

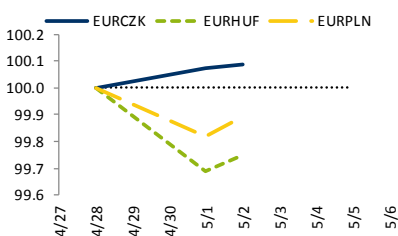


# Central European Daily

Tuesday, 02 May 2017

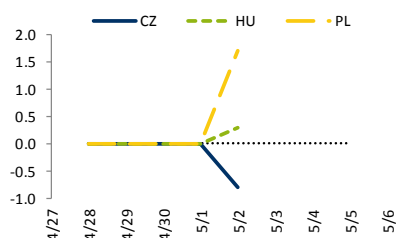
## Regional Overview

### Forex markets (index)



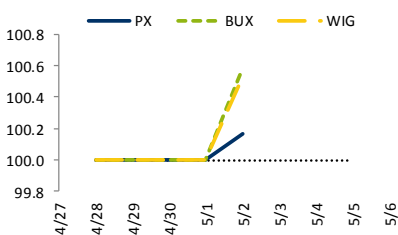
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.87	26.87	0.01
EURHUF	312.2	312.0	0.06
EURPLN	4.222	4.219	0.07

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



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.729	0.737	-0.8
HUGB 10Y	3.22	3.21	0.1
PLGB 10Y	3.45	3.43	0.5

### Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	1009.5	1007.9	0.16
BUX	33150	32956	0.59
WIG	61974	61645	0.53

### Macro, FX & Rates: Regional PMIs still point to expansion

**(CZ, HU, PL) Macro:** Today's releases of PMI indices showed that manufacturing in central Europe is still in a good shape and it has signalled a strong start to the second quarter. While both Czech and Polish surveys showed further improvement, the former indices jumped to three-year highs supported by strong growth of new orders. The encouraging data also support further improvement of the respective labour markets, which should be potentially good news for regional currencies – especially the koruna and the zloty.

### Equities: LPP results slightly negative

**(PL) LPP:** posted a net loss of PLN 117mn in 1Q17, the company said in a market filing on preliminary results last Friday. Revenues were listed at PLN 1.362bn, up 16% y/y, gross profit on sales at PLN 621mn, SG&A costs of PLN 719mn and an EBIT loss of PLN 109mn. Sales in I-f-I terms in local currencies were higher 4.6%. On the balance sheet, inventories stood at PLN 1.251bn, financial debt was at PLN 628mn and cash at PLN 281mn; / **SLIGHT NEGATIVE;**

We see the results as slightly negative. While revenues and gross profit matched BBG consensus of PLN 1.352bn/PLN 622mn, both EBIT and net loss were slightly higher than anticipated (PLN -44mn/PLN -76mn); Please note LPP is regularly posting selected monthly operating data, therefore the y/y trends should be priced-in.

**(PL) GPW:** The Company eyes roughly ten IPOs in total this year, including the ones already completed, but good market sentiment may encourage more companies to enter the market, deputy CEO Fotek said. One of new entrants could be a company from Belarus that is currently preparing its issue prospectus, deputy CEO Ciecierski discloses. The company [GPW] wants to grow the bonds market by promoting the public bondholding concept aimed at attracting retail investors, he adds

Please note WSE's main stock index WIG20 gained 9.2% in April, rising 38% since the November 2016 low, markedly outpacing the 18% increase of the small-caps WIG80 index during the same time. Fuels, mining and banking sectors have performed best on the WSE this year with foreign investors, preferring large and liquid companies, generating much of the demand as confirmed by the PLN strength versus foreign currencies.

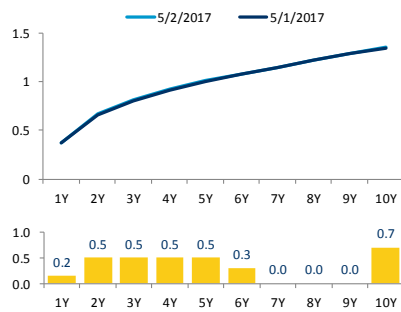
### Weekly Preview: CNB's meeting and Erste Bank results

**(CZ) Rates:** The Czech National Bank meets this Thursday for the first time since the removal of the FX floor on Apr-6. We expect the CNB to keep rates on hold at this and upcoming meetings. Moreover, we expect that the MPC members will want to wait for positioning to wind off, to get a sense of the fundamental level of the CZK. At the meeting, the CNB will also present its updated forecasts for growth and inflation.

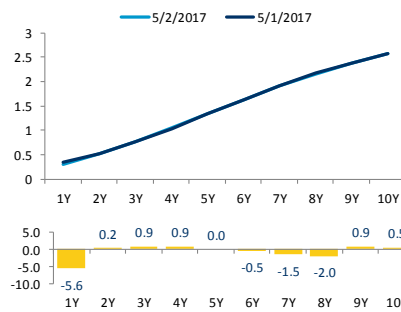
**(CZ, SK, HU) Erste Bank:** The Bank will release full set of its 1Q17 results on May-5 at around 7:30 am CET. We expect the bank to report a 3.4% y/y increase in net profit to EUR 285mn, largely driven by i) stabilizing NII, ii) cost under control, iii) solid CoR and iv) improving trading result. The market will also closely watch the confirmation/revision of 2017's FY outlook, while we see an upside to the 10+% ROTE guided by the company (not likely to be changed with 1Q17 reading).

# Interest-rate Swap Curves

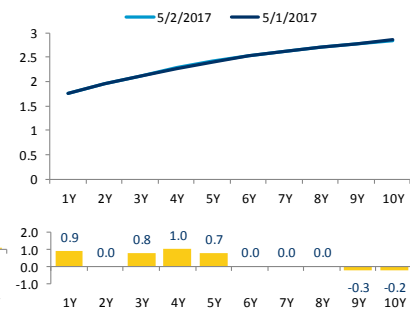
CZK \*



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
HU	9:00	PMI manufacturing	04/01/2017			55.9		56.5		56	
PL	9:00	PMI manufacturing	04/01/2017			54.1		53.9		53.5	
CZ	9:30	PMI manufacturing	04/2017					57		57.5	
CZ	14:00	Budget balance	CZK B 04/01/2017							4.7	

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