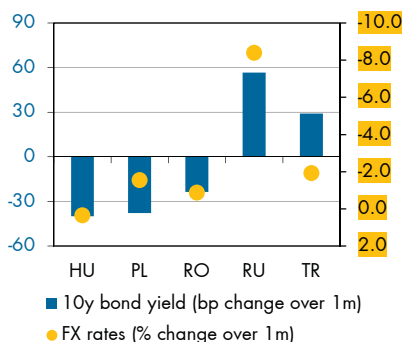


Yield (bp) and FX changes (% rhs)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Market snapshot

| | curr.* | Mar-16 | Jun-16 | Sep-16 |
|-------------------|--------|--------|--------|--------|
| Poland | | | | |
| EUR/PLN | 4.39 | 4.25 | 4.20 | 4.20 |
| Key rate | 1.50 | 1.50 | 1.50 | 1.50 |
| 10y bond | 2.9 | 3.3 | 3.4 | 3.4 |
| Hungary | | | | |
| EUR/HUF | 315.0 | 310 | 315 | 315 |
| Key rate | 1.35 | 1.00 | 1.00 | 1.00 |
| 10y bond | 3.3 | 3.0 | 3.2 | 3.3 |
| Czech Rep. | | | | |
| EUR/CZK | 27.0 | 27.0 | 27.0 | 27.0 |
| Key rate | 0.05 | 0.05 | 0.05 | 0.05 |
| 10y bond | 0.6 | 0.7 | 0.8 | 0.9 |
| Romania | | | | |
| EUR/RON | 4.53 | 4.40 | 4.45 | 4.40 |
| Key rate | 1.75 | 1.75 | 1.75 | 1.75 |
| 10y bond | 3.6 | 3.7 | 3.9 | 4.0 |
| Croatia | | | | |
| EUR/HRK | 7.67 | 7.68 | 7.60 | 7.65 |
| 10y bond | 4.0 | 4.2 | 4.3 | 4.3 |
| Russia | | | | |
| USD/RUB | 76.6 | 70.0 | 66.0 | 60.0 |
| Key rate | 11.00 | 10.00 | 10.00 | 10.00 |
| 10y bond | 10.4 | 10.3 | 10.5 | 10.4 |
| Turkey | | | | |
| USD/TRY | 3.04 | 3.05 | 3.00 | 2.95 |
| Key rate | 7.50 | 9.50 | 9.50 | 9.50 |
| 10y bond | 10.8 | 11.0 | 10.7 | 10.3 |
| EUR/USD | 1.09 | 1.05 | 1.03 | 1.01 |

Currencies per 1 EUR
* prices as of 15 January 2016, 09:14 a.m. CET
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

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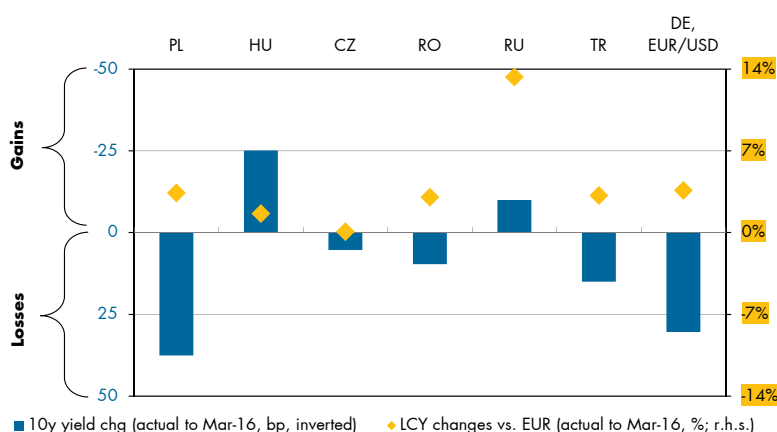
Highlights

Pressure on the oil market prevailed, continuing to weigh on the Russian rouble but recently also on the OFZ market. Then again this recent OFZ market repricing can be more attributed to over-optimistic disinflation and rate cut expectations. Whereas the Russian Central Bank (CBR) remains on the sidelines for the time being despite the weakness of the rouble, there had been some latest wording that monetary policy could be tighter than predicted. Apart from oil price topics the Polish exchange rate remained jittery due to local news-flow regarding the political changes including the restaffing of the monetary policy council and related speculations on the resumption of rate cuts. At the same time, pressure also stems from the external side as uncertainties over the economic situation in China radiate across the emerging markets universe. Later today the rating agencies will decide on a whole set of country ratings, including Croatia, Serbia and Poland. While we see the possibility of an outlook upgrade for Serbia by S&P to stable (current FCY rating of BB-/negative outlook), the ratings for Croatia and Poland are expected to remain unchanged. Then again any negative changes to the outlook here cannot be excluded and would definitely add to short-term market pressure.

The upcoming week will only feature limited economic data out of CEE with the rate setting meeting in Turkey expected to be a highlight. In the current market environment we would project the monetary council to refrain from interest rate hikes, albeit we would still see the need for rate increases as soon as possible. From external side the ECB meeting on 21 January is bound to be a closely watched event, even though we would not expect any relevant changes for this meeting. All in all market jitters are expected to remain for the CEE region until we see a stabilisation in the oil price with a normalisation of inflation and reduction of fears over the economic conditions in China.

Financial analyst: Stephan Imre, RBI Vienna

Expected changes from today until March 2016



Source: Bloomberg, RBI/Raiffeisen RESEARCH

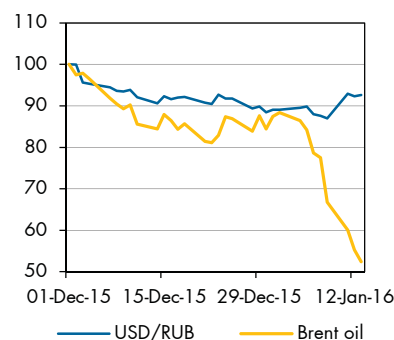
Data highlights upcoming week

| Date | Indicator | Period | est. | High | Mean | Low | Prev. |
|--------|-----------------------------------|--------|------|------|------|------|-------|
| 19-Jan | TR: Key rate, % | Jan | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 |
| 21-Jan | PL: Industrial output, % yoy sold | Dec | 4.8 | 7.9 | 5.5 | 1.2 | 7.8 |
| 21-Jan | PL: Retail sales, % yoy real | Dec | 5.3 | 6.9 | 5.3 | 4.0 | 5.7 |

Source: Bloomberg, RBI/Raiffeisen RESEARCH

Russian rouble – potential relies on balance in the oil market

Short-term spread RUB to oil price*



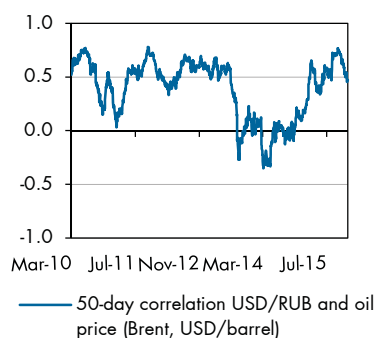
* Indexed chart: 01 December 2015 = 100
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Moderate RUB volatility



Source: Bloomberg, RBI/Raiffeisen RESEARCH

High oil RUB correlation



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

With the oil price under severe pressure, the Russian rouble (like other global commodity-driven FX rates) is experiencing prolonged depreciation pressure. In recent years, RUB closely followed oil price movements, showing rising correlation throughout 2015 given the shift to a free float and sweeping directional changes on the oil markets. Oil is expected to remain the most relevant driver for RUB and RUB sentiment. Then again, the most recent decline in the oil price towards levels of around 30 USD/bbl was not entirely translated into additional Russian rouble depreciation (see graph), which can partially be explained by the already significant depreciation in previous months. The OFZ market on the other hand felt some pressure recently after having seen more stability beforehand during the market turmoil on the exchange rate side. Nevertheless, this recent OFZ market repricing can be more attributed to over-optimistic disinflation and rate cut expectations, rather than the renewed pressure on the oil price. On the Eurobond market, Russia is once again more or less trading at the investment grade level. In any case, current developments certainly increase the pressure on the Russian authorities, including the CBR, to think about the potential need to react. In this context, we expect the CBR to remain the first line of defence in case we see too much additional RUB depreciation within a short period of time.

Volatility for USD/RUB throughout 2016 is expected to remain elevated, but the kind of excessive volatility seen in 2015 is not anticipated. The main question for short-term RUB volatility will be how long oil markets will continue to search for a bottom and how long oil prices will remain excessively low, e.g. below USD 40 per barrel or so (just a few weeks or a few months). Furthermore, non-linear market reactions cannot be ruled out if the oil price touches some psychological thresholds (such as the USD 25 or 20 resistance lines), which is not our base-case scenario. After having seen partly excessive RUB depreciation moves on the back of sweeping oil price declines, we would expect the rouble to show some modest appreciation in 2016, supported mainly by our expectation of a more balanced oil market later in 2016. Moreover, a more cautious CBR monetary policy stance may also provide some medium-term support for RUB, as excessive interest rate cut expectations have been priced out on the OFZ market. Whereas model implications would support this view that the rouble is currently rather undervalued, economic fundamentals – at least in the short term – would not undermine our rouble appreciation assumptions. The CBR is likely to have a comfort zone for USD/RUB with the stronger end towards 60 (at which point it would become more aggressive on rate cuts and FX replenishing), but the current CBR response to the possibility of additional RUB weakening seems to be the main topic for now. Nevertheless, we do not expect CBR adjustments unless we see additional USD/RUB weakening towards levels that may lead to increasing financial stability concerns (in a Bloomberg survey economists estimated such a level to be around USD/RUB 85 or even higher). It should be stressed that the risks to our baseline scenario are tilted towards less RUB appreciation if our oil price outlook does not materialise. Whereas this would not entirely alter our assessment of RUB appreciation potential for 2016, it would reduce the magnitude of a potential RUB recovery compared to our current projections. Moreover, any RUB stabilisation/appreciation might be pushed out a few months compared to our current forecasts if oil markets rebalance later than currently assumed. A high correlation between oil prices and RUB is expected to remain, albeit our projection is that there is a potential that this correlation may decline somewhat in the coming years.

Financial analyst: Gunter Deuber, Wolfgang Ernst, CEFA; RBI Vienna

Data releases and country coverage

This week, previous week: key data releases

| Indicator | Period | Actual | Forecast | Prev. | Indicator | Period | est. | High | Mean | Low | Prev. |
|-------------------------------|--------|--------|----------|-------|-----------------------------------|--------|------|------|------|------|-------|
| Monday, 11 January | | | | | Friday, 15 January | | | | | | |
| UA: FX reserves, USD bn | Dec | 13.3 | n.a. | 13.1 | HR: CPI, % yoy | Dec | -0.4 | n.a. | n.a. | n.a. | -0.9 |
| SK: Industrial output, % yoy | Nov | 11.9 | n.a. | 4.2 | PL: CPI, % yoy final | Dec | n.a. | n.a. | n.a. | n.a. | -0.6 |
| Tuesday, 12 January | | | | | Monday, 18 January | | | | | | |
| CZ: GDP, % yoy final | Q3 | 4.7 | n.a. | 4.6 | RU: Trade balance, USD bn | Nov | 11.5 | 11.5 | 9.6 | 8.7 | 10.1 |
| CZ: Retail sales, % yoy | Nov | 8.7 | 8.0 | 7.4 | RU: FX reserves, USD bn | Dec | n.a. | 375 | 370 | 369 | 364.7 |
| CZ: CPI, % yoy | Dec | 0.1 | 0.1 | 0.1 | Tuesday, 19 January | | | | | | |
| HR: Retail sales, % yoy final | Nov | 3.2 | n.a. | 1.5 | RU: C/A balance, USD bn | Q4 | n.a. | n.a. | n.a. | n.a. | 7.5 |
| RS: Key rate, % | Jan | 4.50 | n.a. | 4.50 | SI: Unemployment rate, % | Nov | n.a. | n.a. | n.a. | n.a. | 11.7 |
| RS: CPI, % yoy | Dec | 1.5 | n.a. | 1.3 | Thursday, 21 January | | | | | | |
| RU: CPI, % yoy final | Dec | 12.9 | n.a. | 15.0 | SK: CPI, % yoy | Dec | n.a. | n.a. | n.a. | n.a. | -0.4 |
| BY: CPI, % yoy | Dec | 12.0 | n.a. | 11.3 | TR: Key rate, % | Jan | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 |
| Wednesday, 13 January | | | | | Friday, 22 January | | | | | | |
| CZ: C/A balance, CZK bn | Nov | 12.4 | 2.0 | 3.1 | PL: Industrial output, % yoy sold | Dec | 4.8 | 7.9 | 5.5 | 1.2 | 7.8 |
| PL: C/A balance, EUR mn | Nov | 62 | n.a. | -163 | PL: Retail sales, % yoy real | Dec | 5.3 | 6.9 | 5.3 | 4.0 | 5.7 |
| PL: Trade balance, EUR mn | Nov | 756 | n.a. | 499 | UA: Industrial output, % yoy | Dec | n.a. | -3.1 | -4.5 | -4.8 | -4.9 |
| RO: Industrial output, % yoy | Nov | 2.6 | n.a. | 2.6 | Friday, 22 January | | | | | | |
| RO: CPI, % yoy | Dec | -0.9 | -0.8 | -1.1 | HR: Unemployment rate, % | Dec | 17.8 | n.a. | n.a. | n.a. | 17.7 |
| Thursday, 14 January | | | | | | | | | | | |
| HU: CPI, % yoy | Dec | 0.9 | 1.1 | 0.5 | | | | | | | |
| PL: Key rate, % | Jan | 1.50 | 1.50 | 1.50 | | | | | | | |
| BG: CPI, % yoy | Dec | -0.4 | n.a. | -0.4 | | | | | | | |
| Friday, 15 January | | | | | | | | | | | |
| RO: GDP, % yoy final | Q3 | 3.6 | n.a. | 3.4 | | | | | | | |
| SK: CPI, % yoy | Dec | -0.5 | n.a. | -0.4 | | | | | | | |

Source: Bloomberg, RBI/Raiffeisen RESEARCH

Bosnia and Herzegovina (BA) – This week featured publication of the GDP figures for Q3 2015 by the State Agency for Statistics. According to the data, real GDP (by production methodology) increased by 3.1% yoy and 0.1% qoq. Wholesale and retail trade, manufacturing, and agriculture were at the forefront of economic growth in Q3 2015, accounting for half of the registered real GDP growth rate (% yoy). It also should be noted that the B&H economy was still dominated by the services sector, which accounted for 66% of gross value added in Q3 2015. All in all, the real GDP growth rate slowed in Q3 2015 in line with expectations, after soaring by 4.3% yoy in second quarter of 2015 which marked the best result since the Agency started publishing quarterly GDP statistics in 2008. In the final quarter of 2015, we expect that GDP growth will deteriorate some more, but we will have to wait until mid-2016 for the final GDP figures for the previous year.

Financial analyst: Srebrenko Fatusic (+387(33) 287 916), Raiffeisen BANK d.d., Sarajevo

Croatia (HR) – The week was plentiful in terms of important macroeconomic data. In line with expectations, deflationary pressures continued and the latest CNB data for Q3 2015 confirmed weak Croatian debt metrics. Total gross external debt stood at 107.6% of GDP (+1.0% yoy), thus continuing the upward trend that dates back to late 2013 (excluding two single months). This unfavourable trend is primarily driven by public sector indebtedness, which is also reflected in the deteriorating public debt data. At HRK 286 bn or 85.9% of GDP, total public debt continued with relatively high growth rates at the annual level (+5.9% yoy), pointing to weak, unsustainable fiscal metrics. Therefore, we expect that the new Government (to be presented at the first ordinary session of the new parliament on 22 January) will present a working plan and a 2016 budget to tackle the crucial structural problems which are leading to weak debt indicators.

According to the rating calendar, a renewed assessment of Croatia by S&P is scheduled for later today. That said, we do not expect any changes before the new Government's programme is published (in our view, it may not be seen before the second half of Q1 2016). In the meantime, there are some first positive signs on the market (during the past few days the 5y USD CDS showed downward trend to below 300bp).

The data calendar for the next week includes the figure on registered unemployment for December which is expected to slightly move up to 17.8% (+1pp mom).

Financial analyst: Tomislava Ujevic (+385 1 4695 099), Raiffeisenbank Austria d.d., Zagreb

Czech Republic (CZ) – At the end of 2015, year-on-year CPI inflation stagnated at 0.1%, restrained by lower prices of food and fuel. Without the volatile prices of food and fuel, the yoy CPI would be at 0.9%. The base effect was expected to play an important role at the turn of the year. But as oil prices dropped even lower than at the beginning of 2015, inflation will probably start very low in 2016 as well. Nevertheless, the Czech economy is doing very well. GDP growth for Q3 2015 was revised up to 4.7% from 4.5%. Retail sales in November increased by 8.7% yoy and the unemployment rate reached only 6.2% in December, which is 1.3 percentage points lower than in December 2014. Such a development should lead to an increase in domestic prices of services and non-tradeable goods. The Inflation Report for January to be released by mid-February will be closely watched.

Financial analyst: Michal Brozka (+420 234 401 498), Raiffeisenbank a.s., Prague

Poland (PL) – Recent days only featured one interesting macro publication: the balance of payments. Surprisingly, the current account balance turned positive in December and reached EUR 620 mn against a consensus call of EUR -303 mn and EUR -113 mn in November. The good result was largely caused by an increase in the trade surplus to EUR 756 mn. While we correctly estimated a rebound in imports (5.4% yoy vs. -2.8% in November), we underestimated the rise in exports which grew by 12.7% yoy. The data point to strong exports in Q4 which had already been implied by the improving export orders in the PMI, good German data, and by PLN weakness. All in all, the data support our forecast that the contribution of net exports to GDP was positive in Q4. Meanwhile, the last MPC meeting before new members join at the end of January did not bring any surprises as the main rate was kept at 1.5%. The Council pointed to external risks stemming from the situation in the emerging markets as well as the lower-than-expected path of inflation, especially given the further decrease in oil prices recently.

Next week will feature several monthly indicators for December with labour market data on Wednesday as well as retail sales and industrial output on Thursday. We forecast the latter to reach 4.8% yoy as the positive one-off effects from November faded and high temperatures decreased energy output.

Financial analyst: Dorota Strauch (+48 609 920 663), Raiffeisen Polbank, Warsaw

Romania (RO) – The week ending today was rich in terms of macroeconomic releases. Consumer prices advanced by 0.1% mom in December, putting the annual inflation rate for 2015 at -0.9% yoy, below our and analysts' expectations in a Bloomberg survey (0.3% mom and -0.8% yoy). The foreign trade deficit increased significantly in November, reaching the highest level in the past two years, determined by positive dynamics in imports and a contraction in exports. This pattern is favoured by the boost in private consumption and should continue in the upcoming period as well.

The local bond yield curve shifted downwards by around 8-19bp during this week. The short end was supported by the improved liquidity conditions (-19bp for 1y bonds), but the long end also felt investors' interest as 10y bonds went down by about 16bp. ROBOR rates fell further, also sustained by the liquidity surplus in the money market and were quoted at historical low levels (0.59% for ROBOR 1m and 0.92% for ROBOR 3m).

No important macroeconomic releases are scheduled for the upcoming week, and thus investors' interest in RON assets should be driven by developments on the external markets.

Financial analyst: Silvia Rosca (+40 799 718 083), Raiffeisen BANK S.A., Bucharest

Serbia (RS) – The decision on (not) holding early parliamentary elections should occur on Sunday, 17 January. At the extraordinary press conference yesterday, the Prime Minister again raised the issue of holding extraordinary parliamentary elections, together with the regular Province Vojvodina/local polls in the Vojvodina elections scheduled for April 2016. The decision will be made this Sunday when the Serbian Progressive party (SNS) board is to meet. The PM will ask to call early parliamentary elections before the party congress on 13 February. Currently, the SNS holds 135 seats in the 250-member parliament and its support by the voters has increased to over 50% since the initial victory in the regular parliamentary elections in 2012. We reiterate that Mr Vucic's idea is to capitalise on the support he and his party are enjoying after the successful implementation of the public sector reforms and IMF precautionary stand-by arrangement and the start of the accession negotiations with the EU. That said, the PM is prone to extending the mandate until 2020, given the rather challenging reform agenda ahead (public sector staff downsizing, public companies closure/privatisation). If elections are held we do not see that this would cause market jitters, bearing in mind the political stability and the tangible results achieved by the fiscal and monetary policy.

The dinar continued its depreciation path against the euro, on the back of lower capacity utilisation over the extended holiday season and the still scarce supply of the Ministry of Finance T-bills. Furthermore, some clients have increased euro purchases expecting further EUR/RSD depreciation, which – together with concerns relating to the Fed's key rate hike dynamics – were the rationale behind the National Bank of Serbia's decision to keep the rate flat at 4.5%. Yields remained flat at the first RSD auction this year, confirming that investors will be more watchful as regards budget performance in 2016.

Next week, the Ministry of Finance will publish the budget data for December 2015, and the Public Debt Management Agency will hold the 3y MinFin T-bills auction (EUR 150 mn).

Financial analyst: Ljiljana Grubic (+381 11 2207178), Raiffeisenbank a.d., Belgrade

Slovakia (SK) – This week's data releases were very optimistic, as both the production sector and the labour market posted significant improvements. In the production sector, industrial output rose by 11.9% yoy, marking the fastest growth since January 2014. Industry is profiting from the very high exposure to the automotive industry. Despite "dieselgate", this industry is doing very well, boosting its production by almost 28% yoy in November. Besides the automotive industry, the construction sector is growing rapidly as well (15.1% yoy in November). Expansion in the construction sector is fuelled mainly by EU funds. Thanks to this vibrant growth in the production sector, the Slovak economy should see growth accelerate to 3.7% yoy in Q4 2015.

The good economic performance is also mirrored in the labour market data, as unemployment in Slovakia is steadily decreasing. In November, the unemployment rate was 10.77% (293 thousand unemployed). Even though the unemployment rate is still high, companies are already complaining about the lack of skilled labour. Good news also came from other parts of the labour market. According to monthly statistics, wage growth in several sectors was very solid. In the last quarter of 2015, we expect real wage growth to increase by a similar rate as in Q3 2015 (3.2% yoy). Compared to the previous year, real wages should be higher by roughly 3% yoy.

Financial analyst: Boris Fojtík (+421 259 192 833), Tatra bank a.s., Bratislava

Monetary policy and money markets overview

CEE key interest and money markets outlook

| Poland | curr.* | Mar-16 | Jun-16 | Sep-16 | 5y high | 5y low |
|------------------------------------|--------|--------|--------|--------|---------|--------|
| Key interest rate (% eop) | 1.50 | 1.50 | 1.50 | 1.50 | 4.75 | 1.50 |
| 1m money market rate (% eop) | 1.53 | 1.63 | 1.63 | 1.63 | 4.82 | 1.53 |
| 3m money market rate (% eop) | 1.60 | 1.70 | 1.70 | 1.71 | 5.04 | 1.55 |
| 6m money market rate (% eop) | 1.76 | 1.75 | 1.75 | 1.76 | 5.07 | 1.56 |
| Hungary | | | | | | |
| Key interest rate (% eop) | 1.35 | 1.00 | 1.00 | 1.00 | 7.00 | 1.35 |
| 1m money market rate (% eop) | 1.35 | 1.00 | 1.05 | 1.05 | 7.30 | 1.34 |
| 3m money market rate (% eop) | 1.35 | 1.00 | 1.05 | 1.05 | 7.65 | 1.35 |
| 6m money market rate (% eop) | 1.35 | 1.10 | 1.15 | 1.15 | 7.93 | 1.35 |
| Czech Republic | | | | | | |
| Key interest rate (% eop) | 0.05 | 0.05 | 0.05 | 0.05 | 0.75 | 0.05 |
| 1m money market rate (% eop) | 0.20 | 0.22 | 0.22 | 0.20 | 1.00 | 0.19 |
| 3m money market rate (% eop) | 0.29 | 0.30 | 0.30 | 0.30 | 1.25 | 0.28 |
| 6m money market rate (% eop) | 0.37 | 0.40 | 0.40 | 0.45 | 1.58 | 0.36 |
| Romania | | | | | | |
| Key interest rate (% eop) | 1.75 | 1.75 | 1.75 | 1.75 | 6.25 | 1.75 |
| 1m money market rate (% eop) | 0.59 | 1.10 | 1.55 | 1.70 | 6.33 | 0.39 |
| 3m money market rate (% eop) | 0.92 | 1.30 | 1.60 | 1.75 | 6.20 | 0.71 |
| 6m money market rate (% eop) | 1.30 | 1.40 | 1.65 | 1.80 | 6.40 | 1.00 |
| Russia | | | | | | |
| Key interest rate (% eop) | 11.00 | 10.00 | 10.00 | 10.00 | 17.00 | 5.50 |
| 1m money market rate (% eop) | 11.78 | 10.65 | 10.70 | 10.80 | 29.16 | 3.43 |
| 3m money market rate (% eop) | 11.88 | 10.70 | 10.80 | 10.90 | 29.93 | 3.75 |
| 6m money market rate (% eop) | 11.95 | 10.75 | 10.90 | 11.00 | 30.31 | 4.12 |
| Turkey | | | | | | |
| Key interest rate (% eop) | 7.50 | 9.50 | 9.50 | 9.50 | 10.00 | 4.50 |
| 1m money market rate (% eop) | 11.39 | 12.00 | 11.50 | 11.00 | 12.04 | 4.61 |
| 3m money market rate (% eop) | 11.55 | 12.10 | 11.60 | 11.10 | 12.15 | 4.74 |
| 6m money market rate (% eop) | 11.73 | 12.10 | 11.60 | 11.10 | 12.48 | 5.12 |
| Benchmark key rates (% eop) | | | | | | |
| ECB key interest rate (% eop) | 0.05 | 0.05 | 0.05 | 0.05 | 1.50 | 0.05 |
| Fed key interest rate (% eop) | 0.36 | 0.75 | 1.00 | 1.25 | 0.37 | 0.01 |

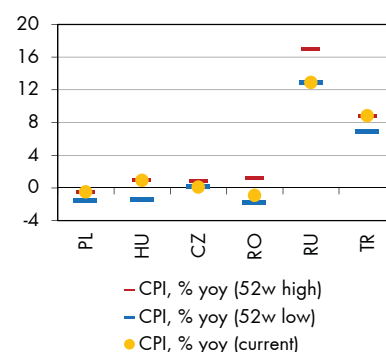
* Bid rates (for Hungary ask rates) as of 15 January 2016, 09:05 a.m. CET;
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Central bank watch

| | |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Poland (NBP) | FRA market pricing is increasingly for resumption of rate cuts in Q2 16, particularly in light of bearish oil and due to a more dovish MPC will take office in Q1 16. Unless resumed rate cuts, we delayed NBP liftoff to Q3 2017. More unconventional measures in the pipeline, including ECB-style LTRO cheap loan programme. |
| Hungary (MNB) | MNB remains in easing mood in light of relabeled cheap loan program and cancellation of 2w depo facility. The latter should channel additional liquidity in longer-dated tenors, including HGBs. In contrast to consensus, finally, we expect another downward adjustment to the base rate in Q1 2016, especially in light of ongoing bearish oil market. |
| Czech Republic (CNB) | Exit from FX intervention regime – introduced to keeping CZK above EUR/CZK 27.00 – could be delayed beyond Q4 2016. We do not expect a negative base rate, even more excessive CZK appreciation remains the major challenge for CNB in times of exit; rate liftoff not earlier than Q2 2017 expected. |
| Romania (BNR) | Rate cutting cycle likely over despite dramatic tax-cut-induced fall in CPI. More cuts to MRR expected following the latest cut to FX MRR, although deterioration in fiscal outlook weighs increasingly on MP outlook. Exit from ultra-loose liquidity conditions as early as Q2-16 major monetary policy challenge in 2016. |
| Serbia (NBS) | Central bank remained on-hold in December, which eases somewhat our concerns in terms of overdoing rate cuts and of related financial stability. Rate cutting cycle likely over, low-rate environment intended to be maintained as long as possible. |
| Russia (CBR) | CBR continued pausing its rate cuts due to RUB weakness and/or inflationary risks. Drop in CPI most recently, but technical nature of the latter allows only for cautious resumption of rate cuts under the assumption that RUB weakness does not hinder CPI from falling further and inflation expectations stabilise. |
| Turkey (TCMB) | According to CB governor Basçi TCMB is likely to shifting into tightening mode in line with US rate hikes. Simplification of MP toolkit focusing on 1w repo would be a side effect of upward adjusted rates which could finally stabilise TRY under the assumption of calming geopolitical and inflationary risks. |

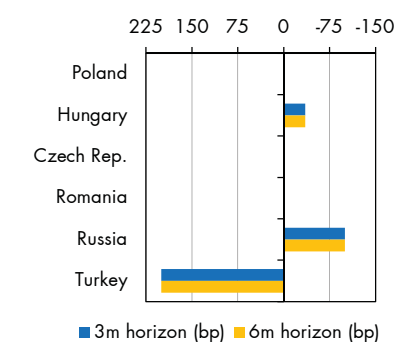
Source: Bloomberg, Reuters, RBI/Raiffeisen RESEARCH

Inflation snapshot



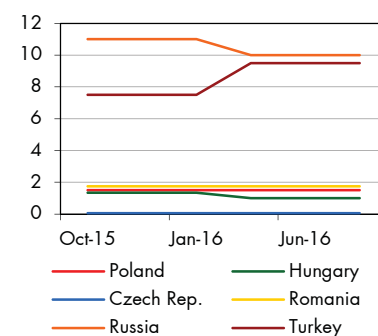
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Key rate forecast (chg., bp)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Key rate trends



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Rate setting meetings

| | Jan | Feb |
|-------------------------|-----|-----|
| Poland (NBP) | 14 | 3 |
| Hungary (MNB) | 26 | 23 |
| Czech Rep. (CNB) | | 4 |
| Romania (BNR) | 7 | 5 |
| Serbia (NBS) | 12 | 11 |
| Russia (CBR) | 29 | 18 |
| Turkey (TCMB) | 19 | 23 |

Source: National Central Banks, RBI/Raiffeisen RESEARCH

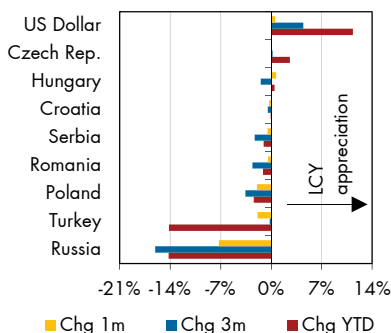
Foreign exchange market overview

FX forecasts

| EUR vs | current ¹ | Mar-16 | Jun-16 | Sep-16 | 5y high | 5y low | Comment |
|--------|----------------------|--------|--------|--------|---------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PLN | 4.39 | 4.25 | 4.20 | 4.20 | 4.57 | 3.87 | EUR/PLN at elevated levels due to external news-flow (especially China) and political uncertainties (influence on monetary policy, conflict with EU over laws) |
| HUF | 314.9 | 310.0 | 315.0 | 315.0 | 322.6 | 262.3 | Despite short-term break-outs EUR/HUF expected to remain in 310-315 range; but 2016 likely to bring moderate depreciation for forint on central bank policy and US rate hikes |
| CZK | 27.02 | 27.00 | 27.00 | 27.00 | 28.37 | 23.99 | EUR/CZK to remain near intervention level of 27.0; CNB wording seems to change towards a later abandoning of the FX regime (we currently estimate Q1 2017); CPI and intervention amounts could give further indication on the FX regime abandoning |
| RON | 4.53 | 4.40 | 4.45 | 4.40 | 4.64 | 4.07 | RON affected by external topics such as tumbling financial markets in China and monetary policy in US |
| HRK | 7.67 | 7.68 | 7.60 | 7.65 | 7.72 | 7.36 | Pressures caused by compulsory CHF conversion paired with slightly higher corporate FCY demand could result in upward EUR/HRK movement towards trading range 7.660 – 7.690 |
| RSD | 122.7 | 123.0 | 122.0 | 124.0 | 123.7 | 96.7 | PM Vucic called a party meeting for 17 January to decide on early elections; further central bank interventions as RSD is effected by political tumbles and external market developments |
| RUB | 83.09 | 73.50 | 67.98 | 60.60 | 84.96 | 38.43 | see USD/RUB below |
| UAH | 26.19 | 25.20 | 25.75 | 27.27 | 37.78 | 9.74 | see USD/UAH below |
| BYR | 21,518 | 22,470 | 22,506 | 22,523 | 21,518 | 4,010 | see USD/BYR below |
| TRY | 3.29 | 3.20 | 3.09 | 2.98 | 3.46 | 2.05 | see USD/TRY below |
| USD | 1.09 | 1.05 | 1.03 | 1.01 | 1.49 | 1.05 | Expectation on further US Fed rate hikes to support USD against euro |
| USD vs | current ¹ | Mar-16 | Jun-16 | Sep-16 | 5y high | 5y low | Comment |
| RUB | 76.46 | 70.00 | 66.00 | 60.00 | 77.15 | 27.28 | RUB to continue following oil price movement; expected stabilisation in oil price to support rouble in the course of 2016 |
| UAH | 24.00 | 24.00 | 25.00 | 27.00 | 33.75 | 7.89 | Prolongation of most critical administrative FX restrictions until 4 March 2016 will prevent stronger depreciation pressure for UAH; for 2016 central bank commitment will determine how fast and when we will see more depreciation |
| BYR | 19,315 | 21,400 | 21,850 | 22,300 | 19,729 | 3,002 | Central Bank announced that Belarussian rouble will be redenominated from 1 July 2016, depreciation tendency of BYR to remain |
| TRY | 3.03 | 3.05 | 3.00 | 2.95 | 3.06 | 1.51 | Security concerns, political statements, tensions between Russia and Turkey, rate hikes in US, troubles in China might keep TRY under pressure |

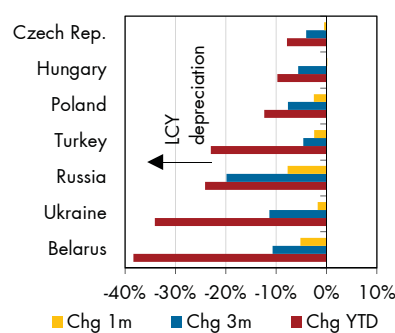
¹ as of 15 January 2016, 09:04 a.m. CET;
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Change of LCY value to EUR (%)



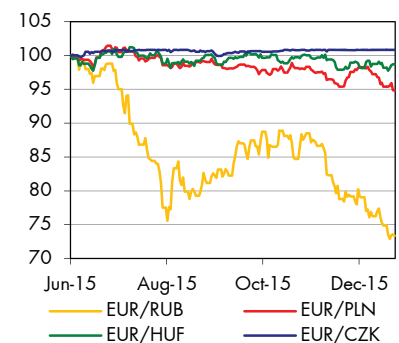
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Change of LCY value to USD (%)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

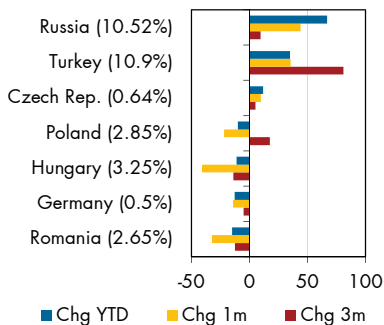
Exchange rate comparison



Indexed Jun 2015 = 100
Source: Bloomberg, RBI/Raiffeisen RESEARCH

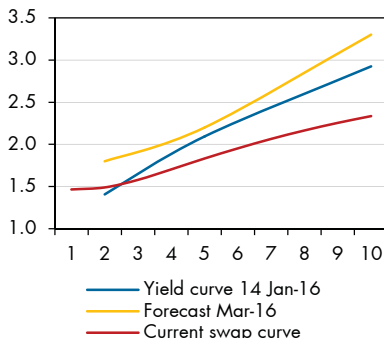
Local currency bond market overview

Change of LCY 10y bond yields (bp)



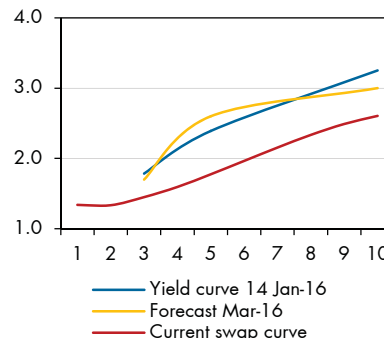
Source: Bloomberg, RBI/Raiffeisen RESEARCH

PLN yield curve



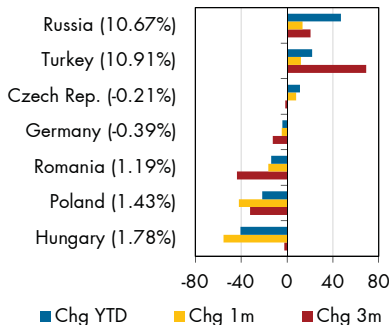
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

HUF yield curve



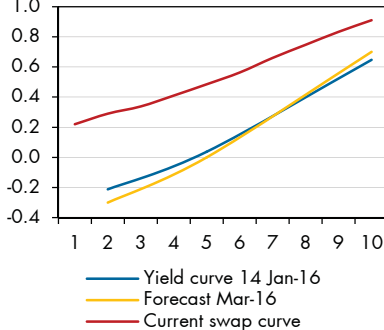
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY 2y bond yields (bp)



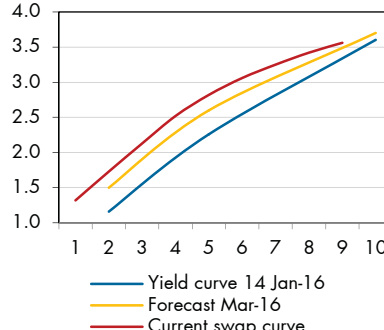
Source: Bloomberg, RBI/Raiffeisen RESEARCH

CZK yield curve



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

RON yield curve



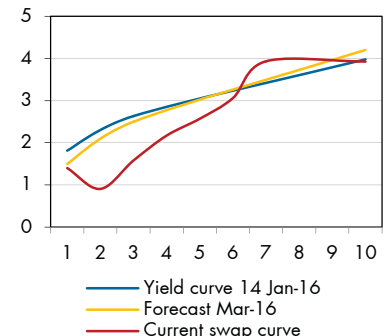
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

5y USD CDS spreads



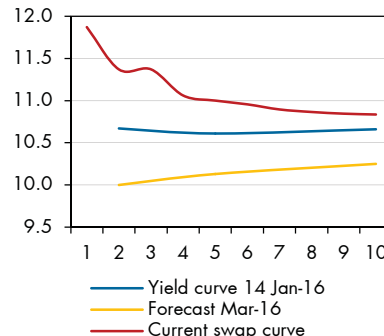
Turkey 5y high 343.7, 5y low 111.7; Russia 5y high 628.7, 5y low 118.7
Source: Bloomberg, RBI/Raiffeisen RESEARCH

HRK yield curve



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

RUB yield curve



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

Yield forecasts

| 2y T-bond yields (%) | | | | | | | 10y T-bond yields (%) | | | | | | |
|----------------------|----------|--------|--------|--------|---------|--------|-----------------------|----------|--------|--------|--------|---------|--------|
| | current* | Mar-16 | Jun-16 | Sep-16 | 5y high | 5y low | | current* | Mar-16 | Jun-16 | Sep-16 | 5y high | 5y low |
| Poland | 1.41 | 1.8 | 1.9 | 2.0 | 5.1 | 1.3 | Poland | 2.92 | 3.3 | 3.4 | 3.4 | 6.4 | 2.0 |
| Hungary** | 1.78 | 1.7 | 1.7 | 1.8 | 10.2 | 1.5 | Hungary | 3.25 | 3.0 | 3.2 | 3.3 | 10.7 | 2.7 |
| Czech Rep. | -0.21 | -0.3 | -0.3 | -0.2 | 2.0 | -0.4 | Czech Rep. | 0.65 | 0.7 | 0.8 | 0.9 | 4.3 | 0.3 |
| Romania | 1.16 | 1.5 | 1.6 | 1.7 | 7.3 | 1.1 | Romania | 3.60 | 3.7 | 3.9 | 4.0 | 7.6 | 2.6 |
| Croatia | 2.25 | 2.5 | 2.5 | 2.6 | 6.3 | 1.6 | Croatia | 3.98 | 4.2 | 4.3 | 4.3 | 4.3 | 3.9 |
| Russia | 10.67 | 10.0 | 10.0 | 10.0 | 17.5 | 5.5 | Russia | 10.35 | 10.3 | 10.5 | 10.4 | 16.1 | 6.5 |
| Turkey | 10.79 | 11.0 | 10.5 | 10.0 | 11.3 | 4.9 | Turkey | 10.85 | 11.0 | 10.7 | 10.3 | 11.0 | 6.0 |
| Eurozone | -0.39 | -0.3 | -0.3 | -0.3 | 1.9 | -0.4 | Eurozone | 0.50 | 0.8 | 0.9 | 1.1 | 3.5 | 0.1 |
| USA | 0.89 | 1.2 | 1.4 | 1.6 | 1.1 | 0.2 | USA | 2.08 | 2.6 | 2.8 | 2.9 | 3.7 | 1.4 |

*Bid yields as of 15 January 2016, 09:09 a.m. CET; ** 3y
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Local currency bond market overview

CEE local currency bond market snapshot

| | Maturity | Coupon, % | Ask Price | YTM, % | Spread to Bunds, bp | MDur. | Comment |
|-----------------------|------------|-----------|-----------|--------|---------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Poland | | | | | | | |
| PLN 2y Gov. Bond | 25/10/2017 | 5.25 | 106.75 | 1.35 | 174 | 1.7 | Local bonds remain well supported despite weaker zloty. Local drivers are currently reintensifying rate cut bets and bond-market-friendly regulatory easing. The related bull steepening of the POLGB curve is expected to run out of steam, though, since we continue to assume that no rate cuts will be delivered by the new MPC in Q2. |
| PLN 5y Gov. Bond | 25/10/2020 | 5.25 | 114.33 | 2.06 | 221 | 4.3 | |
| PLN 10y Gov. Bond | 25/07/2025 | 3.25 | 102.86 | 2.90 | 234 | 8.2 | |
| Hungary | | | | | | | |
| HUF 3y Gov. Bond | 22/06/2018 | 2.50 | 101.88 | 1.70 | 206 | 2.4 | LCY debt curve shifted downwards in new year trading shrugging-off broader souring of EM sentiment. Going forward LCY debt market should remain supported by expected rate cuts and bond-market-friendly MNB measures. |
| HUF 5y Gov. Bond | 24/06/2020 | 3.50 | 105.09 | 2.28 | 242 | 4.1 | |
| HUF 10y Gov. Bond | 24/06/2025 | 5.50 | 118.90 | 3.15 | 259 | 7.6 | |
| Czech Republic | | | | | | | |
| CZK 2y Gov. Bond | 17/03/2018 | 0.85 | 102.41 | -0.26 | 13 | n.a. | CZGB market continues to trade in the vicinity of Bunds against expectations of strong CZK appreciation once the FX cap was to be removed. In the longer run, i.e. after the exit from the FX regime in late-2016 at the earliest, upward momentum in yields to intensify due to likely profit-taking of CZK appreciation bettors. |
| CZK 5y Gov. Bond | 12/09/2020 | 3.75 | 117.48 | -0.01 | 14 | n.a. | |
| CZK 10y Gov. Bond | 17/09/2025 | 2.40 | 116.85 | 0.60 | 4 | 8.8 | |
| Croatia | | | | | | | |
| HRK 2y Gov. Bond | 25/11/2017 | 6.25 | 107.90 | 1.88 | 203 | 1.8 | Due to expected higher interest of investors, next week could bring increased trading volumes. |
| HRK 10y Gov. Bond | 09/07/2025 | 4.50 | 105.43 | 3.81 | 325 | 7.8 | |
| Romania | | | | | | | |
| RON 3y Gov. Bond | 17/01/2018 | 3.25 | 103.94 | 1.24 | 160 | 1.9 | In line with CE peers, Romanian local debt market felt broader EM jitters only moderately and remained on solid footing. Front-end remains hardly cemented on excess liquidity conditions, especially in light of further expected MRR cuts by the BNR. Back-end of RON curve expected to remain quite stable in the short run. |
| RON 5y Gov. Bond | 29/04/2020 | 5.75 | 114.59 | 2.14 | 229 | 3.8 | |
| Russia | | | | | | | |
| RUB 2y Gov. Bond | 15/03/2018 | 7.50 | 94.94 | 10.42 | 1081 | 2.0 | Should the CBR deliver and resume rate cuts in Q1 2016 current tight valuations when compared to base rate could prove justified. We tend to Hold RUB bonds in the short-term, whilst room for further near-term price gains should only be possible at the front-end. FX risks remain elevated, whilst OFZs shrugged off latest RUB weakness. |
| RUB 5y Gov. Bond | 03/08/2016 | 6.90 | 98.55 | 9.93 | 1008 | 0.5 | |
| RUB 8y Gov. Bond | 24/11/2021 | 6.50 | 86.00 | 10.02 | 946 | 4.9 | |
| Turkey | | | | | | | |
| TRY 2y Gov. Bond | 14/06/2017 | 9.60 | 98.45 | 10.49 | 1088 | 1.3 | LCY debt market underperformed hit by recent GEM jitters in contrast to other CEE markets. In light of expected rate hikes on inflation risks and lira weakness we maintain our bearish view on TURKGBs, especially since local/geo-politics remain a huge risk factor. |
| TRY 5y Gov. Bond | 08/07/2020 | 9.40 | 94.95 | 10.85 | 1100 | 3.7 | |
| TRY 10y Gov. Bond | 12/03/2025 | 8.00 | 83.85 | 10.81 | 1025 | 6.1 | |

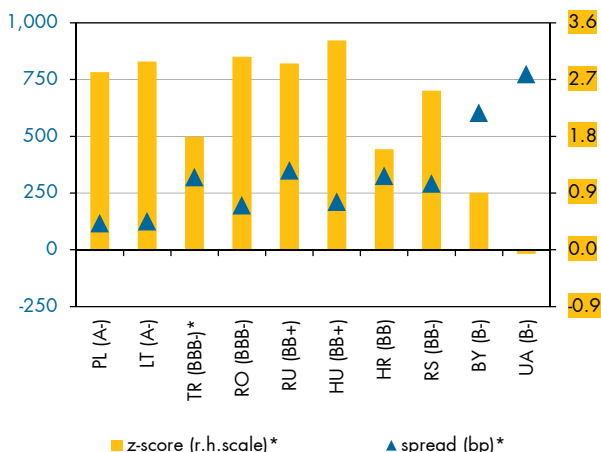
Data as of 15 January 2016, 09:25 a.m. CET
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Bond auctions

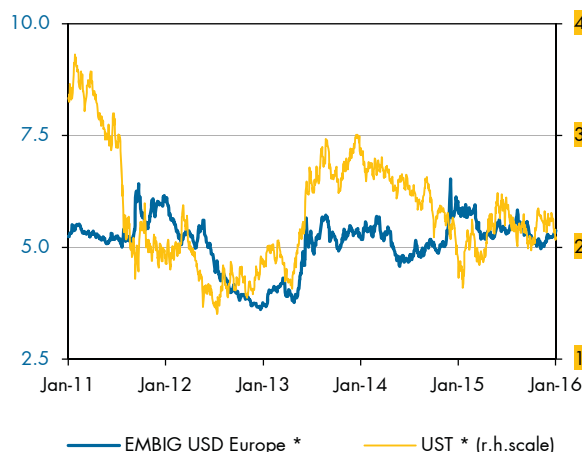
| | | ISIN | Coupon | Maturity | Volume |
|------------------------|-------------|--------------|--------|-----------|------------|
| 18 January 2016 | | | | | |
| AL | 2y T-bonds | AL0159NF2Y18 | 4.00% | 20 Jan-18 | ALL 3 bn |
| SK | 2y T-bonds | n.a. | 1.50% | 2018 | n.a. |
| SK | 8y T-bonds | n.a. | 3.38% | 2024 | n.a. |
| 19 January 2016 | | | | | |
| TR | 1y T-bonds | n.a. | 0.00% | 2016 | n.a. |
| 20 January 2016 | | | | | |
| CZ | 2y T-bonds | CZ0001004709 | n.a. | 22 Jan-18 | CZK 10 bn |
| CZ | 8y T-bonds | CZ0001004600 | 0.45% | 25 Oct-23 | CZK 4 bn |
| CZ | 16y T-bonds | CZ0001003859 | 2.50% | 25 Aug-28 | CZK 3 bn |
| RU | T-bonds | n.a. | n.a. | n.a. | n.a. |
| 21 January 2016 | | | | | |
| RO | 12y T-bonds | RO1227DBN011 | 5.80% | 26 Jul-27 | RON 200 mn |

Eurobond market overview

CEE USD EMBIG spread valuation*



CEE EMBIG USD vs. UST YTM*



* z-score - EMBIG USD country spread deviation from mean normalised by 1 standard deviation, score at or below minus 1 = expensive, at or above 1 = cheap
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

* YTM - yield to maturity EMBI Global USD, UST - 10-year US Treasury note
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

| Issuer/rate/due | Market Price | | YTM mid. | | Spread vs. Bmk, bp | Mdur. years | ISIN | | |
|-----------------------|--------------|-------|----------|--------|--------------------|-------------|------|--------|--------------|
| | Bid | Ask | w/w % | 5y max | | | | 5y min | % p. a. |
| EUR | | | | | | | | | |
| BGARIA 4 1/4 07/09/17 | 106.1 | 106.3 | -0.14 | 111.8 | 100.3 | 0.03 | 41 | 1.4 | XS0802005289 |
| CROATI 5 7/8 07/09/18 | 109.1 | 109.6 | -0.17 | 112.2 | 87.7 | 1.95 | 232 | 2.3 | XS0645940288 |
| REPHUN 3 1/2 07/18/16 | 101.5 | 101.7 | 0.01 | 104.6 | 76.8 | 0.23 | 61 | 0.5 | XS0240732114 |
| REPHUN 5 3/4 06/11/18 | 111.5 | 112.1 | -0.09 | 115.1 | 79.7 | 0.75 | 112 | 2.2 | XS0369470397 |
| REPHUN 6 01/11/19 | 114.0 | 116.0 | 0.04 | 118.4 | 86.4 | 0.88 | 121 | 2.8 | XS0625388136 |
| LITHUN 4.85 02/07/18 | 110.2 | 110.5 | 0.07 | 114.3 | 94.5 | -0.17 | 21 | 1.9 | XS0327304001 |
| POLAND 3 5/8 02/01/16 | 100.1 | 100.2 | -0.07 | 109.0 | 97.8 | -0.02 | 37 | 0.0 | XS0242491230 |
| POLAND 1 5/8 01/15/19 | 104.3 | 104.5 | -0.10 | 105.5 | 98.0 | 0.15 | 49 | 2.9 | XS0874841066 |
| POLAND 3 3/4 01/19/23 | 118.5 | 118.8 | -0.52 | 125.5 | 99.9 | 0.99 | 86 | 6.3 | XS0794399674 |
| POLAND 3 3/8 07/09/24 | 115.0 | 116.7 | -1.19 | 125.6 | 99.6 | 1.38 | 104 | 7.4 | XS0841073793 |
| ROMANI 5 1/4 06/17/16 | 102.1 | 102.3 | -0.10 | 108.7 | 95.8 | -0.11 | 27 | 0.4 | XS0638742485 |
| ROMANI 4 7/8 11/07/19 | 115.5 | 116.0 | 0.13 | 117.8 | 99.3 | 0.66 | 93 | 3.5 | XS0852474336 |
| TURKEY 5 7/8 04/02/19 | 112.2 | 113.0 | -0.33 | 119.4 | 101.2 | 1.80 | 212 | 2.9 | XS0285127329 |
| TURKEY 5 1/8 05/18/20 | 110.7 | 111.5 | -0.31 | 115.9 | 95.4 | 2.40 | 259 | 3.8 | XS0503454166 |
| USD | | | | | | | | | |
| BELRUS 8.95 01/26/18 | 102.4 | 103.5 | -0.18 | 111.2 | 70.0 | 7.33 | 642 | 1.8 | XS0583616239 |
| CROATI 6 3/8 03/24/21 | 106.9 | 107.5 | 0.02 | 117.8 | 86.7 | 4.79 | 324 | 4.3 | XS0607904264 |
| CROATI 5 1/2 04/04/23 | 102.3 | 102.9 | -0.04 | 108.6 | 94.4 | 5.07 | 319 | 5.8 | XS0908769887 |
| REPHUN 5 3/8 02/21/23 | 108.1 | 108.5 | -0.76 | 113.9 | 93.1 | 4.02 | 219 | 5.8 | US445545AH91 |
| REPHUN 7 5/8 03/29/41 | 134.8 | 135.6 | -1.06 | 150.3 | 79.5 | 5.12 | 246 | 12.8 | US445545AF36 |
| LITHUN 7 3/8 02/11/20 | 118.1 | 118.6 | -0.19 | 130.7 | 104.8 | 2.59 | 123 | 3.5 | XS0485991417 |
| LITHUN 6 5/8 02/01/22 | 119.5 | 120.0 | -0.06 | 128.6 | 101.0 | 3.02 | 132 | 5.0 | XS0739988086 |
| LATVIA 2 3/4 01/12/20 | 101.1 | 101.6 | -0.09 | 102.7 | 91.4 | 2.38 | 106 | 3.7 | XS0863522149 |
| LATVIA 5 1/4 06/16/21 | 113.1 | 113.7 | -0.17 | 117.2 | 90.9 | 2.58 | 100 | 4.7 | XS0638326263 |
| POLAND 6 3/8 07/15/19 | 114.0 | 114.2 | -0.17 | 125.9 | 107.4 | 2.15 | 95 | 3.2 | US731011AR30 |
| POLAND 3 03/17/23 | 99.1 | 99.3 | -0.07 | 103.6 | 87.6 | 3.13 | 129 | 6.3 | US731011AT95 |
| ROMANI 6 3/4 02/07/22 | 117.5 | 117.9 | -0.42 | 124.4 | 99.2 | 3.47 | 181 | 4.9 | US77586TAA43 |
| ROMANI 4 3/8 08/22/23 | 104.5 | 104.9 | -0.29 | 109.5 | 90.8 | 3.66 | 179 | 6.3 | US77586TAC09 |
| RUSSIA 4 1/2 04/04/22 | 97.3 | 98.0 | -2.15 | 114.7 | 82.0 | 4.94 | 321 | 5.3 | XS0767472458 |
| RUSSIA 7 1/2 03/31/30 | 119.8 | 120.1 | -0.06 | 128.7 | 99.6 | 2.92 | 66 | 4.1 | XS0114288789 |
| RUSSIA 5 5/8 04/04/42 | 88.5 | 89.4 | -4.38 | 124.9 | 76.0 | 6.51 | 377 | 12.6 | XS0767473852 |
| SERBIA 5 1/4 11/21/17 | 103.4 | 104.0 | 0.03 | 107.1 | 96.8 | 3.17 | 232 | 1.7 | XS0856951263 |
| SERBIA 4 7/8 02/25/20 | 101.8 | 102.5 | -0.39 | 104.6 | 89.6 | 4.29 | 294 | 3.6 | XS0893103852 |
| TURKEY 6 1/4 09/26/22 | 108.3 | 108.9 | 0.76 | 127.0 | 101.0 | 4.73 | 296 | 5.4 | US900123BZ27 |
| TURKEY 6 7/8 03/17/36 | 110.5 | 111.1 | 0.81 | 139.6 | 99.2 | 5.95 | 349 | 11.1 | US900123AY60 |
| TURKEY 6 3/4 05/30/40 | 109.8 | 110.5 | 1.25 | 139.4 | 97.3 | 5.95 | 332 | 12.4 | US900123BG46 |
| UKRAIN 7 3/4 09/01/19 | 94.6 | 95.3 | 0.63 | 99.0 | 93.0 | 9.42 | 816 | 3.0 | XS1303918269 |
| UKRAIN 7 3/4 09/01/23 | 91.9 | 92.8 | -0.81 | 97.8 | 89.4 | 9.17 | 726 | 5.4 | XS1303921487 |
| UKRAIN 7 3/4 09/01/27 | 90.0 | 90.9 | 0.30 | 97.0 | 86.8 | 9.10 | 694 | 7.1 | XS1303927179 |

* w/w - week on week, 5-y - 5-year low and high, YTM mid - yield to maturity based on mid market price, Bmk - benchmark, Mdur - modified duration, ISIN - international security identification number; prices as of 15 January 2016, 10:09 a.m. CET
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Summary: Ratings & macro data

Country ratings: CE, SEE, EE

| | S&P | | | Moody's | | | Fitch | | |
|----------------|------|------|----------|---------|------|----------|-------|------|----------|
| | LCY | FCY | Outlook | LCY | FCY | Outlook | LCY | FCY | Outlook |
| CE | | | | | | | | | |
| Poland | A | A- | positive | A2 | A2 | stable | A | A- | stable |
| Hungary | BB+ | BB+ | stable | Ba1 | Ba1 | positive | BBB- | BB+ | positive |
| Czech Republic | AA | AA- | stable | A1 | A1 | stable | AA- | A+ | stable |
| Slovakia * | A+ | A+ | stable | A2 | A2 | stable | A+ | A+ | stable |
| Slovenia * | A- | A- | stable | Baa3 | Baa3 | stable | BBB+ | BBB+ | stable |
| SEE | | | | | | | | | |
| Romania | BBB- | BBB- | stable | Baa3 | Baa3 | positive | BBB | BBB- | stable |
| Bulgaria | BB+ | BB+ | stable | Baa2 | Baa2 | stable | BBB | BBB- | stable |
| Croatia | BB | BB | negative | Ba1 | Ba1 | negative | BB+ | BB | negative |
| Serbia | BB- | BB- | negative | B1 | B1 | stable | B+ | B+ | positive |
| CIS | | | | | | | | | |
| Russia | BBB- | BB+ | negative | Ba1 | Ba1 | stable | BBB- | BBB- | negative |
| Ukraine | B- | B- | stable | Caa3 | Caa3 | stable | CCC | CCC | stable |
| Belarus | B- | B- | stable | Caa1 | Caa1 | negative | NR | NR | n.a. |
| Kazakhstan | BBB | BBB | negative | Baa2 | Baa2 | stable | A- | BBB+ | stable |
| Turkey | BBB- | BB+ | negative | Baa3 | Baa3 | negative | BBB | BBB- | stable |

* Euro area (Euro currency) members; positive rating/outlook changes (in previous week) in green, negative changes in red; NA - not applicable; NR - not rated
Source: rating agencies websites

Main macro data & forecasts*

| Country | Year | GDP, % avg. yoy | CPI, % avg. yoy | Unemployment, % | Nominal wages, EUR | Fiscal balance, % GDP | Public debt, % GDP | Export**, % GDP | C/A, % GDP | Ext. debt, % GDP | FXR*** % ext. debt | Import cover, months |
|------------|-------|-----------------|-----------------|-----------------|--------------------|-----------------------|--------------------|-----------------|------------|------------------|--------------------|----------------------|
| Croatia | 2015e | 1.5 | -0.4 | 16.2 | 1058 | -5.0 | 89.9 | 24.9 | 4.7 | 108.9 | 27.4 | 9.1 |
| | 2016f | 1.0 | 1.1 | 16.0 | 1061 | -4.5 | 93.1 | 26.0 | 1.5 | 109.5 | 27.0 | 8.8 |
| | 2017f | 1.5 | 1.5 | 15.8 | 1070 | -4.1 | 94.9 | 26.6 | 1.5 | 109.8 | 25.8 | 8.5 |
| Czech Rep. | 2015e | 4.3 | 0.4 | 6.5 | 972 | -1.5 | 40.7 | 75.0 | 1.0 | 65.6 | 58.1 | 6.4 |
| | 2016f | 2.4 | 1.3 | 6.1 | 1023 | -1.5 | 40.1 | 77.4 | 1.1 | 63.6 | 82.0 | 8.5 |
| | 2017f | 2.4 | 2.0 | 5.9 | 1104 | -1.7 | 40.2 | 78.9 | -0.4 | 63.4 | 79.2 | 8.0 |
| Hungary | 2015e | 2.8 | 0.0 | 7.0 | 795 | -2.3 | 75.8 | 80.3 | 3.7 | 104.6 | 28.3 | 4.8 |
| | 2016f | 2.2 | 1.9 | 6.2 | 818 | -2.2 | 75.0 | 81.3 | 3.7 | 96.9 | 26.1 | 4.0 |
| | 2017f | 2.9 | 2.7 | 5.7 | 833 | -2.4 | 71.5 | 82.5 | 3.6 | 89.8 | 24.6 | 3.4 |
| Poland | 2015e | 3.5 | -0.9 | 10.5 | 939 | -3.1 | 51.9 | 39.1 | -0.1 | 70.3 | 28.3 | 6.0 |
| | 2016f | 3.6 | 1.3 | 9.4 | 977 | -3.2 | 52.9 | 40.2 | -1.1 | 71.2 | 24.7 | 5.1 |
| | 2017f | 3.4 | 2.0 | 9.0 | 1043 | -3.2 | 52.9 | 39.4 | -1.7 | 71.2 | 23.5 | 4.8 |
| Romania | 2015e | 3.7 | -0.6 | 6.8 | 566 | -1.2 | 38.9 | 31.6 | -1.0 | 59.3 | 34.0 | 6.7 |
| | 2016f | 4.0 | -0.3 | 6.5 | 619 | -3.0 | 39.7 | 32.2 | -2.5 | 57.8 | 33.7 | 6.1 |
| | 2017f | 3.6 | 2.7 | 6.5 | 668 | -3.2 | 40.4 | 32.4 | -3.3 | 56.1 | 33.2 | 5.7 |
| Russia | 2015e | -4.0 | 15.6 | 5.5 | 502 | -3.5 | 12.7 | 27.1 | 5.2 | 41.1 | 73.5 | 23.9 |
| | 2016f | 0.0 | 8.8 | 5.5 | 542 | -3.5 | 13.5 | 27.6 | 5.5 | 37.1 | 79.6 | 21.9 |
| | 2017f | 1.5 | 8.4 | 5.5 | 546 | -2.0 | 14.0 | 27.6 | 5.0 | 32.3 | 78.7 | 18.0 |
| Ukraine | 2015e | -10.0 | 48.5 | 11.5 | 172 | -4.0 | 87.0 | 37.4 | -0.8 | 128.7 | 11.5 | 4.3 |
| | 2016f | 1.5 | 16.0 | 11.0 | n.a. | -3.5 | 94.0 | 42.7 | -1.0 | 133.3 | 13.7 | 4.7 |
| | 2017f | 3.0 | 10.0 | 10.0 | n.a. | -2.5 | 93.0 | 46.4 | -1.2 | 134.0 | 14.7 | 4.6 |
| Turkey | 2015e | 3.5 | 7.6 | 10.5 | n.a. | -1.5 | 34.0 | 21.6 | -5.0 | 59.9 | 23.8 | 5.8 |
| | 2016f | 2.5 | 8.1 | 10.0 | n.a. | -1.5 | 32.0 | 22.9 | -5.7 | 62.6 | 24.7 | 5.9 |
| | 2017f | 3.5 | 7.0 | 10.0 | n.a. | -1.5 | 33.0 | 22.1 | -5.6 | 58.2 | 25.0 | 5.7 |

* only for countries regularly included in CEE Weekly

** Export of goods only; *** FXR - Foreign exchange reserves

Source: Thomson Reuters, National Statistics, RBI/Raiffeisen RESEARCH

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Bonds

| Financial instruments/Company | Date of the first publication |
|-------------------------------|-------------------------------|
| Eurobonds | 01/01/2001 |
| LCY bonds | 01/01/1997 |

Recommendations history: Local currency government bonds (I: no change)*

| Date of change | CZ | | | | HU | | | PL | | | | RO | | | | RU | | | | TR | | | | |
|----------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| | 2y | 5y | 10y | CZK | 2y | 5y | 10y | HUF | 2y | 5y | 10y | PLN | 2y | 5y | 10y | RON | 2y | 5y | 10y | RUB | 2y | 5y | 10y | TRY |
| 09/12/2014 | Hold | Hold | Buy | Hold | Hold | Hold | Hold | Sell | Buy | Buy | Buy | Hold | Buy | Hold | Hold | Hold | Sell | Sell | Sell | Sell | Buy | Buy | Buy | Buy |
| 09/02/2015 | I | I | Hold | I | Buy | Buy | Buy | I | Hold | Hold | Hold | I | Buy | Buy | Buy | I | I | I | I | I | I | I | I | I |
| 24/03/2015 | I | I | I | I | I | Hold | Hold | I | I | I | I | Sell | I | I | I | I | Hold | I | I | I | I | Hold | Hold | Sell |
| 28/04/2015 | I | I | I | I | I | I | I | I | I | I | I | Hold | Hold | Hold | Hold | Hold | Buy | Hold | Hold | I | I | I | I | Hold |
| 15/05/2015 | I | Buy | Buy | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I |
| 02/06/2015 | I | Hold | Hold | I | Hold | I | I | Hold | I | I | I | I | I | I | I | I | I | I | I | Hold | I | Buy | Buy | Buy |
| 24/06/2015 | I | I | Buy | I | I | I | Sell | I | I | I | Sell | I | I | I | Sell | I | I | Buy | Buy | I | Sell | Sell | Sell | Sell |
| 06/08/2015 | I | I | Hold | I | I | Sell | I | I | I | Sell | I | I | I | Sell | I | I | Hold | Hold | Hold | I | Hold | I | I | Hold |
| 03/09/2015 | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | Buy | I | I | I | Buy |
| 22/09/2015 | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | I | Sell | I | I | I |
| 04/11/2015 | I | I | I | I | Buy | Buy | Buy | I | I | Hold | Hold | I | I | Hold | Hold | I | I | I | I | Hold | Hold | Hold | Hold | Hold |
| 17/12/2015 | I | I | I | I | I | I | I | Buy | Buy | Buy | I | I | Buy | Buy | Buy | Buy | Buy | Buy | I | Buy | I | I | I | I |

* recommendations based on absolute expected performance in LCY; FX vs EUR; Source: RBI/Raiffeisen RESEARCH

Recommendations history: Sovereign Eurobonds (I: no change)*

| Date of change | BG | | HR | | CZ | | HU | | KZ | | LT | | PL | | RO | |
|----------------|------|-----|------|------|------|------|------|------|-----|------|------|------|------|------|------|------|
| | EUR | USD | EUR | USD | EUR | USD | EUR | USD | EUR | USD | EUR | USD | EUR | USD | EUR | USD |
| 09/12/2014 | Hold | - | Sell | Sell | Hold | Hold | Buy | Hold | - | - | Hold | Hold | Buy | Buy | Hold | Hold |
| 09/02/2015 | I | - | I | I | I | I | I | I | - | - | I | I | Hold | Hold | Buy | I |
| 05/03/2015 | I | - | Hold | Hold | I | I | I | I | - | - | I | I | I | I | I | I |
| 24/03/2015 | I | - | I | I | I | I | Hold | I | - | - | Buy | Buy | Buy | Hold | I | Buy |
| 17/04/2015 | I | - | I | I | I | I | I | I | - | - | I | I | I | I | I | I |
| 28/04/2015 | I | - | I | I | I | I | I | I | - | - | I | I | I | I | I | I |
| 02/06/2015 | Sell | - | I | I | I | I | I | I | - | - | Hold | Hold | I | Buy | Hold | Hold |
| 24/06/2015 | Hold | - | I | I | I | I | I | I | - | - | I | I | I | Hold | I | I |
| 06/08/2015 | I | - | Sell | Sell | I | I | I | I | - | Buy | Buy | I | Hold | I | I | I |
| 03/09/2015 | I | - | I | I | I | I | I | I | - | I | Hold | I | I | I | I | I |
| 22/09/2015 | I | - | I | I | I | I | I | I | - | I | I | I | Buy | I | Buy | Buy |
| 07/10/2015 | I | - | I | I | I | I | Buy | Buy | - | Hold | I | I | I | I | I | I |
| 04/11/2015 | I | - | I | I | I | I | I | I | - | I | Buy | I | I | Buy | I | I |
| 03/12/2015 | I | - | I | I | I | I | I | I | - | Buy | I | I | I | I | I | I |
| 17/12/2015 | I | - | I | I | I | I | I | I | - | I | Hold | I | I | I | I | I |

* recommendations based on absolute expected performance, i.e. expected spread change; Source: RBI/Raiffeisen RESEARCH

Recommendations history: Sovereign Eurobonds (I: no change)*

| Date of change | RU | | RS | | SK | | SI | | TR | | UA | | BY | |
|----------------|------|------|-----|------|------|-----|------|-----|------|------|------|------|-----|------|
| | EUR | USD | EUR | USD | EUR | USD | EUR | USD | EUR | USD | EUR | USD | EUR | USD |
| 16/09/2014 | Hold | Hold | - | Hold | - | - | - | - | Buy | Buy | Sell | Sell | - | Hold |
| 09/12/2014 | Sell | Sell | - | I | - | - | - | - | Hold | Hold | I | I | - | I |
| 09/02/2015 | I | I | - | Sell | - | - | - | - | I | I | I | I | - | Sell |
| 05/03/2015 | Hold | Hold | - | Hold | - | - | - | - | I | I | I | I | - | I |
| 24/03/2015 | Buy | Buy | - | Hold | - | - | - | - | I | I | I | I | - | Hold |
| 17/04/2015 | Hold | Hold | - | I | - | - | - | - | I | I | I | I | - | I |
| 28/04/2015 | I | I | - | I | Hold | - | Buy | - | Buy | Buy | Hold | Hold | - | Buy |
| 02/06/2015 | I | I | - | Sell | I | - | I | - | I | I | I | I | - | I |
| 24/06/2015 | I | I | - | I | I | - | I | - | I | Hold | I | I | - | I |
| 06/08/2015 | I | I | - | I | I | - | Hold | - | Hold | I | Sell | Sell | - | Sell |
| 03/09/2015 | I | I | - | I | I | - | I | - | I | I | Hold | Hold | - | I |
| 22/09/2015 | I | I | - | I | I | - | I | - | Sell | Sell | I | I | - | I |
| 07/10/2015 | I | I | - | I | I | - | I | - | I | I | I | I | - | I |
| 04/11/2015 | Buy | Buy | - | I | I | - | I | - | Hold | Hold | - | I | - | Hold |
| 03/12/2015 | Hold | Hold | - | I | I | - | I | - | I | I | - | Sell | - | I |
| 17/12/2015 | I | I | - | I | I | - | I | - | Buy | Hold | - | I | - | I |

* recommendations based on absolute expected performance, i.e. expected spread change, under revision; Source: RBI/Raiffeisen RESEARCH

Sovereign Eurobonds: Relative value pair trades (B: buy; S: sell; I: no change)*

| Date of change | USD | | USD | | EUR | |
|----------------|------------|-------|------------|-------|------------|-------|
| | KZ'44 | RU'43 | LT'21 | LV'21 | LT'24 | LV'24 |
| 05/03/2015 | Buy | Sell | Buy | Sell | Buy | Sell |
| 24/06/2015 | - | - | - | - | - | - |
| 16/07/2015 | Opened | - | Opened | - | Opened | - |
| 06/08/2015 | I | - | I | - | I | - |
| 03/09/2015 | I | - | I | - | I | - |
| 04/11/2015 | Closed (-) | - | I | - | I | - |
| 03/12/2015 | - | - | Closed (0) | - | Closed (0) | - |

* recommendations based on relative expected performance, i.e. expected spread widening or tightening between two bonds over ~1 to 3 months, (+) - profit, (-) - loss
Source: RBI/Raiffeisen RESEARCH

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