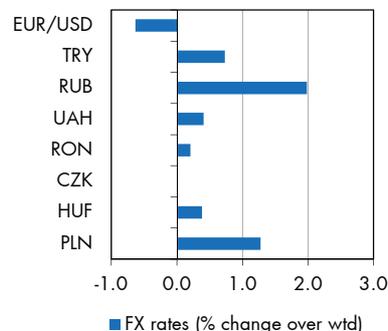


## FX rates to EUR (% chg)\*



\* pos. value: strengthening towards EUR  
Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Market snapshot

	curr.*	Sep-16	Dec-16	Mar-17
<b>Poland</b>				
EUR/PLN	4.35	4.30	4.30	4.25
Key rate	1.50	1.50	1.50	1.50
10y bond	3.1	3.0	3.2	3.3
<b>Hungary</b>				
EUR/HUF	311.7	315	315	310
Key rate	0.90	0.90	0.90	0.90
10y bond	3.3	3.2	3.3	3.4
<b>Czech Rep.</b>				
EUR/CZK	27.0	27.0	27.0	27.0
Key rate	0.05	0.05	0.05	0.05
10y bond	0.5	0.6	0.7	0.9
<b>Romania</b>				
EUR/RON	4.51	4.50	4.50	4.45
Key rate	1.75	1.75	1.75	1.75
10y bond	3.5	3.6	3.8	3.9
<b>Croatia</b>				
EUR/HRK	7.53	7.55	7.60	7.60
10y bond	3.9	3.9	3.9	4.0
<b>Russia</b>				
USD/RUB	64.6	65.0	67.0	67.0
Key rate	11.00	10.00	9.50	9.00
10y bond	8.7	9.0	8.8	8.6
<b>Turkey</b>				
USD/TRY	2.91	2.90	2.95	3.00
Key rate	7.50	7.50	7.50	7.00
10y bond	9.5	9.0	8.9	8.6
EUR/USD	1.13	1.10	1.05	1.03

\* prices as of 10 June 2016, 09:37 a.m. CEST;  
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

## Content

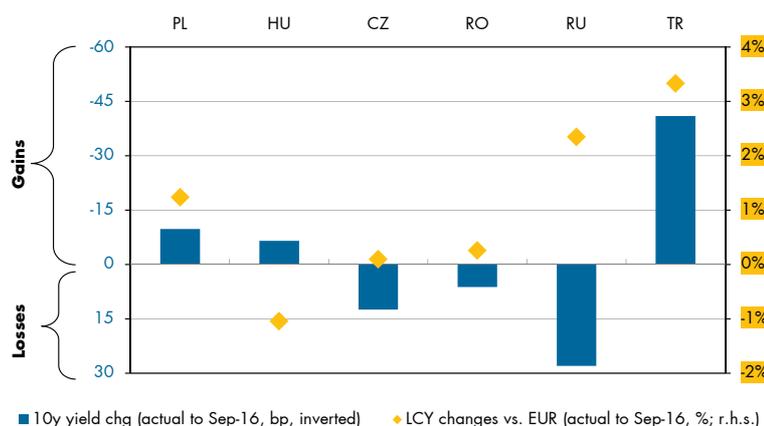
Focus on	p. 2
Data releases, country coverage	p. 3 – 5
Monetary policy, money markets	p. 6
FX markets	p. 7
Local currency bond markets	p. 8 – 9
Eurobond market overview	p. 10
Ratings, main macro forecasts	p. 11

## Highlights

The outgoing week was characterized by relatively optimistic tonality of the markets brought on by the Fed dovish remarks. Overall market mood is likely to remain fairly constructive as Fed dovishness coupled with ECB dedication to QE and negative inflation surprises across many CEE triggers more debates about possible reflationary policies responses. This implies fairly lax policy mix which many CEE central banks could be willing to afford going forward with Hungary and Czech Republic being good examples of such approach. So far negative inflation surprises is pretty likely to bolster current monetary stance of a number of CEE central banks. Today we expect a 50bp key rate reduction in Russia as the central bank would be likely to respond to slowing inflation with latest reports suggesting more disinflation could be on the way in future. On the other hand we would expect fairly cautious verbal statements to highlight slow easing cycle with long pauses in between to make sure for proper accommodation effect. Meanwhile Polish government revealed a draft proposal for the CHF loan conversion which occurred somewhat better than expected while the government's plan to hold more consultations until the end of 2016 helped to calm down a bit financial markets. Still, some vague details and sharply varying cost estimates for Polish banking sector bring more uncertainty with regard to the economic impact and possible rating implications. In SEE Croatia makes the headlines as political crisis is worsening with opposition parties pushing for an early election option and a no-confidence motion to oust the government of Mr. Oreskovic. As the risk of early elections is growing we find this to be credit negative for Croatia sovereign Eurobonds. In other instances we find tight valuations calling for more attention as regards Slovakia government debt which makes it less appealing compared to the competition. For more insight on Slovakia debt please see our "Focus on" section of this report.

Financial analyst: Gintaras Shlizhyus, RBI Vienna

## Expected changes until September 2016



Source: Bloomberg, RBI/Raiffeisen RESEARCH

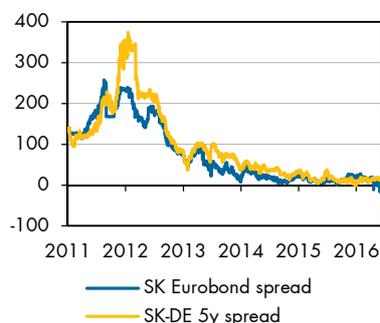
## Data highlights upcoming week

Date	Indicator	Period	est.	High	Mean	Low	Prev.
10-Jun	RU: Key rate, %	Jun	10.50	11.00	10.50	10.50	11.0
13-Jun	CZ: C/A balance, CZK bn	Apr	16.0	20.4	15.5	-9.9	32.4
13-Jun	PL: CPI, % yoy	May	-0.9	n.a.	n.a.	n.a.	-1.0
15-Jun	RU: GDP, % yoy	Q1	n.a.	-1.1	-1.2	-1.4	-3.8
17-Jun	PL: Industrial output sold, % yoy	May	3.8	6.9	4.5	2.9	6.0

Source: Bloomberg, RBI/Raiffeisen RESEARCH

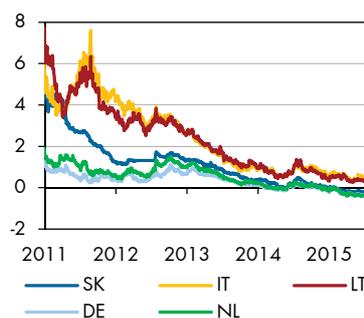
## Focus on: Slovakia Eurobonds too tight for our liking

### Eurobond vs. LCY spreads (bp)\*



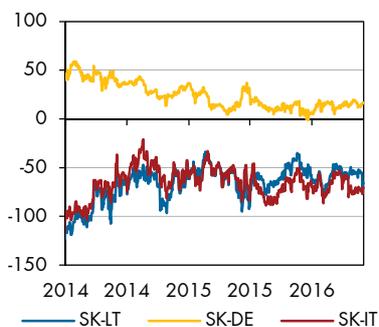
\* Slovakia Eurobond average spread, SK-DE 5y spread - yield differential between 5y benchmarks  
Source: Bloomberg, Raiffeisen RESEARCH

### SK vs. peers/DM 5y yield (%)\*



\* DM - developed markets, % p.a., a 5-year government bond yield  
Source: Bloomberg, Raiffeisen RESEARCH

### Slovak vs. peers/DE spread in bp



5y Min/Max  
SK-LT: -435bp/80bp  
SK-IT: -529bp/77bp  
SK-DE: -1bp/374bp  
\* % p.a., 5-year government bond yields  
Source: Bloomberg, Raiffeisen RESEARCH

Although Slovakia government bonds benefit from their low risk status and direct and indirect effects stemming from the ECB QE bond purchase program we believe that yields on Slovak debt fell to very low levels which can inflict losses in case of rising risk aversion ahead of BREXIT or right after the referendum in case of a "Leave" vote. In particular the market pricing of Slovakia government bonds, including Eurobonds, looks ultra-tight if measure it against domestic risks including the danger of fiscal slackening and budget deficit likely climbing to 3% of GDP this year, while a 4-party coalition government increases the risk of further unambitious fiscal policy (like in most other euro area economies). Moreover, Slovakia's debt sustainability metrics are possibly still weaker than of several other core euro area sovereigns (e.g. measured by government debt compared to budget revenues), although deficit and public debt-to-GDP ratios are modest. Although the National Bank of Slovakia (NBS) recently lamented about a possible GDP slowdown as 4% of Slovak exports go to UK we believe that a major issue won't be GDP or trade, but this will be about EUR currency and euro area stability in light of possible negative political consequences in case of BREXIT, which is likely to boost euro scepticism and anti-EU domestic populists. In this regard we expect volatility to rise ahead of the referendum while some "flight to quality" would be likely and could impose some depression on CE and EU peripherals markets. That said we would not expect Slovakia to possibly benefit from "flight to quality" in a BREXIT scenario as debt markets are to differentiate between the so-called "hardcore" developed markets like Germany on the one hand and the rest, i.e. EU peripheral and CE euro area members, on the other hand. Taking into account possible crossover fund strategies playing CE against EU peripherals and vice-versa we are inclined to believe that in case of surging risk aversion both these segments will be sold in an BREXIT/"flight to quality" scenario. At the same time relatively tight valuations of Slovakia in light of recent market rally make it unlikely to reap big benefits in case of positive "Stay" vote in the UK referendum. Thus far, in case of a "Leave" vote, we can expect higher risk aversion to push for very conservative fund allocations, i.e. going for "safe-haven" German government bonds, while a "Stay" vote would bring more benefit for higher yielding EU peripherals or Baltics. For us this implies very limited near-term attractiveness of the Slovak market in both scenarios. As a result we find Slovakia EUR spread to Germany or Netherlands as too low and not reflecting properly possible risks in case of BREXIT succeeding. We also find that Slovak government debt trades deep inside comparable CE euro area members. In particular a 5-year Slovak EUR bond trades 67bp inside same maturity Lithuania and 77bp inside comparable Italian bond. Moreover recent market rally contributed to negative spread widening making Slovakia bond look even more expensive against its direct competitors. From historical retrospective we find Slovakia's 5-y EUR bond spread to comparable Italy or Lithuania should be fitting into a 40-100bp range. This implies very limited possibility for SK negative spread widening ahead of the BREXIT vote which, in our opinion, makes SK bonds look less appealing compared to Lithuania or Italy. Moreover, Slovakia bond spread to 5-year German Bund appears very narrow at only 15bp and is close to 5-year historical minimum of -1.3bp while the 5-year average would be 93bp. The aforementioned conclusion implies the possibility of stagnating prices as Slovakia bonds appear expensive on relative value basis. Still we are inclined to keep Slovakia on "market weight" due to its smaller market size and relatively stable performance compared to more volatile CEE. On the other hand, we would advise against overweighting or buying more Slovak bonds ahead of the UK referendum.

Financial analyst: Gintaras Shlizhyus, RBI Vienna.

## Data releases and country coverage

### This week, previous week: key data releases

Indicator	Period	Actual	Forecast	Prev.	Indicator	Period	Forecast	High	Mean	Low	Prev.
<b>Monday, 6 June</b>					<b>Friday, 10 June</b>						
CZ: Retail sales, % yoy	Apr	8.1	7.1	5.8	HR: Retail sales, % yoy final	Apr	3.2	n.a.	n.a.	n.a.	3.2
RU: CPI, % yoy	May	7.3	7.3	7.3	RU: Key rate, %	Jun	10.50	11.00	10.50	10.50	11.0
<b>Tuesday, 7 June</b>					<b>Monday, 13 June</b>						
CZ: Trade balance, CZK bn	Apr	23.6	18.0	22.9	CZ: C/A balance, CZK bn	Apr	16.0	20.4	15.5	-9.9	32.4
CZ: Industrial output, % yoy	Apr	4.2	4.2	1.2	PL: CPI, % yoy final	May	-0.9	n.a.	n.a.	n.a.	-1.0
HR: GDP, % yoy final	Q1	2.7	2.7	1.9	PL: C/A balance, EUR mn	Apr	546.0	900.0	505.0	-750.0	-103.0
RU: FX reserves, USD bn	May	387.7	n.a.	391.5	PL: Trade balance, EUR mn	Apr	617.0	617.0	250.0	-455.0	204.0
UA: FX reserves, USD bn	May	13.5	n.a.	13.2	RS: CPI, % yoy	May	n.a.	n.a.	n.a.	n.a.	0.4
BG: GDP, % yoy wda final	Q1	2.9	n.a.	3.0	BG: CPI, % yoy	May	n.a.	n.a.	n.a.	n.a.	-2.2
SK: GDP, % yoy final	Q1	3.4	n.a.	4.3	SK: CPI, % yoy	May	n.a.	n.a.	n.a.	n.a.	-0.4
HU: Industrial output, % yoy wda	Apr	5.3	10.0	-2.4	<b>Tuesday, 14 June</b>						
HU: GDP, % yoy final	Q1	0.9	0.9	3.2	RO: Industrial output, % yoy	Apr	n.a.	n.a.	n.a.	n.a.	-0.4
<b>Wednesday, 8 June</b>					<b>Wednesday, 15 June</b>						
PL: Key rate, %	Jun	1.50	1.50	1.50	RU: GDP, % yoy	Q1	n.a.	-1.1	-1.2	-1.4	-3.8
RO: GDP, % yoy	Q1	4.3	4.3	3.8	<b>Thursday, 16 June</b>						
UA: CPI, % yoy	May	7.5	n.a.	9.8	HR: CPI, % yoy	May	-1.6	n.a.	n.a.	n.a.	-1.7
BG: Retail sales, % yoy	Apr	5.4	n.a.	6.3	RU: Industrial output, % yoy	May	n.a.	2.3	0.7	-0.5	0.5
BG: Industrial output, % yoy	Apr	2.5	n.a.	2.6	<b>Friday, 17 June</b>						
TR: Industrial output, % yoy	Apr	0.7	n.a.	3.0	PL: Retail sales, % yoy	May	1.2	5.5	3.8	0.9	3.2
HU: CPI, % yoy	May	-0.2	0.2	0.2	PL: Industrial output sold, % yoy	May	3.8	6.9	4.5	2.9	6.0
HU: Trade balance, EUR mn	Apr	959.0	532.0	952.0							
<b>Thursday, 9 June</b>											
CZ: CPI, % yoy	May	0.1	0.3	0.6							
RS: Key rate, %	Jun	4.25	n.a.	4.25							
<b>Friday, 10 June</b>											
RO: Industrial sales, % yoy	Apr	9.3	n.a.	3.1							
RO: CPI, % yoy	May	-3.5	n.a.	-3.2							
SK: Industrial output, % yoy	Apr	7.2	n.a.	-1.4							
TR: GDP, % yoy	Q1	4.8	n.a.	5.7							
SI: Industrial output, % yoy	Apr	5.3	n.a.	4.4							

Source: Bloomberg, RBI/Raiffeisen RESEARCH

**Croatia (HR)** – This last week clearly focused on the political story. After HDZ president and First Deputy PM Karamarko announced his party's next move to initiate a motion of no confidence against PM Oreškovic later in the week, Mr Karamarko said he is ready to step down if the PM and Deputy PM Bozo Petrov do the same. A no-confidence vote against Prime Minister Tihomir Oreskovic could take place next week. A new prime minister-designate needs support from at least 76 deputies (out of 151 in parliament). If he fails to form a new government within 30 days, President Kolinda Grabar-Kitarovic has to call early elections. While the conservative party (HDZ) is trying to climb out of the crisis with a new cabinet, the main opposition party, the Social Democrats (SDP), would like to have snap elections immediately. New elections could bring about an even more complicated political situation. Furthermore, in such circumstances the much-awaited implementation of reforms would have to be postponed indefinitely and the mid-term growth perspective would be depressed.

In terms of next week's economic releases, we expect further downward pressure on domestic prices, so the May CPI release (scheduled for Thursday) could show a continuation of negative inflation at around 1.6% yoy. Along with the lower prices on the global commodity markets, our forecast is also supported by the Government's recent decision to reduce administrative prices of gas from April this year.

*Financial analyst: Elizabeta Sabolek Resanovic (+385 1 4695 099), Raiffeisenbank Austria d.d., Zagreb*

**Czech Republic (CZ)** – Data last week confirmed the continuing economic expansion, with retail sales accelerating to 8.5% yoy (including automobiles), industrial output rising by 4.2%, unemployment decreasing to 5.4% and real wage growth picking up to 3.9%. By contrast, CPI inflation for May decelerated to only 0.1% yoy as we expected, down from 0.6% yoy in April. This decline was 20bp faster than we anticipated, and 30bp below market expectations. On the other hand, the result was in line with the forecast of the Czech National Bank, which foresees the current FX commitment ending by mid-2017. We stick to our forecast of a gradual acceleration of inflation in the second half of this year. This is because of continuing economic growth, which is generating higher wage growth, and also rising commodity prices. At the beginning of next year, inflation could reach 2%.

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

**Hungary (HU)** – The Central Statistical Office (KSH) reported detailed Q1 GDP growth figures on Tuesday, which confirmed the economy had only grown at an annual pace of 0.9% in the first three months of the year (Bloomberg median 2.4% yoy; our forecast 1.9% yoy), the lowest since Q2 2013, due to poor performances in construction and manufacturing. However, the performance of the construction sector fell by 28%, while the decline in manufacturing was just 0.7% over a year earlier. Value added in the agricultural sector also dropped by 3.5%, but in the services sector, it was up 3% year on year. Despite the poor growth figures, we expect the rate to remain above 2.0% yoy this year as well. Also on Tuesday, the KSH released the latest industrial production figures, which revealed output increased by 5.3% yoy in April (Bloomberg median 0.3% yoy; our forecast 10% yoy) after falling 2.4% in annual terms a month earlier. The latest CPI data released on Wednesday surprised on the downside as data showed consumer prices declining by 0.2% yoy, versus expectations of a 0.2% annual rise. According to KSH statistics, fuel and food prices failed to improve as much as expected. Despite the disappointment, we still reckon the CPI will rise by a larger margin from the second half of 2016, reaching 2.2% yoy by the end of the year. The forint has been rising against the euro all week, so much so that the exchange rate touched the lower edge of the well-known 310–315 trading range for the first time in a month on Thursday. Bond yields remained stable. Overall, we do not see any big changes ahead in the trends.

*Financial analyst: Pálffy Gergely (+36 1 484 4313), Raiffeisen Bank Zrt., Budapest*

**Poland (PL)** – As expected the MPC left interest rates unchanged and stuck with its wait-and-see bias. Despite disappointing GDP growth in Q1, the currency watchdog still believes deflation is not adversely affecting the decisions of economic agents. While it was the last MPC meeting held under the governorship of Marek Belka, the switch to A. Głapiński should not have any significant impact on MPC views in the very near future.

Next week might see investors focus again on fundamentals as the calendar is bursting with macro publications. On Monday the statistical office will publish final CPI data. The flash estimate (again) fell below the forecasts, showing deflation to be more stubborn than assumed. Labour market data should confirm the ongoing improvement, with further expansion in employment and wage growth a touch weaker than in the previous months (but mainly for calendar reasons). We believe the strong labour market and signs of accelerating wage pressure (if it continues) could be the main factor intensifying calls for interest rate hikes in 2017.

As officials from the President's Office revealed that the FX mortgage loan conversion bill will be passed to Parliament by the end of the month, the market believes it could be presented in the next couple of days. So far, neither the presentation by Presidential experts nor the debate organised at the President's Office has delivered any concrete solution. However, the clear declaration that the bill will enable the costs of conversion to be spread over time should limit one of the main fears connected in this context. This, together with a higher risk appetite after a weak NFP report, helped Polish bonds reverse some losses, with 10Y bonds moving back closer to 3.0%.

*Financial analyst: Marta Petka-Zagajewska, (+485852461), Raiffeisen Polbank, Warsaw*

**Romania (RO)** – At the local elections held on 5 June, the Social Democratic Party (PSD) received more votes (by 5 to 6 percentage points) than its main competitor (the National Liberal Party – PNL) and it could become the front runner for the parliamentary elections in November-December. To win the elections, the PSD will probably try to strengthen its cooperation with former allies (UNPR - National Union for Romania's Progress and ALDE - Alliance of Liberals and Democrats for Europe). A no-confidence vote against the current technocratic government does not seem to be a main objective of the PSD for the coming months, but such a move should not be completely ruled out.

The detailed estimates released on 7 June confirm the strong real GDP growth rate in Q1 2016 (1.6% qoq and 4.3% yoy). We recall that the GDP progress in Q1 beat our expectations expressed before the release of flash estimates on 13 May (1.1% qoq and 4.0% yoy). In line with our expectations, the strong GDP advance in Q1 was driven by domestic demand, as private consumption rose by 3.5% qoq and gross fixed capital formation increased by 2.3% qoq. On the other hand, net exports made a negative contribution to economic growth in Q1 as the modest rise in exports of goods and services (0.5% qoq) was surpassed by the more rapid increase of imports of goods and services (2.8% qoq).

A sentence on the dynamics of inflation rate in May would be added tomorrow.

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

**Russia (RU)** – During the first week of June, CPI in Russia decreased to 0% wow. This was not the result of rounding data as the daily average price growth was also zero. For this time of year such numbers are very low, and they are even lower than at the beginning of June 2015, when CPI mom was at a historical low of 0.2% mom. As a result, CPI yoy decreased to 7.2% as of 6 June. At the same time we note that such favourable inflation development is attributable to only one factor (fruit and vegetable prices down by 1%). Most other segments demonstrated a slight acceleration of price growth compared to previous weeks. It is worth mentioning that the price dynamics this year in fruit and vegetables are demonstrating atypical seasonality. Prices already fell in March, for the first time since 2002. Hence there is a risk that the situation in this segment could worsen in the summer and autumn. However, even excluding the fruit and vegetables segment, recent CPI data is quite positive and does not give grounds to postpone the key rate cut any further.

*Financial analyst: Anton Pletenev (+7 495 721 9900), AO Raiffeisenbank, Moscow*

**Serbia (RS)** – In line with the market's expectations, the National Bank of Serbia (NBS) kept its key policy rate at 4.25% for the fourth time in a row. The decision was justified by the uncertainties on the international commodity and financial markets, and lower disinflationary pressures on inflation growth. The NBS reiterated its expectation that inflation would enter the targeted range (4% +/- 1.5pp) at the beginning of 2017. Gradual growth in oil and primary agricultural prices on the global commodity markets coupled with the expected eurozone inflation growth and the country's economic expansion will collectively support inflation growth.

We support the NBS' cautious attitude, despite the fact that subdued inflation could suggest the opposite decision. This is because the implementation of the key public sector reform measures to be discussed within the ongoing International Monetary Fund's (IMF) 2-week review is already behind schedule. Though the market has confidence in the government's reform commitment, the fairly moderate weakening in the EUR/RSD (nothing to be worried about) is a signal that investors are getting a bit impatient and would like to see more decisive actions from the government during the summer months in this respect. The NBS exploits FX interventions only occasionally, while rather supporting the currency by keeping the key rate intact on the one hand and increasing repo volumes and variable 1-w repos on the other. These are good and cautious measures, especially if the US Federal Reserve decides to hike the key rate this month. We believe the cabinet will be established in the days ahead and the reform agenda will be a working topic during the summer season.

Next week (13 June), the Statistical Office will publish CPI data for May, while Public Debt Management is scheduling two auctions: 2Y RSD 6.7 bn (reopening) and 3Y EUR 100 mn. Judging by the early June auctions, the appetite is still there for higher-yielding RSD denominated issues, while the EUR-denominated issues do not seem to be offering an adequate risk reward at the moment.

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

**Slovakia (SK)** – The Slovak Statistical Office released detailed GDP data for Q1 2016 this week. Real GDP growth was revised to 3.4% yoy from an initial 3.3%. The only surprise of these figures was the slightly negative contribution by net exports to GDP growth (-0.2 pp). Due to sluggish foreign demand, exports and imports were almost stable compared to last year as well. Growth in the Slovak economy was fuelled mainly by household demand (2.5% yoy). Government spending also made a solid contribution to growth (3.1% yoy). As expected, investment growth has slowed rapidly from previous double-digit rates to 1.5 % yoY.

All in all, growth in the Slovak economy was still quite dynamic in Q1 2016. If we see increasing household demand in the coming quarters, our forecast of 3.5% yoY could still be on the card. We expect the same growth in 2017 as well. In 2018, we reckon GDP will rise by 4.0% yoY due to Volkswagen's expansion and the start to Jaguar-Land Rover production. Recently, the National bank of Slovakia revised its forecast to an even higher figure of 4.2% yoy in 2018.

Economic growth also has positive consequences for the labour market. In Q1 2016, domestic employment rose at the fastest rate since 2008 (2.9% yo ). In the same period, nominal wages increased by 3.3% yoy and by 3.8% in real terms. Unemployment decreased to 10.4%.

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

# Monetary policy and money markets overview

## CEE key interest and money markets outlook

Poland	curr.*	Sep-16	Dec-16	Mar-17	5y high	5y low
Key interest rate (% eop)	1.50	1.50	1.50	1.50	4.75	1.50
3m money market rate (% eop)	1.58	1.65	1.65	1.65	5.04	1.55
6m money market rate (% eop)	1.75	1.75	1.75	1.75	5.07	1.56
<b>Hungary</b>						
Key interest rate (% eop)	0.90	0.90	0.90	0.90	7.00	0.90
3m money market rate (% eop)	1.00	1.05	1.05	1.10	7.65	1.00
6m money market rate (% eop)	0.96	1.10	1.10	1.10	7.93	0.96
<b>Czech Rep.</b>						
Key interest rate (% eop)	0.05	0.05	0.05	0.05	0.75	0.05
3m money market rate (% eop)	0.29	0.30	0.30	0.30	1.25	0.28
6m money market rate (% eop)	0.36	0.40	0.40	0.45	1.55	0.36
<b>Romania</b>						
Key interest rate (% eop)	1.75	1.75	1.75	1.75	6.25	1.75
3m money market rate (% eop)	0.75	1.40	1.60	1.75	6.20	0.54
6m money market rate (% eop)	1.00	1.50	1.65	1.80	6.40	0.73
<b>Russia</b>						
Key interest rate (% eop)	11.00	10.00	9.50	9.00	17.00	5.50
3m money market rate (% eop)	11.41	10.80	10.30	9.80	29.93	4.21
6m money market rate (% eop)	11.46	11.40	10.90	10.40	30.31	4.34
<b>Turkey</b>						
Key interest rate (% eop)	7.50	7.50	7.50	7.00	10.00	4.50
3m money market rate (% eop)	10.08	10.50	10.00	9.50	12.15	4.74
6m money market rate (% eop)	10.24	10.60	10.10	9.60	12.48	5.12
<b>Benchmark key rates (% eop)</b>						
ECB key interest rate (% eop)	0.00	0.00	0.00	0.00	1.50	0.00
Fed key interest rate (% eop)	0.37	0.75	1.00	1.25	0.64	0.01

\* Bid rates (for Hungary ask rates) as of 10 June 2016, 09:32 a.m. CEST  
Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Central bank watch

**Poland (NBP)** NBP disappointed by Q1 activity data, but regards it as temporary on expected to boost by fiscal expansion in the months to come. The latter should also help reflating the economy. Financial stability concerns related to external, FX loan conversion and rating risks should weaken any dovish voices if not for material worsening of economic outlook.

**Hungary (MNB)** Apart from QE measures, MNB remains ultra-loose, but has likely finished mini rate cutting cycle that started in March. Since "self-financing program" is regarded as accomplished, less dovish and more orthodox CB policy expected.

**Czech Rep. (CNB)** Exit from FX intervention regime - keeping koruna above EUR/CZK 27.00 floor - will likely get delayed towards mid-2017. Negative base/deposit rate or lifting FX cap are on the CB's agenda. NIRP could be introduced in case of excessive capital flows as ultima ratio, whilst lifting the FX floor could make sense in case of worsening inflation expectations. However, both are not our base case.

**Romania (BNR)** Revived fiscal and political risks warrant monetary policy cautiousness in an election year. Exit from ultra-loose liquidity conditions major challenge with rate hikes only expected afterwards, i.e. as soon as mid-2017 should reflation dynamics prove sufficient.

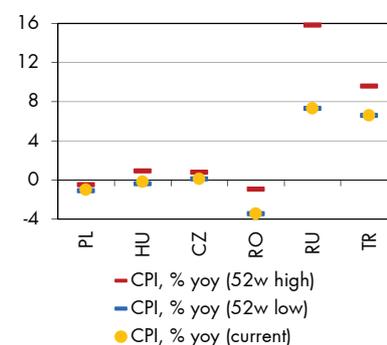
**Serbia (NBS)** Central bank remained on hold for the 4th consecutive month following February's rate cut. One last rate cut possible, but most likely only after government is formed after 16 June the earliest. At the same time, NBS is confident that inflation will enter target range as early as end of this year.

**Russia (CBR)** CBR might start cutting base rate in June on stronger than expected disinflation. Private sector inflation expectations started to decline as well, a crucial prerequisite for the pace of rate cuts. However, CBR already hinted at remaining inflation risks and should therefore only gradually cut the base rate and go not as deep as some market participants expect.

**Turkey (TCMB)** New governor Cetingaya slashed o/n lending rate by another 50bp to 9.50% at his second meeting as governor in May which should drove down average funding costs further. Further symmetrizing 7.25%-9.50% o/n corridor around 7.50% key rate at a gradual pace expected which - in fact - means moderate easing.

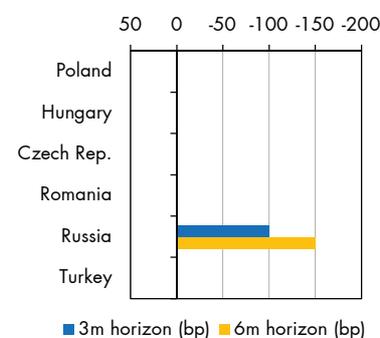
Source: RBI/Raiffeisen RESEARCH

## Inflation snapshot



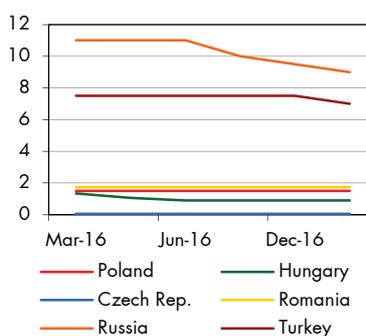
Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Key rate forecast (chg., bp)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Key rate trends



Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Rate setting meetings

	Jun	Jul
Poland (NBP)	8	6
Hungary (MNB)	21	26
Czech Rep. (CNB)	30	
Romania (BNR)	30	
Serbia (NBS)	9	7
Russia (CBR)	10	29
Turkey (TCMB)	21	

Source: National Central Banks, RBI/Raiffeisen RESEARCH

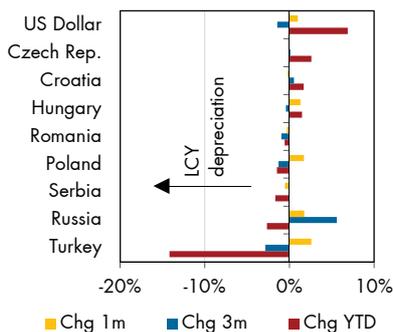
# Foreign exchange market overview

## FX forecasts

EUR vs	current <sup>1</sup>	Sep-16	Dec-16	Mar-17	5y high	5y low	Comment
PLN	4.35	4.30	4.30	4.25	4.57	3.93	FX loan conversion proposal and political conflicts with the EU remain as source of volatility for the zloty in the near-term
HUF	311.8	315.0	315.0	310.0	322.6	262.3	Rate cutting cycle likely to have ended with latest cut, EUR/HUF expected to remain in the 310-315 range in the near-term
CZK	27.03	27.00	27.00	27.00	28.37	24.06	EUR/CZK to remain near intervention level of 27.0; FX intervention data currently does not indicate the need of the central bank to react, but speculation on negative deposit rates re-emerges from time to time; end to FX regime currently expected for H1 2017
RON	4.51	4.50	4.50	4.45	4.64	4.17	Potential for leu appreciation limited as the rhetoric of the central bank has become more dovish and due to macroeconomic imbalances
HRK	7.53	7.55	7.60	7.60	7.72	7.37	Political story will undoubtedly remain a focal point, new elections could bring about an even more complicated political situation - HRK to remain under pressure
RSD	123.5	123.0	124.0	123.0	123.7	97.7	Waiting for the government formation; central bank intervenes to support RSD
RUB	73.21	71.50	70.35	69.01	90.88	38.43	see USD/RUB below
UAH	28.30	29.70	30.45	29.87	37.78	9.74	see USD/UAH below
BYR	22,420	23,100	23,625	23,381	25,167	6,976	see USD/BYR below
TRY	3.29	3.19	3.10	3.09	3.46	2.19	see USD/TRY below
USD	1.13	1.10	1.05	1.03	1.45	1.05	Expectation on further US Fed rate hikes to support USD against euro
USD vs	current <sup>1</sup>	Sep-16	Dec-16	Mar-17	5y high	5y low	
RUB	64.67	65.00	67.00	67.00	82.28	27.51	RUB following oil price movements; CBR getting ready to restart rate cutting cycle; close correlation between oil price and RUB to remain for the time being
UAH	25.00	27.00	29.00	29.00	33.75	7.96	Ukrainian government amended the constitution with regard to the justice system; international partners welcomed this step and on 3 June, the USA signed a third USD 1 bn loan guarantee agreement with Ukraine; but IMF support remains key for FX stabilisation
BYR	19,828	21,000	22,500	22,700	22,150	4,939	BYR depreciation trend to remain throughout 2016 with correlation to RUB movements, we currently have our BYR forecast under revision
TRY	2.91	2.90	2.95	3.00	3.06	1.58	Concerns about a possible change of the constitution, tensions between Turkey and EU and renewed pressure on the central bank to cut rates might keep TRY under pressure

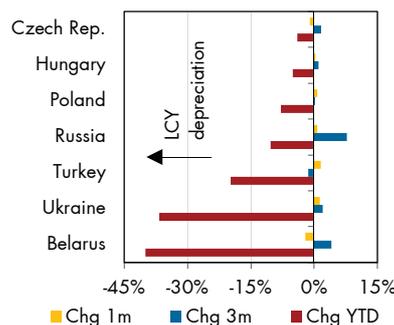
<sup>1</sup> as of 10 June 2016, 09:14 a.m. CEST  
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Change of LCY value to EUR (%)



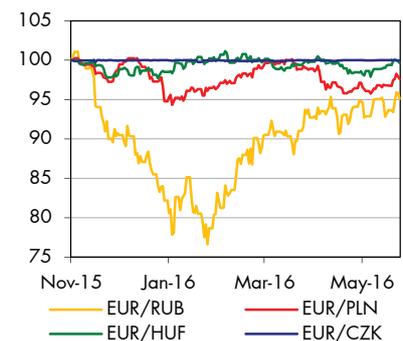
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Change of LCY value to USD (%)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

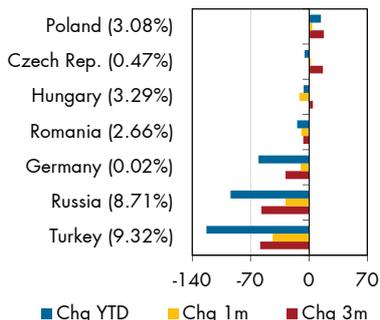
Exchange rate comparison



Indexed Nov 2015 = 100  
Source: Bloomberg

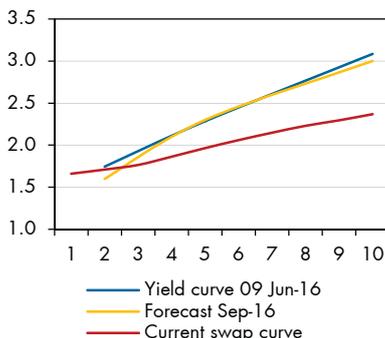
# Local currency bond market overview

Change of LCY 10y bond yields (bp)



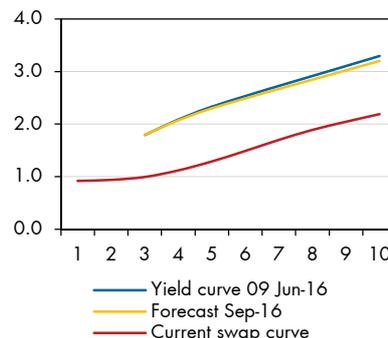
Source: Bloomberg, RBI/Raiffeisen RESEARCH

PLN yield curve



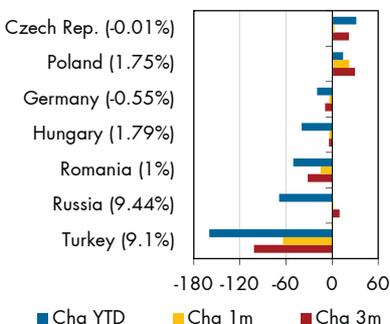
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

HUF yield curve



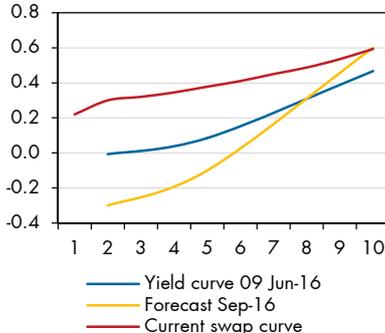
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY 2y bond yields (bp)



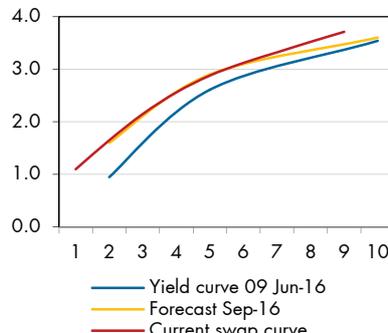
Source: Bloomberg, RBI/Raiffeisen RESEARCH

CZK yield curve



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

RON yield curve



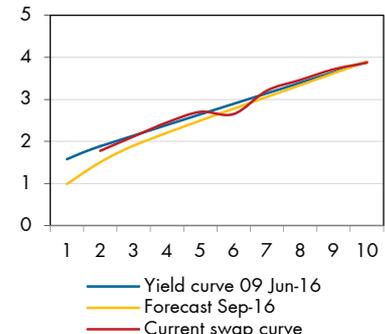
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

5y USD CDS spreads



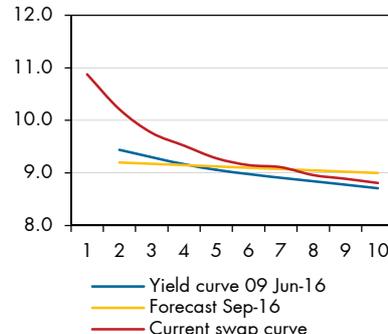
Turkey 5y high 343.7, 5y low 111.7  
Russia 5y high 628.7, 5y low 119.4  
Source: Bloomberg, RBI/Raiffeisen RESEARCH

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*	Sep-16	Dec-16	Mar-17	5y high	5y low		current*	Sep-16	Dec-16	Mar-17	5y high	5y low
Poland	1.75	1.6	1.7	1.8	5.0	1.3	Poland	3.08	3.0	3.2	3.3	6.1	2.0
Hungary**	1.79	1.8	1.9	1.9	10.2	1.4	Hungary	3.29	3.2	3.3	3.4	10.7	2.7
Czech Rep.	-0.01	-0.3	-0.4	-0.4	2.0	-0.4	Czech Rep.	0.47	0.6	0.7	0.9	4.3	0.3
Romania	0.95	1.6	1.8	2.0	7.3	0.9	Romania	3.54	3.6	3.8	3.9	7.6	2.6
Croatia	1.89	1.9	1.9	2.1	6.3	1.5	Croatia	3.89	3.9	3.9	4.0	4.3	3.7
Russia	9.44	9.2	8.8	8.5	17.5	5.5	Russia	8.71	9.0	8.8	8.6	16.1	6.5
Turkey	9.07	8.9	8.8	8.3	11.3	4.9	Turkey	9.42	9.0	8.9	8.6	11.0	6.0
Eurozone	-0.55	-0.5	-0.5	-0.5	1.7	-0.6	Eurozone	0.02	0.5	0.8	0.8	3.0	0.0
USA	0.77	1.0	1.3	1.5	1.1	0.2	USA	1.67	2.3	2.5	2.6	3.2	1.4

\* Bid yields as of 10 June 2016, 09:23 a.m. CEST; \*\* 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
<b>Poland</b>							
PLN 2y Gov. Bond	25/07/2018	2.50	101.59	1.73	228	2.1	More market-friendly version of FX loan conversion took some pressure off, but political risks (BREXIT, EU dispute) should remain embedded in Polish risk premia. Nevertheless, we maintain our Hold recommendation given solid fundamental bond market backdrop.
PLN 5y Gov. Bond	25/04/2021	2.00	98.76	2.27	270	4.7	
PLN 10y Gov. Bond	25/07/2026	2.50	95.08	3.07	305	8.8	
<b>Hungary</b>							
HUF 3y Gov. Bond	30/10/2019	2.00	101.01	1.69	225	3.3	We remain comfortable with our mildly bullish view on HGBs and see still room for further spread tightening. Nevertheless, short-term risks in form of Fed hikes/BREXIT fears remain. However, only moderate bear steepening of the curve in the longer run expected.
HUF 5y Gov. Bond	27/10/2021	2.50	101.25	2.25	268	5.0	
HUF 10y Gov. Bond	27/10/2027	3.00	98.12	3.20	318	9.6	
<b>Czech Republic</b>							
CZK 2y Gov. Bond	17/03/2018	0.85	101.60	-0.06	49	n.a.	Yield spreads couldn't follow Bunds to uncharted deep territory and we welcome the positive spread over Bunds in the sense of a risk buffer. Long-term CZK appreciation potential due to exit from FX regime, announced for mid-2017, remains a pull factor for non-resident positioning.
CZK 5y Gov. Bond	29/09/2021	3.85	120.13	0.04	47	4.8	
CZK 10y Gov. Bond	26/06/2026	1.00	105.62	0.43	40	9.5	
<b>Croatia</b>							
HRK 2y Gov. Bond	10/07/2018	5.25	107.48	1.57	199	1.9	Next week will also be marked by the political situation due to investors will refrain from higher trading volumes on the domestic market.
HRK 10y Gov. Bond	14/12/2026	4.25	104.27	3.75	373	8.6	
<b>Romania</b>							
RON 3y Gov. Bond	29/04/2019	2.50	102.45	1.62	218	2.8	Since liquidity tightening is apparently delayed by the central bank, our short-end yield forecasts might be too bearish. With parliamentary elections next autumn coming closer and possible election spending further weighing on fiscal outlook, ROMGBs should remain under moderate pressure.
RON 5y Gov. Bond	22/03/2021	3.25	103.28	2.51	294	4.5	
<b>Russia</b>							
RUB 2y Gov. Bond	15/03/2018	7.50	97.39	9.34	989	1.7	We recommended to adding OFZ exposure for medium-term investment horizon since CBR is likely to restart rate cuts already on 10 June on better inflation (outlook). However, temporary pressure could stem from Brexit/Fed tails risks.
RUB 5y Gov. Bond	03/08/2016	6.90	99.58	10.19	1062	0.1	
RUB 10y Gov. Bond	24/11/2021	8.15	97.85	8.64	862	4.4	
<b>Turkey</b>							
TRY 2y Gov. Bond	14/06/2017	9.60	n.a.	10.49	1104	0.9	We added exposure in TURKGBs following the latest correction and see room left for further gains. Ongoing political unpredictability coupled with Fed/BREXIT tail risks adds considerable uncertainty, but we jumped on the bandwagon given the current favorable sentiment amongst non-residents.
TRY 5y Gov. Bond	17/02/2021	10.70	105.40	9.23	966	3.8	
TRY 10y Gov. Bond	11/02/2026	10.60	107.45	9.40	938	6.4	

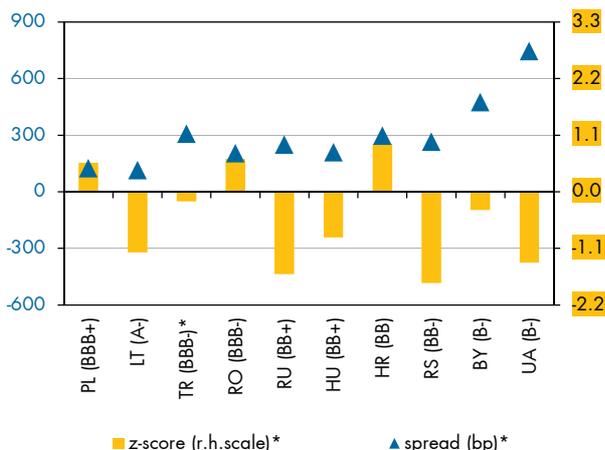
Data as of 10 June 2016, 09:23 a.m. CEST  
Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Bond auctions

		ISIN	Coupon	Maturity	Volume
<b>13 June 2016</b>					
RS	2y T-bonds	n.a.	6.00%	01 Feb-18	RSD 6.7 bn
RO	7y T-bonds	RO1522DBN056	3.50%	19 Dec-19	RON 400 mn
<b>15 June 2016</b>					
RU	T-bonds	n.a.	n.a.	n.a.	n.a.
<b>16 June 2016</b>					
HU	T-bonds	n.a.	n.a.	n.a.	n.a.
RO	5y T-bonds	RO1521DBN041	3.25%	29 Apr-19	RON 500 mn

# Eurobond market overview

CEE USD EMBIG spread valuation\*



\* 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

CEE EMBIG USD vs. UST YTM\*



\* 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.			
<b>EUR</b>									
BGARIA 4 1/4 07/09/17	104.0	104.3	-0.48	111.8	100.3	0.35	86	1.0	XS0802005289
CROATI 5 7/8 07/09/18	109.5	109.9	0.17	112.1	88.8	1.10	166	1.9	XS0645940288
REPHUN 5 3/4 06/11/18	110.8	111.3	0.00	115.1	79.7	0.21	76	1.9	XS0369470397
REPHUN 6 01/11/19	114.1	114.4	n.a.	118.4	86.4	0.42	98	2.4	XS0625388136
LITHUN 4.85 02/07/18	108.1	108.4	-0.06	114.3	94.5	-0.14	40	1.6	XS0327304001
POLAND 5 5/8 06/20/18	111.5	111.8	-0.02	122.6	102.1	-0.13	42	1.9	XS0371500611
POLAND 1 5/8 01/15/19	103.8	104.0	-0.06	105.5	98.0	0.12	68	2.5	XS0874841066
POLAND 3 3/4 01/19/23	119.4	120.3	0.15	125.5	99.9	0.67	98	5.9	XS0794399674
POLAND 3 3/8 07/09/24	115.9	117.9	0.07	125.6	99.6	1.17	135	7.0	XS0841073793
ROMANI 4 7/8 11/07/19	115.0	115.4	0.03	117.8	99.3	0.37	90	3.1	XS0852474336
TURKEY 5 7/8 04/02/19	112.0	112.8	-0.24	119.4	101.2	1.34	189	2.6	XS0285127329
TURKEY 5 1/8 05/18/20	111.6	112.4	0.07	115.9	95.4	1.93	243	3.6	XS0503454166
<b>USD</b>									
BELRUS 8.95 01/26/18	104.4	105.1	0.09	111.2	70.0	5.80	510	1.5	XS0583616239
CROATI 6 3/8 03/24/21	109.4	109.8	-0.08	117.8	86.7	4.14	294	4.1	XS0607904264
CROATI 5 1/2 04/04/23	105.9	106.3	0.13	108.6	94.4	4.45	297	5.6	XS0908769887
REPHUN 5 3/8 02/21/23	111.5	111.9	0.77	113.9	93.1	3.41	198	5.6	US445545AH91
REPHUN 7 5/8 03/29/41	145.0	145.9	2.07	150.3	79.5	4.55	229	13.2	US445545AF36
LITHUN 7 3/8 02/11/20	118.3	118.7	0.05	130.7	104.8	2.09	106	3.2	XS0485991417
LITHUN 6 5/8 02/01/22	121.6	122.0	0.39	128.6	101.0	2.46	115	4.7	XS0739988086
LATVIA 2 3/4 01/12/20	102.8	103.1	0.20	103.0	91.4	1.89	88	3.4	XS0863522149
LATVIA 5 1/4 06/16/21	114.3	114.7	0.23	117.2	90.9	2.18	95	4.4	XS0638326263
POLAND 6 3/8 07/15/19	113.7	114.0	-0.04	125.9	107.4	1.74	82	2.8	US731011AR30
POLAND 3 03/17/23	101.6	102.0	0.32	103.6	87.6	2.71	127	6.0	US731011AT95
ROMANI 6 3/4 02/07/22	118.5	118.8	0.21	124.4	99.2	3.11	182	4.7	US77586TAA43
ROMANI 4 3/8 08/22/23	106.7	107.0	0.50	109.5	90.8	3.29	181	6.1	US77586TAC09
RUSSIA 4 1/2 04/04/22	105.3	105.7	0.88	114.7	82.0	3.44	210	5.1	XS0767472458
RUSSIA 5 5/8 04/04/42	109.1	109.9	2.00	124.9	76.0	4.97	265	14.0	XS0767473852
SERBIA 5 1/4 11/21/17	103.9	104.2	0.05	107.1	96.8	2.37	170	1.4	XS0856951263
SERBIA 4 7/8 02/25/20	103.2	103.6	0.23	104.6	89.6	3.88	285	3.3	XS0893103852
TURKEY 6 1/4 09/26/22	111.7	112.2	0.37	127.0	101.0	4.07	269	5.2	US900123BZ27
TURKEY 6 7/8 03/17/36	118.2	118.7	0.59	139.6	99.2	5.35	330	11.3	US900123AY60
TURKEY 6 3/4 05/30/40	117.6	118.1	0.66	139.4	97.3	5.41	319	12.7	US900123BG46
UKRAIN 7 3/4 09/01/19	97.0	97.4	-0.69	99.0	88.0	8.76	781	2.7	XS1303918269
UKRAIN 7 3/4 09/01/23	94.3	95.1	0.32	97.8	84.6	8.75	724	5.3	XS1303921487
UKRAIN 7 3/4 09/01/27	92.6	93.5	0.37	97.0	81.2	8.73	699	7.1	XS1303927179

\* w/w - week on week, 5y - 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 10 June 2016, 11:26 a.m. CEST  
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
<b>CEE</b>									
Poland	A-	BBB+	negative	A2	A2	negative	A	A-	stable
Hungary	BB+	BB+	stable	Ba1	Ba1	positive	BBB-	BBB-	stable
Czech Republic	AA	AA-	stable	A1	A1	stable	AA-	A+	stable
Slovakia *	A+	A+	stable	A2	A2	stable	A+	A+	stable
Slovenia *	A-	A-	positive	Baa3	Baa3	stable	BBB+	BBB+	positive
<b>SEE</b>									
Romania	BBB-	BBB-	stable	Baa3	Baa3	positive	BBB	BBB-	stable
Bulgaria	BB+	BB+	stable	Baa2	Baa2	stable	BBB	BBB-	stable
Croatia	BB	BB	negative	Ba2	Ba2	negative	BB+	BB	negative
Serbia	BB-	BB-	stable	B1	B1	positive	B+	B+	positive
<b>EE</b>									
Russia	BBB-	BB+	negative	Ba1	Ba1	negative	BBB-	BBB-	negative
Ukraine	B-	B-	stable	Caa3	Caa3	stable	CCC	CCC	stable
Belarus	B-	B-	stable	Caa1	Caa1	negative	B-	B-	stable
Kazakhstan	BBB-	BBB-	negative	Baa3	Baa3	negative	BBB	BBB	stable
Turkey	BBB-	BB+	stable	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<sup>1</sup>

Country	Year	GDP, % avg. yoy	CPI, % avg. yoy	Unemployment, %	Nominal wages, EUR	Fiscal balance, % GDP	Public debt, % GDP	Export <sup>2</sup> , % GDP	C/A, % GDP	Ext. debt, % GDP	FXR <sup>3</sup> % ext. debt	Import cover, months
Croatia	2015	1.6	-0.5	16.3	1000	-3.2	86.7	24.7	5.2	103.7	30.3	9.5
	2016e	1.5	-1.0	15.9	1031	-3.0	87.2	25.5	2.0	102.2	29.3	9.0
	2017f	1.5	1.5	15.5	1040	-2.9	87.6	26.1	2.2	101.7	27.5	8.4
Czech Rep.	2015	4.3	0.3	6.5	970	-0.4	41.1	75.0	1.4	70.6	51.2	6.1
	2016e	2.3	0.7	5.9	1021	-0.7	40.3	77.5	1.5	74.1	69.5	8.4
	2017f	2.9	1.7	5.7	1089	-0.8	39.5	79.5	0.8	76.2	71.1	8.6
Hungary	2015	2.9	0.0	7.0	800	-2.0	75.5	83.4	4.4	105.7	26.5	4.4
	2016e	2.2	0.4	6.2	840	-2.2	74.9	84.7	4.5	98.4	23.6	3.6
	2017f	2.9	2.2	5.7	915	-2.7	74.5	82.1	4.1	87.1	22.9	3.2
Poland	2015	3.6	-0.9	10.5	932	-2.6	51.3	40.1	-0.2	70.1	29.1	6.2
	2016e	3.6	-0.4	9.1	942	-2.9	52.1	42.0	-0.9	72.9	29.1	6.0
	2017f	4.0	1.7	8.6	1007	-3.4	52.6	41.7	-1.2	73.1	25.0	5.2
Romania	2015	3.8	-0.6	6.8	568	-0.7	38.4	30.6	-1.1	56.7	39.2	7.5
	2016e	4.0	-1.2	6.5	613	-3.0	39.2	31.6	-2.5	55.5	35.1	6.2
	2017f	3.6	2.3	6.5	653	-3.2	39.9	32.3	-3.3	54.9	34.5	5.8
Russia	2015	-3.7	15.6	5.6	499	-3.6	12.7	25.9	5.0	39.3	73.0	23.3
	2016e	-0.5	7.5	6.5	462	-4.4	13.5	24.3	4.1	39.5	82.4	26.6
	2017f	1.0	7.2	6.0	561	-3.3	14.0	25.9	4.6	32.2	87.4	22.5
Ukraine	2015	-9.9	48.7	9.5	172	-2.3	72.6	39.2	-0.1	131.5	11.4	4.2
	2016e	1.5	15.5	9.0	n.a.	-3.5	79.3	38.6	-3.4	142.9	14.5	5.4
	2017f	2.0	12.0	9.0	n.a.	-3.0	78.9	39.3	-3.4	140.4	15.5	5.5
Turkey	2015	3.5	7.7	10.3	n.a.	-1.2	34.0	21.2	-4.5	59.9	26.3	6.8
	2016e	3.0	8.3	10.0	n.a.	-1.5	32.0	21.5	-5.0	60.6	25.6	6.7
	2017f	3.5	7.9	10.0	n.a.	-1.5	33.0	20.3	-4.9	56.6	25.8	6.6

<sup>1</sup>) only for countries regularly included in CEE Weekly; <sup>2</sup>) Export of goods only; <sup>3</sup>) FXR - Foreign exchange reserves  
Source: Thomson Reuters, National Statistics, RBI/Raiffeisen RESEARCH

## Risk notifications and explanations

### Warnings

- Figures on performance refer to the past. Past performance is not a reliable indicator for future results and the development of a financial instrument, a financial index or a securities service. This is particularly true in cases when the financial instrument, financial index or securities service has been offered for less than 12 months. In particular, this very short comparison period is not a reliable indicator for future results.
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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
15/05/2015	Hold	Buy	Buy	Hold	Buy	Hold	Hold	Sell	Hold	Buy	Hold	Hold	Sell	Buy	Hold	Hold	Hold							
02/06/2015		Hold	Hold		Hold			Hold												Hold		Buy	Buy	Buy
24/06/2015			Buy				Sell				Sell				Sell			Buy	Buy		Sell	Sell	Sell	Sell
06/08/2015			Hold			Sell				Sell				Sell			Hold	Hold	Hold		Hold			Hold
03/09/2015																				Buy				Buy
22/09/2015																					Sell			
04/11/2015					Buy	Buy	Buy			Hold	Hold			Hold	Hold					Hold	Hold	Hold	Hold	Hold
17/12/2015								Buy	Buy	Buy			Buy	Buy	Buy	Buy	Buy	Buy		Buy				
25/01/2016		-	Buy		Hold	-		Hold		-			Hold	-	Hold		-	-	-	-		-		
11/02/2016		-				-				-				-			Hold	-	Hold			-		
23/02/2016		-				-			Hold	-				-		Hold		-				-		Buy
24/03/2016		-	Hold			-				-		Sell		-				-		Sell	Sell	-	Sell	Sell
26/04/2016		-				-				-		Hold		-				-			Hold	-	Hold	
31/05/2016		-				-				-				-			Buy	-	Buy	Hold	Buy	-	Buy	Hold

\* recommendations based on absolute expected performance in LCY; FX vs EUR; 5y segment not covered anymore; 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
28/04/2015	Hold	-	Hold	Hold	Hold	Hold	Hold	Hold	-	-	Buy	Buy	Buy	Hold	Buy	Buy
02/06/2015	Sell	-							-	-	Hold	Hold		Buy	Hold	Hold
24/06/2015	Hold	-							-	-				Hold		
06/08/2015		-	Sell	Sell					-	Buy	Buy		Hold			
03/09/2015		-							-		Hold					
22/09/2015		-					Buy	Buy	-				Buy		Buy	Buy
04/11/2015		-							-	Hold	Buy			Buy		
03/12/2015		-							-	Buy						
17/12/2015		-							-		Hold					
25/01/2016		-	Hold	Hold			Hold	Hold	-	Hold					Hold	Hold
23/02/2016		-					Buy	Buy	-	Buy						
17/03/2016		-							-							
24/03/2016		-					Hold	Hold	-							
29/03/2016	Buy	-							-		Buy			Hold		
20/04/2016		-							-							
26/04/2016	Hold	-							-	Hold	Hold		Sell	Sell		
13/05/2016		-							-							

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

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

Date of change	RU		RS		SK		SI		TR		UA		BY		MK	
	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD
28/04/2015	Hold	Hold	-	Hold	Hold	-	Buy	-	Buy	Buy	Hold	Hold	-	Buy	Buy	-
02/06/2015			-	Sell		-		-					-			-
24/06/2015			-			-		-		Hold			-			-
06/08/2015			-			-	Hold	-	Hold		Sell	Sell	-	Sell	Hold	-
03/09/2015			-			-		-			Hold	Hold	-			-
22/09/2015			-			-		-	Sell	Sell			-			-
04/11/2015	Buy	Buy	-			-		-	Hold	Hold	-		-	Hold		-
03/12/2015	Hold	Hold	-			-		-			-	Sell	-			-
17/12/2015			-			-		-	Buy	Hold	-		-			-
25/01/2016	Buy	Buy	-			-	Buy	-		Buy	-		-		Buy	-
23/02/2016			-	Hold		-		-			-		-			-
17/03/2016	Hold	Hold	-			-		-			-		-			-
24/03/2016			-			-		-			-		-			-
29/03/2016			-			-		-			-	Hold	-			-
20/04/2016			-			-		-			-		-		Hold	-
26/04/2016			-	Buy		-		-			-		-			-
13/05/2016			-			-		Buy	Hold	Hold	-		-			-

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

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