

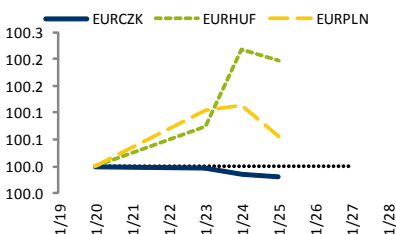


Central European Daily

Wednesday, 25 January 2017

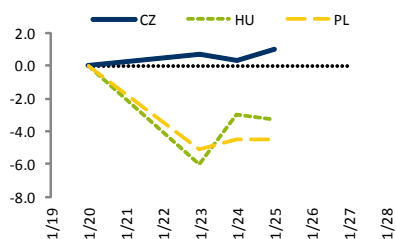
Regional Overview

Forex markets (index)



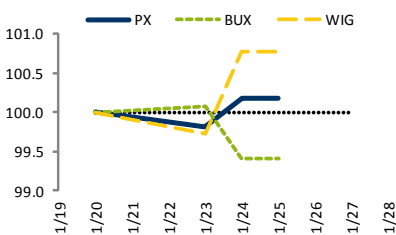
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	310.4	310.5	-0.02
EURPLN	4.369	4.372	-0.06

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.395	0.388	0.7
HUGB 10Y	3.47	3.47	-0.1
PLGB 10Y	3.69	3.69	0.0

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	930.1	930.1	0.00
BUX	32690	32690	0.00
WIG	53989	53989	0.00

Macro, FX & Rates: NBH's policy unchanged as expected

(HU) Macro & Rates The Monetary Council of the Hungarian National Bank kept the base rate at 0.90% as it was expected and did not change the conditions of interest rate corridor. According to central bankers, the actual level of benchmark rate maintaining at current level for longer period is in line with medium-term inflation target's achievement. However, they are ready to ease further the monetary policy through non-conventional assets if that would be required.

Despite NBH's meeting the forint movement remained limited during yesterday's trading. Volatility has remained low even today as the EUR/HUF quotes closed above their opening level, near to 310.40 and wobble further around this level.

Equities: Poland to seek dividends from its power sector

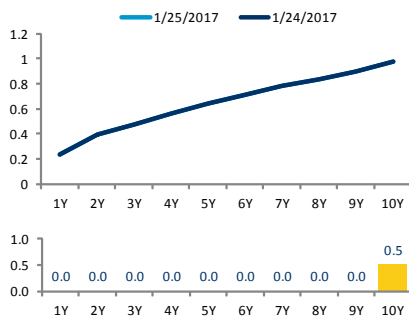
(PL) Power firms, KGHM - Poland will seek to limit dividend payments from its power sector firms during a coming period of heavy investments in generation capacity, Minister of Energy said in an interview. He mentioned that will "seek to assure that dividends aren't too high,". Apart of that he reiterated that Poland could proceed to shift retained earnings into charter capital at a broader swath of state-controlled firms including the fuel sector and KGHM.

Note that Poland made a trial run at the operation at power group PGE. During a September 2016, PGE's nominal share value was raised by PLN 0.25 to PLN 10.25, which resulted in shifting PLN 467mn in retained earnings to share capital. The operation is taxable at up to the 19% rate. This is negative for minority shareholders (hidden DVD to state as majority owner at the expense of minorities), but no immediate plans to raise the nominal value in utilities for now, he also mentioned.

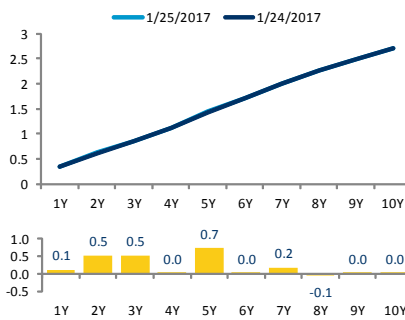
(PL) BZ WBK posted PLN 460.9mn attrib. net profit in 4Q16 vs. PLN 426.1mn profit expected (8% above estimates). We think that a *mild beat on net profit line* was primarily driven by higher than expected NII (PLN 1.27bn vs. PLN 1.24bn expected, 2.2% ahead of consensus). Net fees were in line and impairments a bit lower than anticipated.

Interest-rate Swap Curves

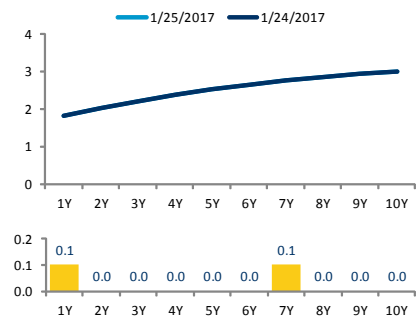
CZK *



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	10:00	Unemployment rate	% 12/01/2016					8.3		8.2	
CZ	12:00	CZ bond auction 2016-18, 0.00%	CZK B 01/01/2017					8			
CZ	12:00	CZ bond auction 2014-2027, floating rate	CZK B 01/2017					4			
CZ	12:00	CZ bond auction 2015-2026, 1.00%	CZK B 01/01/2017					4			

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