

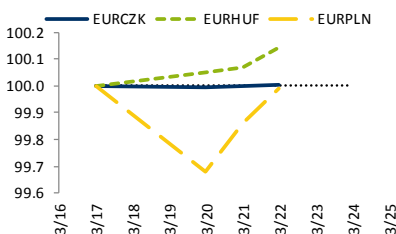


Central European Daily

Wednesday, 22 March 2017

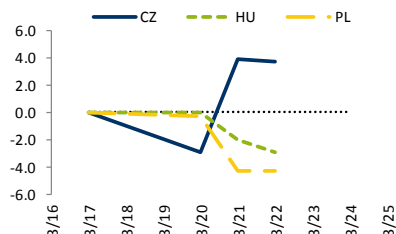
Regional Overview

Forex markets (index)



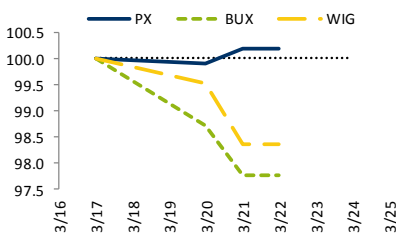
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	308.7	308.4	0.07
EURPLN	4.281	4.275	0.13

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.945	0.947	-0.2
HUGB 10Y	3.57	3.58	-0.3
PLGB 10Y	3.69	3.69	0.0

Equity indices (index)

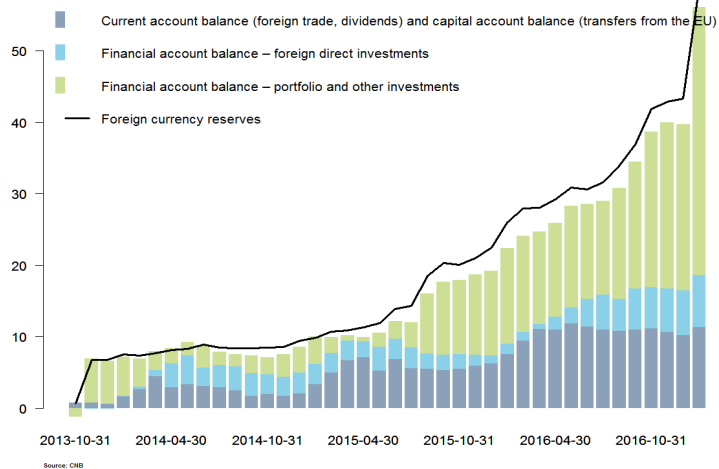


	LAST	PREVIOUS	CHANGE (%)
PX	982.7	982.7	0.00
BUX	32044	32044	0.00
WIG	59453	59453	0.00

Macro, FX & Rates: Is the Czech koruna overbought?

(CZ) FX: It seems that the final countdown for CNB's exit from its intervention regime has just begun, because the end of the first quarter, which is the date when the CNB's 'hard' commitment to hold the EUR/CZK above 27.00, is coming closer. *In this respect it might be worth to look at speculative inflows into the Czech Republic. In our view details from the Czech balance-of-payments indicate that hot portfolio flows into the economy have been high and they significantly exceeded the Czech current account surplus + FDI inflows (see chart). This might indicate the koruna is already overbought.*

Payment balance, accumulation since the start of interventions in EUR bn



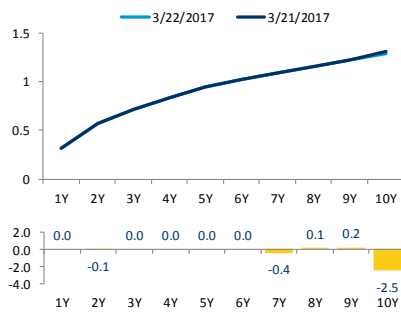
Equities: CEZ production outlook exceeded expectation

(CZ) CEZ – Conference Call summary: CEZ expects significant increase in nuclear power generation from 24.1 TWh to 28.0 TWh in 2017 on back of shorter outages. CEZ expects just a small price increase (<5 EUR/t) of CO2 prices till the end of the decade. Regarding the dividend CFO said that the final decision is in hand of major shareholder at AGM in June. *The proposed dividend of CZK 33/share of a given year's profits affects the Net Debt/EBITDA ratio in 2017, which should rise to 2.5x according to CEZ. In our pre-results recommendation update on CEZ. Production outlook exceeded our expectation, nevertheless the total expected generation exactly matched our anticipation of 64 TWh.*

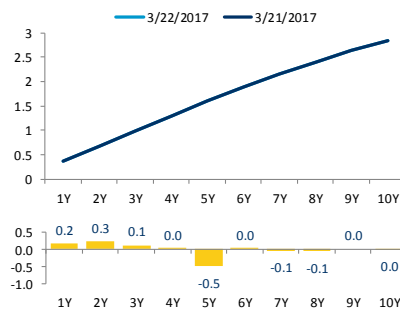
(HU) OTP has circa USD 1bn ready for M&A in CEE and is prepared to take on debt for purchases if need be. At the moment OTP is about to close a deal for a "locally important" bank in Montenegro and also is in talks to purchase a lender in Ukraine/ **TO WATCH.** *According to the company, Tier-1 ratio would have climbed to some 18.5% by the end of 2017, well above 12.5% target. Already in December, OTP bought Societe Generale SA's Splitska Banka in Croatia. OTP also mentioned that in case it fail to make an acquisition this year, its management would have to consider whether to buy back shares or boost dividend payments ahead of next year's shareholder meeting.*

Interest-rate Swap Curves

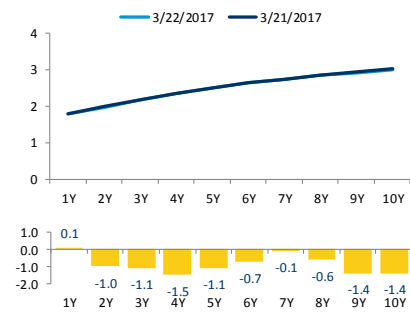
CZK *



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	12:00	CZ bond auction 2017-20, 0.00%	CZK B 03/01/2017					5			
CZ	12:00	CZ bond auction 2015-26, 1.00%	CZK B 03/01/2017					4			

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