probably see higher volume of gas sold by the Group and iii) better results of Termika supported Heat & Power division. Since our BUY initiation on Nov 30, 2016 PGN has increased by 23.6%. We stick to BUY recommendation.*

(CZ) O2 CR: The industry ministry's proposed amendment to the law on electronic communications would ban retention bonuses by telecoms operators. *We view it as neutral news. The ban would apply only consumer segment (not corporates), resulting into relatively limited impact on the market at the moment.*

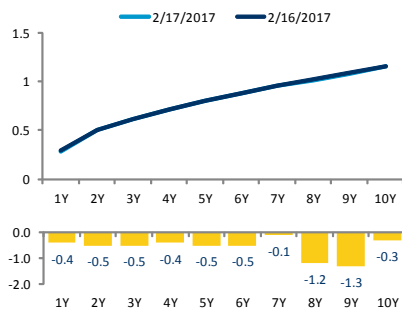
(PL) Alior, Getin Noble Bank affirmed by Fitch. The affirmations reflect limited changes to their standalone credit profiles over the last 12 months.

Preview: Watch another set of Polish hard macro data

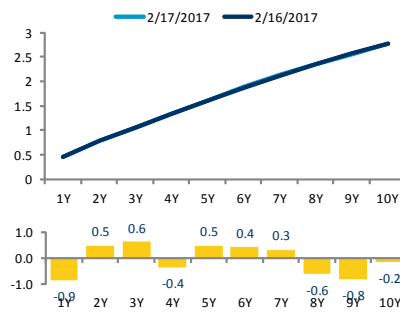
(PL), Macro: The Polish statistical is going to release another interesting set of hard data including retail sales and industrial output for January.

Interest-rate Swap Curves

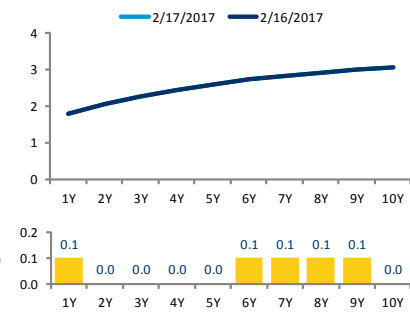
CZK *



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	Industrial output	%	01/01/2017					-3	8.2	-4.3	2.3
PL	14:00	PPI	%	01/01/2017					0.2	3.6	1	3
PL	14:00	Retail sales	%	01/2017					-24.4	7.6	21.3	6.4

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