

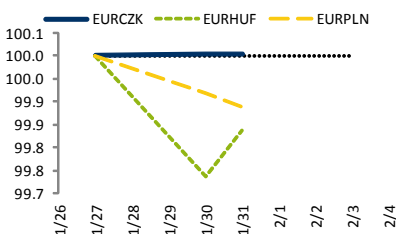


Central European Daily

Tuesday, 31 January 2017

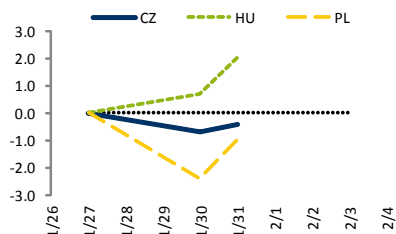
Regional Overview

Forex markets (index)



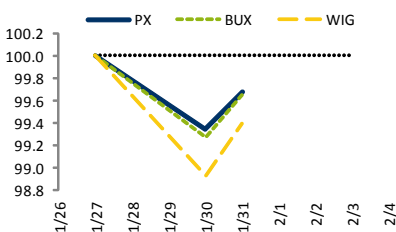
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	310.8	310.5	0.10
EURPLN	4.331	4.332	-0.03

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.412	0.409	0.3
HUGB 10Y	3.48	3.47	0.4
PLGB 10Y	3.88	3.87	0.4

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	933.9	930.8	0.33
BUX	32601	32477	0.38
WIG	55324	55060	0.48

Macro, FX & Rates: Polish economy grew by 2.8% in 2016

(PL macro) Statistical office reported its estimate of **2016 GDP growth** which reached **2.8% Y/Y**, that is, it came out (2.7%). / *Although this is the worst result since 2013 and marked slowdown vis-à-vis the previous year (3.9%), economic growth remained close to 3%. Lower investment activity (- 5.5% Y/Y is even worse than in 2009) is the main cause behind the weaker growth.* On the other hand, **strong growth of households' consumption** (the highest since 2008) - which reflects positive development in labour market – **undoubtedly is a good sign** and suggests that Polish economic growth is on a firm footing.

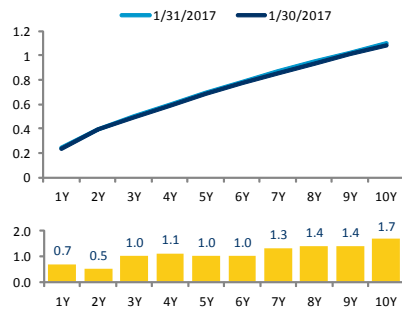
Full-year figure suggests that - in 2016Q4 - economic growth in Poland remained close to 2016Q3 figure (2.5%). For the following quarters, we expect economic growth to gradually accelerate and we believe full year figure for 2017 should again be above 3%.

Equities: O2 CR 2016Q4 results in line

(CZ) TELECOM GROUP: Company reported its FY16 figures today morning. /**POSITIVE.** In general, reported **results fully matched market consensus** on top line and operating lines and were fully in line with Company's FY16 targets. Revenues were driven by mobile in Slovakia (+ 4.5% y/y) and in the Czech Rep. (+ 3.5%). Decline in fixed line (- 4.8% y/y) were mitigated by unlimited tariff that Company launched at the beginning of the 2016. Company intends to pay out 98% of its net income. This equals to **DPS 17 plus share premium distribution at CZK 4/shr** makes the Company is one of the best dividend play in the region. As reported figures fully matched our estimates, **we confirm our BUY recommendation** with CZK 265/shr target price. **Company remains our preferred dividend play in the CEE region.**

Interest-rate Swap Curves

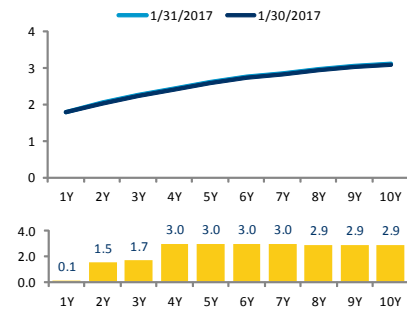
CZK *



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 O2 Czech Republic	CZK								
HU	9:00	PPI	%			0.6	0.5			0.9	-0.5
PL	10:00	GDP	%					2.8	2.7		3.9
CZ	11:00	Money supply M2	%								8.5

Contacts

Brussels Research (KBC)		Global Sales Force	
Piet Lammens	+32 2 417 59 41	Brussels	
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)		Prague	
Jan Cermak	+420 2 6135 3578	+420 2 6135 3535	
Petr Baca	+420 2 6135 3570	Prague (Equities)	
Tomas Sykora	+420 2 2142 4128	+420 2 2142 4216	
Bratislava Research (CSOB)		Bratislava	
Marek Gabris	+421 2 5966 8809	+421 2 5966 8820	
Budapest Research		Budapest	
David Nemeth	+36 1 328 9989	+36 1 328 99 85	

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