

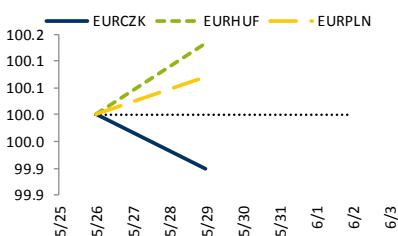


# Central European Daily

Monday, 29 May 2017

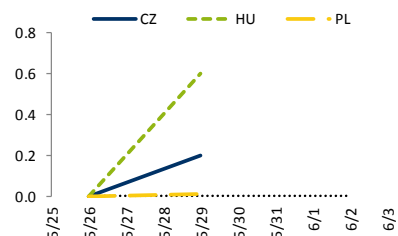
## Regional Overview

### Forex markets (index)



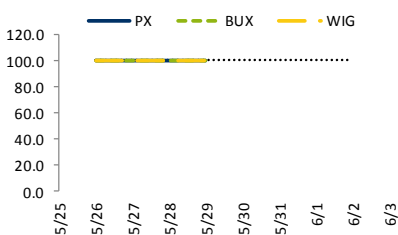
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.44	26.47	-0.10
EURHUF	307.9	307.4	0.13
EURPLN	4.186	4.183	0.07

### Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.835	0.833	0.2
HUGB 10Y	3.01	3.00	0.2
PLGB 10Y	3.27	3.27	0.0

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1016.2	1016.2	0.00
BUX	34359	34359	0.00
WIG	60908	60908	0.00

### Macro, FX & Rates: Important signals from Czech polls

**(CZ) Macro:** The latest pre-election polls in the Czech Republic showed that the latest political row between PM Sobotka (Social Democrats) and (now) former Finance Minister Babis (ANO) hurt Soc-Dem more than the junior coalition member ANO. While ANO has kept its standing at around 33.0%, the support for Social Democrats (CSSD) actually slipped 14.0% (source: CVVM). Moreover, the euro-sceptic right-wing party ODS has benefited from the crisis, so its rating stands at 13.0%. PM Sobotka (CSSD) said that he was not happy with party's numbers but it is doubtful whether his vision - a country without the power tandem of Babis (ANO) and President Zeman - will materialize soon.

*Recall that should preferences of CSSD not rise significantly, the probability of imposing special bank taxation and setting-up a plan euro adoption (as CSSD proposed) remain fairly low in our view.*

### Equities: Positive news from Asseco

**(PL) ACP:** Asseco Poland held news conference on 1Q17 earnings on Friday morning. The company assumes that its operating cash flow, weak in 1Q17, will improve in 2H17, resulting in FY cash conversion matching 2016 levels, CFO Kozłowski told news conference.

*As BBG consensus expects free cash flow of PLN 545.5mn in 2017 vs. PLN 651.9mn in 2016; Please note, ACP released 1Q17 earnings on Thursday A/Mkt with net income of PLN 61mn (est. PLN 63.3mn); 1Q17 EBIT of PLN 165mn (est. PLN 181.9mn); 1Q17 revenues of PLN 2.07bn (est. PLN 2.03bn); 1Q17 results, with EBIT down some PLN 20mn y/y were affected by weak results of Israeli unit Sapiens, which recorded a loss due to losing a key client according to the company; Asseco also suffered its 19% drop in public IT sector revenue in Q1 despite a recovery of Poland's public IT procurement as a result of the change of the government's IT services purchasing model, according to PAP. /*

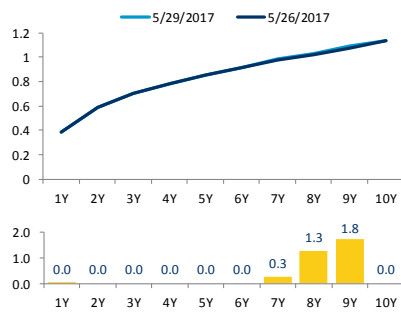
### Weekly Preview: Watch for low Polish inflation readings

**(PL) Macro:** In Poland, we forecast inflation slightly back under the magical 2% y/y, below consensus of +2.1% y/y. A strong zloty, the slump in fuel prices and lower food prices should lead to a m/m decline in overall inflation in Poland. The Polish central bank should be happy with this figure because its governor's scenario that interest rates remain stable until the end of 2018 could come true.

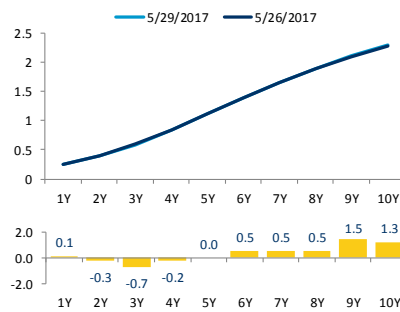
**(CZ, HU, PL) Macro:** This week there will be the May Flash CPI release in Poland (Wednesday) and PMI releases for May in Poland, Hungary and Czech Republic (all on Thursday).

# Interest-rate Swap Curves

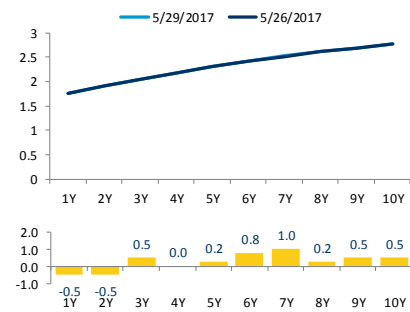
CZK \*



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	<b>Brussels</b>	
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	+32 2 417 32 65
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)		<b>Prague</b>	+420 2 6135 3535
Jan Cermak	+420 2 6135 3578	Prague (Equities)	+420 2 2142 4216
Petr Baca	+420 2 6135 3570		
Tomas Sykora	+420 2 2142 4128		
Bratislava Research (CSOB)		<b>Bratislava</b>	+421 2 5966 8820
Marek Gabris	+421 2 5966 8809		
Budapest Research		<b>Budapest</b>	+36 1 328 99 85
David Nemeth	+36 1 328 9989		

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