

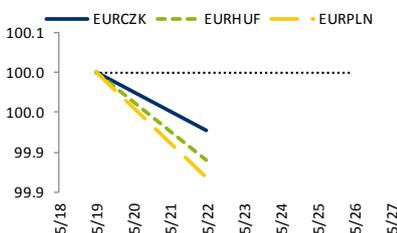


Central European Daily

Monday, 22 May 2017

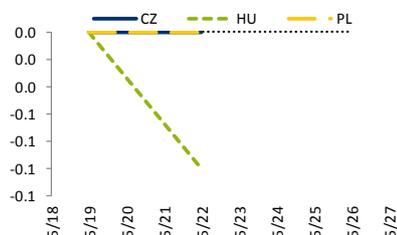
Regional Overview

Forex markets (index)



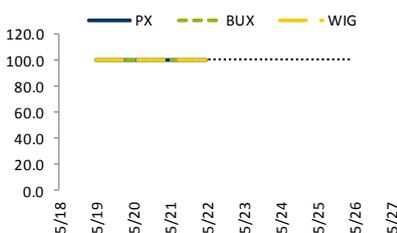
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.48	26.50	-0.07
EURHUF	308.6	308.9	-0.11
EURPLN	4.195	4.201	-0.13

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	#N/A	#N/A	#N/A
HUGB 10Y	3.12	3.12	0.0
PLGB 10Y	#N/A	#N/A	#N/A

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1020.1	1020.1	0.00
BUX	34836	34836	0.00
WIG	60740	60740	0.00

Macro, FX & Rates: Polish economy in good shape in Q2

(PL) Macro: The Polish Statistical Office has released the first set hard macro data for April on Friday, showing that the Polish economy has entered the second quarter well. The overall impression is though, at first glance, spoiled by the fact that industrial production declined by 0.6% year-on-year in April but this result is partly due to the fewer working days. If the data is seasonally adjusted industrial production grew by 4% y/y. Let us add that the manufacturing is still doing fine, with the whole industrial sector has been dragged down by the mining industry.

In terms of the forecast for Polish GDP growth in the second quarter, it is very important that even in April retail sales increased very strongly. In real terms, they grew by 6.7% year on year, **confirming the impression that household consumption in Poland is growing at a robust pace, so that overall GDP growth in the second quarter will also be very solid.**

Equities: PKO results above consensus

(PL) PKO reported its 1Q17 figures. Net interest income grew 10.4% y/y to PLN 2.05bn, 0.2% above market consensus. Net interest margin reached 3.2%, up 10bps y/y. Fees & commissions increased by 11.8% y/y to PLN 0.71bn, in line with cons. OPEX grew by 14.9% to PLN 1.56bn and increased by PLN 0.203bn, primarily to the higher contribution to BGF (PLN 0.146bn). Underlying OPEX thus increased by 4.1% y/y. Cost of risk increased by 4 bps q/q, while reached 76 bps on annual basis or PLN 391mn (perfectly in line with our's PLN 390mn and better than PLN 419mn awaited by the market.

On the operating levels the results were almost in line with market consensus with both income and cost side in line with estimates. Net profit was in line with our estimates, while beat market consensus by 3.2% on lower than expected CoR.

(PL) PGE: PGE will buy French utility EDF's Polish assets at enterprise value of PLN 4.51bn, including PLN 2.45bn in equity value and PLN 2.06bn in debt and expects to close the deal by Jan-02, 2018, the company said, citing a conditional deal inked with EDF. PGE wants to finalize the purchase as soon as possible, well before the deadline, PGE CEO Baranowski said; PGE expects to spend PLN 600-700mn on adjusting the to-be-acquired EDF assets to best-available-technology (BAT) standards, CEO added;

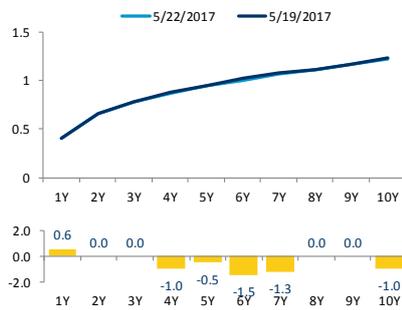
Recall that the final price is close to indications.

Weekly Preview: NBH meeting on Tuesday

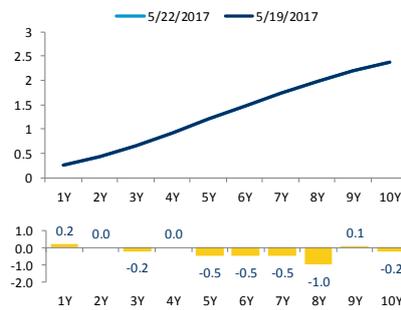
(HU) Rates: On Tuesday there will be MPC meeting in Hungary. We do not expect that the NBH will change its policy this week, but guidance for June could be interesting.

Interest-rate Swap Curves

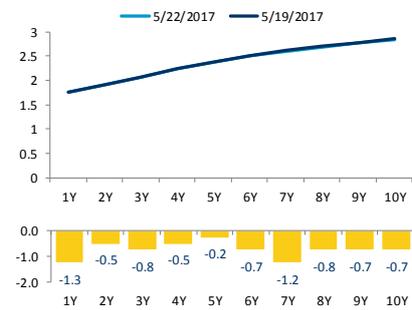
CZK *



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 PKO Bank Polski	1Q/2017								

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