

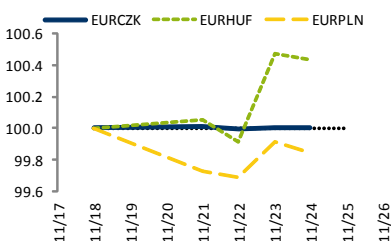


Central European Daily

Thursday, 24 November 2016

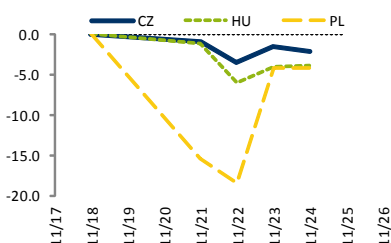
Regional Overview

Forex markets (index)



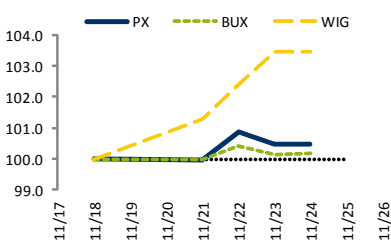
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.03	27.03	0.00
EURHUF	310.4	310.5	-0.04
EURPLN	4.430	4.434	-0.07

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.535	0.540	-0.5
HUGB 10Y	3.56	3.56	0.0
PLGB 10Y	3.65	3.65	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	888.7	888.7	0.00
BUX	30168	30156	0.04
WIG	48541	48541	0.00

Macro, FX & Rates: CNB governor does not look at ECB

(CZ) Czech central bank governor Jiří Rusnok surprisingly said yesterday that eventual extension of ECB bond-buying programme may not affect CNB's decision on when to exit from the current FX intervention regime, if the Czech inflation is headed back or slightly above the (2%) target. *We consider Rusnok's comments as an interesting change in CNB's view, because previously Board members (and CNB's projection) paid special attention to ECB's policy. Let us add that according our estimates the Czech headline inflation could be at the 2.0% target in the second or third quarter of the next year. In this respect Rusnok's words (about less relevance of ECB's policy) only confirms our view that the CNB will scrap the EUR/CZK floor (set at the 27.00 level) sometimes in the third quarter of 2017.*

(HU) Both the Polish zloty and the Hungarian forint eased yesterday, while the **Hungarian currency broke above the important technical level at the EUR/HUF 310 level.** Meanwhile NBH's step caused a modest volatility on the EUR/HUF market too yesterday. The Central Bank decided going on the limitation of the 3-month HUF depo quantity for the banks (against the announced HUF 450bn the NBH accepted just HUF 400bn from the received HUF 696bn offer from the banks). It has led to a drop of 3M HUF deposit from HUF 1174bn to HUF 937bn.

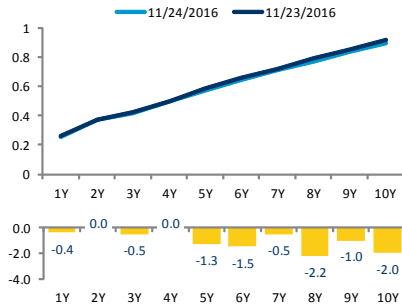
Equities: Pegas - Solid results, guidance confirmed

(CZ) Pegas has just release its 3Q15 results with solid revenues print of 51.1mn EUR; down -12% y/y, nevertheless, slightly ahead of consensus expectation of 50.9mn EUR (+2.9%). The company confirm its full year target of an increase in EBITDA in the range from 43.0 to 49mn EUR and planning for total CAPEX in 2016 not to exceed the EUR 25mn level. Net profit was notably higher y/y in 3Q16 at EUR 5.5mn representing significant y/y increase thanks to a more favourable unrealized (non-cash) foreign exchange gains in the compared periods along with stronger operation results. *We see 3Q16 results as positive for short-term trading. The positive surprise came across the lines and our doubts about potential guidance confirmation on the lower end of target range have not been materialized. Hence, we maintain our ACCUMULATE recommendation with 800 CZK price target.*

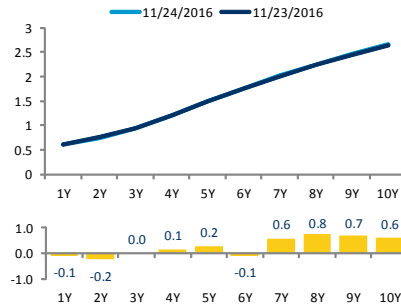
(PL) BANKS: Two major financial M&A deals are to be decided in the coming days, as Italy's Unicredit is to set terms of selling Bank Pekao to insurer PZU and Polish Development Fund (PFR) duo, while Austria's Raiffeisen Bank International could sell its Polish unit to Alior Bank. *In our view, PZU could take an up to 22-24% stake in Pekao, according to some market signals. A rumoured price around PLN 120-126 per share would be neutral. The share price may remain under pressure after the transaction as Unicredit will remain with a 7% shareholding in our view;*

Interest-rate Swap Curves

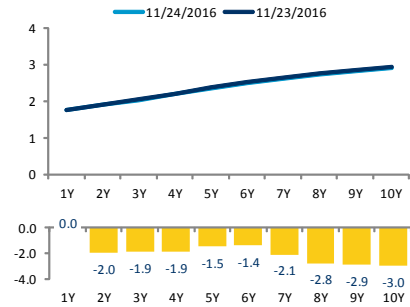
CZK *



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
CZ	0:00	Earnings Pegas NW	CZK								
			3Q/2016								

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