

Market snapshot

	curr.*	Sep-16	Dec-16	Mar-17
Poland				
EUR/PLN	4.331	4.35	4.35	4.30
Key rate	1.50	1.50	1.50	1.50
10y bond**	2.7	3.0	3.2	3.3
Hungary				
EUR/HUF	309.1	315	315	310
Key rate	0.90	0.90	0.90	0.90
10y bond	3.0	2.8	2.7	2.8
Czech Republic				
EUR/CZK	27.02	27.0	27.0	27.0
Key rate	0.05	0.05	0.05	0.05
10y bond	0.3	0.4	0.5	0.6
Romania				
EUR/RON	4.452	4.50	4.50	4.45
Key rate	1.75	1.75	1.75	1.75
10y bond	2.9	3.3	3.5	3.6
Croatia				
EUR/HRK	7.492	7.55	7.60	7.60
Key rate	2.50	2.50	2.50	2.50
10y bond	3.6	3.9	3.9	3.9
Russia				
USD/RUB	64.72	65.0	67.0	67.0
Key rate	10.50	10.00	9.50	9.00
10y bond	8.3	8.6	8.8	8.5
Turkey				
USD/TRY	2.937	3.15	3.10	3.10
Key rate	7.50	7.50	7.50	7.00
10y bond	9.5	11.0	10.5	10.1
EUR/USD	1.128	1.10	1.05	1.03

* prices as of 25 August 2016, 11:59 p.m. CEST

** forecasts under revision

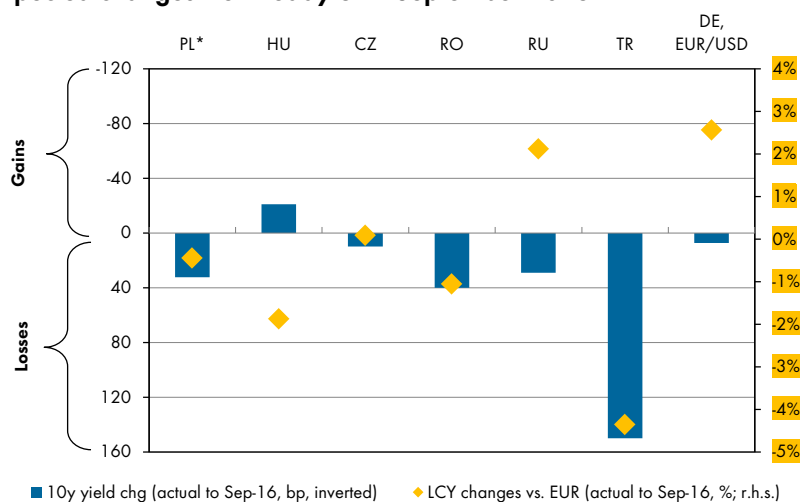
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Highlights

The rather downbeat IFO Index release from yesterday has increased the focus on regional manufacturing PMI releases in key CE countries (this holds especially true as not much other data released are scheduled). Compared to still rather solid euro area PMI readings (in contrast to the IFO Index), their CE counterparts had been already on a downtrend in August. As things stand a further deterioration seems more likely than an uptick. Recent economic data releases and rather prudent policy actions are increasing the likelihood of a resumption of cautious key rate cuts by the Central Bank of Russia in September. Overall positive sentiment towards high-yielders continued, also contributing to a substantial market recovery for TRY for Turkish fixed income markets. In light of most recent market trends (e.g. some signs of stabilisation for Polish sovereign credit story, stunning post-Brexit yield compression for core markets and several CEE markets and credits) as well as rather topish valuations and increased core markets uncertainty (Fed outlook, essential ECB meeting in September) we have slightly adapted our regional Fixed Income positioning (see also our Focus on coverage on page 2-3). By and large we are rather neutral for CEE sovereign Eurobonds, while we still see some value in selective LCY markets, most prominently Hungary and Russia. In case of Poland the relative attractiveness of POLGBs has increased, while the market is not as topish as for Polish Eurobonds (in EUR and USD). For more details see also our Strategy Note published yesterday ("Poland: Tight Eurobond valuations all over again", released on 25 August 2016). This holds especially true as market bets on low rates for longer or additional rate cuts by the NBP could be sustained for some time. Moreover, we expect a decreasing market focus on sovereign credit negative issues (like strained EU relations, downsides on the growth and budget front) for the time being, although they may regain in importance later in 2016 or early 2017.

Financial analyst: Gunter Deuber, RBI Vienna

Expected changes from today until September 2016



* 10y yield forecasts under revision

Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

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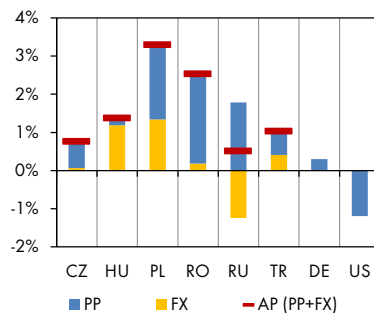
Data highlights upcoming week

Date	Indicator	Period	Forecast	High	Mean	Low	Previous
31.Aug	HR: GDP, % yoy	Q2	2.1	n.a.	n.a.	n.a.	2.7
01.Sep	CZ: PMI, points	Aug	50.6	n.a.	n.a.	n.a.	49.3
01.Sep	HU: PMI, points	Aug	n.a.	n.a.	n.a.	n.a.	53.9
01.Sep	PL: PMI, points	Aug	n.a.	n.a.	n.a.	n.a.	50.3
01.Sep	RU: PMI, points	Aug	n.a.	n.a.	n.a.	n.a.	49.5

Source: Bloomberg, RBI/Raiffeisen RESEARCH

Focus on: CEE debt market strategy

Performance 10y LCY bonds*



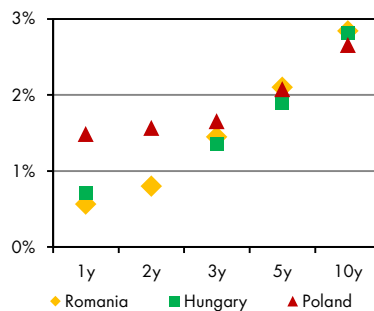
* PP: bond performance (price chg + carry)
 FX: currency performance (chg EUR/LCY)
 AP: absolute performance (PP + FX)
 Perf. between 27 July 2016 and 24 August 2016
 DE, US only PP
 Source: Bloomberg, RBI/Raiffeisen RESEARCH

LCY bonds: Friendlier short-term outlook for Poland

- We remain mildly bullish on Hungary since central bank measures should show more of an advantage only in autumn
- On a relative basis, we prefer HU over RO with the latter likely to face a flattering election campaign
- Whilst we remain hands-off in Turkey, we stick by our Russian carry trade

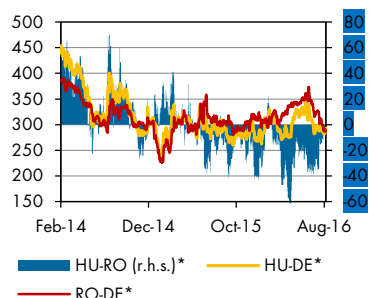
Since our last CEE debt market strategy as of end-July, the CEE local debt markets have continued to enjoy gains, mainly due to favourable global investor sentiment. Favourable news flows out of Poland, largely due to a less aggressive FX loan conversion proposal, added impetus to the risk-on trade and made **Poland the outperformer in the region**. Since we expect no short-term deterioration in investor sentiment towards Poland, we would expect rather stable yield levels in the short to medium term, so we are putting our quite bearish yield forecasts under revision. What surprised us somewhat was the favourable performance of ROMGBs. The 10y benchmark yield has fallen considerably in the past four weeks, leading to a price performance of more than 2% (yield change including carry). As a result, the spread to regional peer market Hungary, which only managed to produce marginal gains in the same timeframe, evaporated. However, we expect the **bond-market-supporting measures of the Hungarian central bank (MNB) to come to the fore in autumn**, when the amount of the 3m central bank facility will be capped and the freed-up liquidity is set to be channeled to longer-term market instruments. For the time being, mainly the shorter end and the belly of the curve witnessed a considerable downward shift following the announcement (leading to a considerable bull steepening of the HUF government curve), but we see scope for longer-term yields to follow suit to a certain extent. Against this backdrop, we see some scope left for a further drop in yields on a 1-4m horizon and **maintain therefore our mildly bullish view on HGBs**. The approaching elections in Romania at the end of this year, at the same time, keeps us cautious for Romanian government debt. It is primarily the risk of further election spending and the possibility of political parties starting to campaign for additional FX loan conversion measures which could suddenly sour investor sentiment. The **setback potential for Romania is therefore significant** in our view, especially in view of the already tight valuations (10y benchmark trades around 2.8% currently, the lowest level in more than a year). As a result, the **10y-10y spread over Hungarian and Polish equivalents is set to widen** again and it remains to be seen if the Romanian National Bank will be forced to tighten its grip on liquidity in order to smooth out potential FX volatility. This, in turn, could trigger the normalisation of the abnormally low short-end ROMGB yields. Even if we do not sell RON bonds, we should be prepared for profit taking in the run-up to December's parliamentary elections.

LCY yields per tenor*



* mid-yields to maturity per tenor as of 23 August 2016; 2y Hungarian bond not existing
 Source: Bloomberg, RBI/Raiffeisen RESEARCH

10y-10y RO-HU spread too low



* HU-RO: 5y high: 339; 5y low: -63
 * HU-DE: 5y high: 879; 5y low: 234
 * RO-DE: 5y high: 533; 5y low: 226
 Source: Bloomberg, RBI/Raiffeisen RESEARCH

In high-yielders we maintain our **hands-off recommendation for Turkish lira govies** where the markets potentially underestimate the political risks at the moment. The rally following the failed coup attempt should turn out to be more of a relief than a recovery rally. Also, our FX strategists expect another devaluation round for the Turkish lira. In Russia, by contrast, ongoing rate cuts, decreasing inflationary risks (the government most recently announced it would skip pension indexation), limited OFZ supply and expected gains of the RUB versus the EUR on a 1m-4m horizon are our major arguments to stick by this carry trade. Thereby, **short-end OFZ yields might have more scope left to fall** compared to long-end ones, which already undershoot our forecasted levels (OFZ curve still inverted). Our expectation of stronger resilience to any US monetary policy tightening compared to other high-yielding high-beta names like Turkey also supports our call.

Financial analyst: Stephan Imre, RBI Vienna

Eurobond market performance poised for a slowdown

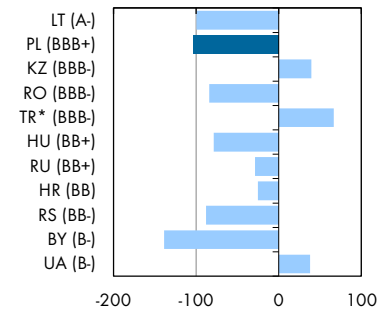
- CEE Eurobonds continue to benefit from “yield hunt”
- Low volatility and tight valuations imply higher chance of CEE price correction
- Fewer upside in Eurobond market one month ahead
- Biggest changes: Poland from sell to hold, Kazakhstan from buy to hold

More of our recommendations for CEE sovereign Eurobonds from the last Debt Strategy published at the end of July have been performing well. The decision to overweight Kazakh Eurobonds netted us above the market average profit, while moving Romania from sell to hold in July was the correct decision as Romania’s market price went up 2% mom as of today. Sadly, our sell recommendation on Croatia ate partially into our profit, although we believe there are strong fundamental reasons to be bearish about this market. Overall the CEE Eurobond market is benefiting excessively from low global volatility as evidenced by the historically low VIX measure. **A yield hunt on emerging markets after the Brexit vote dampened yields in developed countries and catapulted CEE to outperform** as measured from the start of Q3. As a result, CEE valuations became rich as market volatility experienced a tremendous decline, which was reflected in higher negative z-scores for many sovereigns. Also, rating-wise, the CEE region has not improved that much with its average rating score still at BBB-, including the EE sub-region, while negative outlooks in the region continue to outnumber the positive outlooks. This implies that past improvement has largely been driven by a combination of external factors. We foresee a more difficult market outlook ahead as CEE is likely to lag behind some comparable EMs in terms of market attractiveness, which must be well reflected by tight CEE valuations.

In the light of general outlook changes we see a need to adjust our recommendations accordingly. First of all, as already communicated in a standalone note on Poland, we are upgrading our recommendation for Polish Eurobonds from sell to hold. In particular, a friendlier proposal on FX loan conversions contributed to the reduction of the rating downgrade risk, while the 2016 fiscal performance remains fair too. Nevertheless, since the market compressed Polish Eurobond spreads to fairly tight levels we feel no urge to catch this rally. **Overly optimistic valuations would contradict the Polish rating situation** despite the possibility of rating outlook change to stable. So, the country’s rating is unlikely to improve in the next two years, as evidenced by the rating cycle turnaround observed in similar cases. Similarly the market rally in Hungary is also likely reaching its end as the HU sovereign spread is already trading at BBB, while its current average rating score would be BB+/positive. Although we expect Moody’s to move the Hungarian rating into investment grade in November, current valuations imply no meaningful upside in its Eurobond market. Thus far, a hold recommendation on Hungary would be well justified. Perhaps the biggest change would be moving Kazakh Eurobonds from buy to hold, which comes on the heels of an impressive market performance reducing future upside, while a fundamental improvement is likely to remain slow. On a positive note, the Kazakh rating has likely stabilised, but its average score remains depressingly low at BBB-/negative after a series of corrective downgrades in the past. In smaller cap markets we find Serbia fully exhausting its potential as rich valuations leave no room for more price appreciation, despite the continuation of fundamental improvements. At the same time we see the downgrade of Macedonia from BB+ to BB by Fitch as a mere technical step, since Fitch was rating Macedonia two notches above S&P and the negative outlook equates the average score to BB-. On the other hand, **Macedonia’s Eurobonds have been traded at BB- for months as investors applied steep discounts on the political crisis escalation.** As a result we see no need to change our buy recommendation since: a) Macedonia valuations remain at the cheaper end and b) better chances for a resolution of the political crisis ahead of December’s parliamentary elections could bring about a strong rally since Macedonia debt and liquidity metrics are relatively healthy looking, despite the political troubles. Last but not least, **we feel disappointed by Russia’s slow performance in July-August**, while the unsatisfactory implementation of the Minsk-II agreement in the opinion of EU and USA could result in an extension of western sanctions against Russia, possibly beyond H1 2017. Likewise we are downgrading Russia from buy to hold.

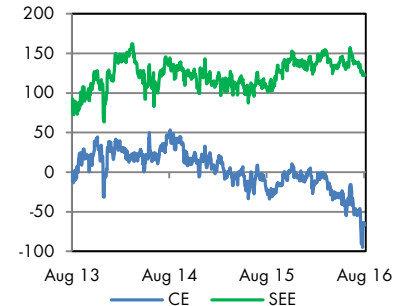
Financial analyst: Gintaras Shlizhyus, RBI Vienna

CEE rating spread*



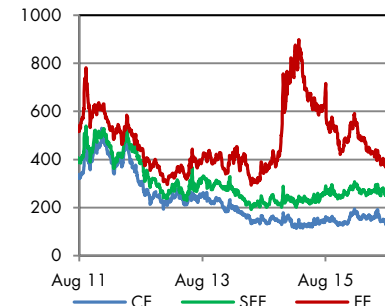
* rating spread in basis points, sovereign spread minus respective rating aggregated spread (EMBIG USD)
Source: Thomson Reuters, JP Morgan, RBI/Raiffeisen RESEARCH

CE/SEE spread vs. EU periphery*



* spread in basis points, i.e. CE or SEE Eurobond market average yield (duration-adjusted for 5y) minus 5y yield on Spain+Italy gov. bonds, CE - CZ+HU+PL+SK+SI, SEE - BG+HR+RO
Source: Bloomberg, RBI/Raiffeisen RESEARCH

EMBIG USD spread (bp)



* spread duration weighted, CE - Hungary, Lithuania, Poland; SEE - Croatia, Romania, Serbia, Turkey; EE - Azerbaijan, Belarus, Kazakhstan, Russia, Ukraine
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Data calendar and country coverage

Key data releases (previous and upcoming)

Indicator	Period	Actual	Forecast	Previous	Indicator	Period	Forecast	High	Mean	Low	Previous
Friday, 19 August					Tuesday, 30 August						
SI: PPI, % yoy	Jul	-1.8	n.a.	-2.0	PL: GDP, % yoy final	Q2	n.a.	n.a.	n.a.	n.a.	3.0
SK: Unemployment rate, %	Jul	9.4	9.4	9.5	Wednesday, 31 August						
Monday, 22 August					HR: GDP, % yoy	Q2	2.1	n.a.	n.a.	n.a.	2.7
UA: Industrial output, % yoy	Jul	2.4	n.a.	-3.4	RS: Retail sales, % yoy	Jul	n.a.	n.a.	n.a.	n.a.	8.4
Tuesday, 23 August					RS: Industrial output, % yoy	Jul	n.a.	n.a.	n.a.	n.a.	-2.2
HR: Unemployment rate, %	Jul	13.3	13.4	13.6	RS: GDP, % yoy final	Q2	n.a.	n.a.	n.a.	n.a.	3.5
HU: Key rate, %	Aug	0.9	0.9	0.9	SI: CPI, % yoy	Aug	n.a.	n.a.	n.a.	n.a.	0.2
TR: Key rate, %	Aug	7.5	7.5	7.5	SI: GDP, % yoy	Q2	n.a.	n.a.	n.a.	n.a.	2.5
Wednesday, 24 August					Thursday, 1 September						
PL: Unemployment rate, %	Jul	8.6	8.6	8.8	HU: Trade balance, EUR bn	Jun	n.a.	n.a.	n.a.	n.a.	1.1
					CZ: PMI, points	Aug	50.6	n.a.	n.a.	n.a.	49.3
					HU: PMI, points	Aug	n.a.	n.a.	n.a.	n.a.	53.9
					PL: PMI, points	Aug	n.a.	n.a.	n.a.	n.a.	50.3
					PL: CPI, % yoy	Aug	n.a.	n.a.	n.a.	n.a.	-0.9
					RU: PMI, points	Aug	n.a.	n.a.	n.a.	n.a.	49.5
					TR: PMI, points	Aug	n.a.	n.a.	n.a.	n.a.	47.6
					Friday, 2 September						
					CZ: GDP, % yoy	Q2	n.a.	n.a.	n.a.	n.a.	2.5
					HR: Industrial output, % yoy	Jul	2.4	n.a.	n.a.	n.a.	4.1
					HR: Retail sales, % yoy	Jul	1.2	n.a.	n.a.	n.a.	2.8

Source: Bloomberg, RBI/Raiffeisen RESEARCH

Croatia (HR) – The coming week is rich in terms of macroeconomic announcements. The highlight of the week will be the first Q2 GDP estimate scheduled for Wednesday, while at the very end of the week the industrial production and retail trade data for July are set to be released. We expect GDP growth of 2.1% yoy with the largest positive contribution likely to come from exports of goods and services and personal consumption. On the other hand, the positive effect of foreign demand should be largely offset by stronger growth in goods imports, which is the consequence of the high import dependence of the domestic economy and exports. Personal consumption is encouraged by the good tourist pre-season results and seasonal improvements in the labour market, while real disposable income is further influenced by the continued decline in average prices of consumer goods. Movements in the economies of the most important Croatian foreign trade partners, high-frequency indicators in Q2 in Croatia as well as expectations for Q3 suggest that growth in 2016 could be higher than previously estimated. Therefore, for the whole of 2016 GDP could reach a growth rate of 2.3%.

Furthermore, with the expected continuation of positive trends in the movement of foreign demand, industrial production in July could continue with annual growth, albeit at a slower pace (2.4% yoy). And finally, the spill over of the positive effects from the good results in tourism could partially be mitigated by last year's high base effect, so in July we expect a slowdown in retail trade growth to 1.2% yoy.

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

Czech Republic (CZ) – Next week the PMI manufacturing index will be the only economic indicator worth mentioning. Nevertheless, after the surprising drop in the PMI below 50 points in July, the market will be keenly interested in the result for August. Business and also consumer confidence as published by the Czech Statistical Office increased in August. Moreover, the flash PMI result in Germany and the eurozone indicate expansion for the Czech PMI. Also, after the last monetary policy meeting, the governor of the Czech National Bank J. Rusnok expressed his belief that the July PMI might be an outlier. We tend to agree and expect the Czech PMI will return above 50 points in August.

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

Hungary (HU) – There are slight movements and only a few data releases in Hungary. In its decision on Tuesday, the central bank left the base rate unchanged at 0.9%, as expected – we do not expect any change from here until at least 2018. Further details regarding the latest measures are scheduled to come only in the second half of September: we expect a significant reduction by the end of the year in 3-month central bank deposits, leading to even lower bond yields and money-market rates. We will probably see new lows too. The HUF market was silent; the EUR/HUF traded at the bottom of the range while market activity was weak. Normal trading activity is not expected to return before the autumn. The statistical office will release July's jobless rate next week; unemployment is expected to decline further to a new multi-year low of 5.0% (from 5.1% in June).

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

Poland (PL) – Poland’s central budget deficit is forecast to rise by PLN 4.56 bn in 2017 to PLN 59.3 bn, or to 2.9% of GDP from the 2.6% expected in 2016, as announced by the Finance Ministry in a statement of the budget draft. The budget is built on an assumption of 3.6% full-year GDP growth, down from the 3.9% previously expected. The Finance Ministry also assumes average annual inflation of 1.3% on an annual basis. The GDP assumptions – roughly in line with our call – remain rather on the optimistic side. Yet we are still comfortable with our GDP forecast since we expect that private consumption will additionally be boosted by a looser fiscal policy with a new bonus for children being introduced last April. It must be stressed, however, that this optimistic scenario is currently at risk due to an increasingly challenging global environment (Brexit, potential fallout on the European economic cycle). That said, there is a risk that the propensity to save will rise and the assumptions of the Finance Ministry will turn out to be too optimistic. Next week we await the CPI flash estimate for August. Despite the still strong internal demand and closed output gap, deflation remains stubborn. Oil prices remain the key issue and will determine if the currently expected scenario of CPI returning into positive territory in Q4 this year will materialise. Summing up, the risks to GDP and inflation remain tilted to the downside, which is the reason why the markets are increasingly pricing in rate cuts again. Nevertheless, we remain comfortable with our on-hold expectations for Polish monetary policy, but expect rate cut speculations to remain alive. All this, in turn, has prompted us to put our Polish government bond yield forecasts under revision, which appear somewhat bearish under the current circumstances.

Financial analyst: Stephan Imre (+43 1 71707 6757), RBI Vienna

Romania (RO) – Moody’s did not update Romania’s sovereign ratings last Friday when a potential rating action was scheduled. All three auctions in RON government securities taking place this week faced very strong demand from investors. As planned, the Finance Ministry raised RON 800 mn in 1-year T-bills on Friday, while bids from investors amounted to RON 3.0 bn. However, what is more important is the strong demand for the 3.5-year T-bond issued on Monday (bids of RON 1.3 bn versus a borrowing target of RON 500 mn) and especially for the 7.7-year T-bond issued on Thursday (bids of RON 1.7 bn versus a borrowing target of RON 500 mn). In the last case, the Finance Ministry was even able to borrow more than planned (RON 646 mn vs. RON 500 mn) and non-residents should have been the main buyers of the papers given the long tenor of the issue. The yield curve for RON government securities has become flatter over the past week as yields at the belly and at the long-end of the curve have decreased. No important macroeconomic indicators are due to be released over the coming week.

Financial analyst: Nicolae Covrig (+40 799 718 476), Raiffeisen BANK S.A., Bucharest

Russia (RU) – This week’s OFZ auction results were strong as expected. The Ministry of Finance (MinFin) decided to offer just one traditional issue for the total amount of RUB 15 bn, compared to the typical offer of RUB 25 bn. The decrease might be explained by successful placements during previous auctions (the MinFin placed RUB 160 bn out of the RUB 240 bn planned for Q3). The demand for 5y OFZ 2017 exceeded the offer by 2.7x, and the MinFin placed the paper without any premium on the secondary market (the cut-off price at 95.86% of the par value implied YTM 8.72%). Until the end of September the OFZ market will be supported by low offerings, while any increase is unlikely to materialise until Q4 (when the Reserve fund will be largely depleted). This will limit the potential for yield decreases at the long-end of the curve, even with favourable CPI dynamics. The recent government decision to skip the second round of pension indexation in 2016 is also positive for the OFZ market as it could mitigate fiscal risks to a certain extent in the CBR’s eyes, and could the rate to be cut by another 50bp at September’s meeting. To recap, the indexation will be replaced by a one-off payment in January 2017. While the indexation could possibly be judged as an inflationary signal, the one-off payment will lead to much fewer inflationary risks.

Financial analyst: Denis Poryvay (+7 495 221 9843), AO Raiffeisenbank, Moscow

Serbia (RS) – The Finance Minister signalled that the Budget Law for 2016 could be revised because of the outstanding budget performance. Nice tax revenues flow generated by the economy upheaval on the one hand, and spending falling way short of the plan, have together helped the budget deficit plunge to RSD 3.9 bn in the six months vs RSD 60.9 bn planned for the same period. Such budget performance is opening room for a potential public-sector wage hike, following analyses of the Q3 results. We remain cautious regarding this statement as under the IMF stand-by precautionary arrangement, public-sector wages and pensions should not be changed until 2018. That said, the IMF might ease the requirements and support some minor upward adjustments in wages and pensions given that the budget deficit in relation to GDP is likely to be below the set target of 4%, possibly reaching 2.5%-3% of GDP.

The macroeconomic calendar scheduled for the coming week contains some important figures. On 31 August the Statistical Office will publish the final data for Q2 GDP. As per the flash estimate, the economy slowed down in Q2 (+1.8% yoy) after robust 3.5% yoy growth in Q1, probably supported by the base effect expiring in the energy sector, and the slowdown in retail spending. Furthermore, the unemployment rate for Q2 will be released (Q1: 19.1%) as well as foreign trade, industrial production and retail trade.

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

Monetary policy and money markets overview

CEE key interest and money markets outlook

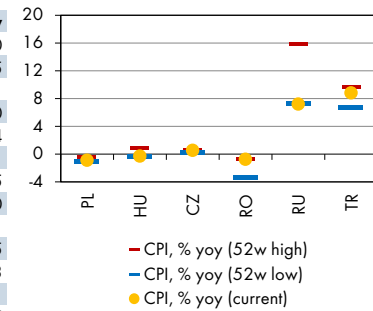
	current*	Sep-16	Dec-16	Mar-17	5y high	5y low
Poland						
Key interest rate	1.50	1.50	1.50	1.50	4.75	1.50
3m money market rate	1.71	1.65	1.65	1.65	5.14	1.65
Hungary						
Key interest rate	0.90	0.90	0.90	0.90	7.00	0.90
3m money market rate	0.88	0.90	0.85	0.80	7.65	0.84
Czech Republic						
Key interest rate	0.05	0.05	0.05	0.05	0.75	0.05
3m money market rate	0.29	0.30	0.30	0.30	1.25	0.00
Romania						
Key interest rate	1.75	1.75	1.75	1.75	6.25	1.75
3m money market rate	0.77	0.80	0.80	0.90	6.45	0.73
Russia						
Key interest rate	10.50	10.00	9.50	9.00	17.00	5.25
3m money market rate	10.88	10.80	10.30	9.80	29.93	4.79
Serbia						
Key interest rate	4.00	4.00	4.00	4.00	11.75	4.00
3m money market rate	3.56	3.45	3.55	3.70	13.13	3.26
Turkey						
Key interest rate	7.50	7.50	7.50	7.00	10.00	4.50
3m money market rate	9.37	9.80	9.80	9.20	12.44	4.85

Benchmark key rates	current	Sep-16	Dec-16	Mar-17	5y high	5y low
ECB key interest rate	0.00	0.00	0.00	0.00	1.50	0.00
Fed key interest rate	0.50	0.50	0.75	0.75	0.50	0.25

Source: Bloomberg, RBI/Raiffeisen RESEARCH

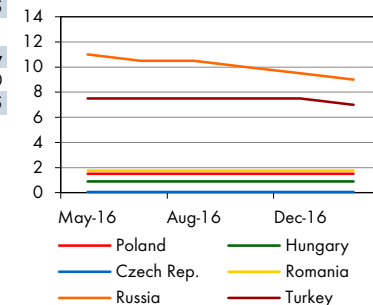
* Bid rates (for Hungary ask rates) as of 25 August 2016, 11:59 p.m. CEST

Inflation snapshot



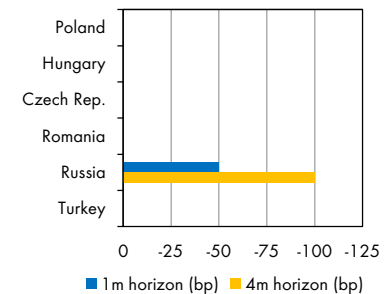
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Key rate trends (%)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Key rate forecast (chg., bp)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Rate setting meetings

	Aug	Sep
Poland (NBP)		7
Hungary (MNB)	23	20
Czech Republic (CNB)	4	29
Romania (BNR)	4	30
Serbia (NBS)	11	8
Russia (CBR)		16
Turkey (TCMB)	23	22

Source: National Central Banks, RBI/Raiffeisen RESEARCH

Central bank watch

Poland (NBP)	NBP disappointed by H1 economic activity data, but regards it as a temporary matter due to fiscal loosening showing its effects going forward. This in conjunction with considerable wage pressure should help to reflate the economy. MPC's wait-and-see approach to continue, despite revived rate cut speculations.
Hungary (MNB)	MNB confirmed its forward guidance that it would maintain current base rate and loose monetary conditions "for an extended period". MNB is also planning to cap its main policy tool (3m deposit facility) to encourage banks to offer cheaper loans and to buy HGBs and conduct monthly, rather than weekly, tenders. News on the planned cap expected as early as end-September.
Czech Republic (CNB)	Exit from FX intervention regime - keeping koruna above EUR/CZK 27.00 floor - will, mainly due to stuttering inflation, likely be delayed to end-2017 according to our new forecast, while CNB's sticks to "around mid-2017" wording. CNB likely to resist idea of negative interest rates going forward. In our view NIRP can be introduced only as the last resort measure in case of excessive capital inflows.
Romania (BNR)	Fiscal/political risks warrant cautiousness in the run-up to parliamentary elections in Dec-2016. However, latest inflation report stirred up a deflation scare which might be pointing to longer duration of loose monetary conditions. Neutral CB stance likely but verbal interventions might point to softening stance if weaker inflation again.
Serbia (NBS)	Last week, 12 August, national bank policy panel voted to leave key rate unchanged at 4.5% citing signs of strengthened demand and lending activity adding to growth and also a likely bottoming-out of inflation in medium-term. The regulator sees current monetary conditions as adequate while is willing to avoid economy overheating in future.
Russia (CBR)	CBR restarted rate cuts in June on stronger than expected disinflation. Private sector inflation expectations - a tier-1 variable in CBR's reaction function - started to decline as well. Although CBR hinted at remaining inflationary risks, they declined recently due to government's announcement to not index pensions. However, only gradual base rate reduction going forward with sufficient accommodative pauses in between.
Turkey (TCMB)	Another cut to o/n lending rate in August brings cumulative cuts to the upper boundary of the corridor to 225bp YTD. While weaker business confidence justifies the ongoing easing, political pressure to cut rates and long-term policy outlook may speak against the easing bias. We believe that the bank will continue to symmetrizing the corridor around the stable 1w repo rate in the months ahead.

Source: RBI/Raiffeisen RESEARCH

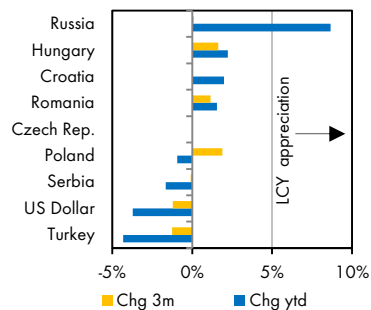
Foreign exchange market overview

FX forecasts

EUR vs	current*	Sep-16	Dec-16	Mar-17	5y high	5y low	Comment
PLN	4.331	4.35	4.35	4.30	4.46	4.08	EUR/PLN moved back above 4.30 due to Moody's statement and central bank minutes; we expect only moderate appreciation potential for 2017 when political uncertainties slowly decline
HUF	309.1	315	315	310	316	291	EUR/HUF should remain in the old 310-315 trading range; overall volatility in HUF remains moderate
CZK	27.02	27.0	27.0	27.0	27.7	25.1	EUR/CZK is expected to remain near intervention level of 27.0 until H2 2017
RON	4.452	4.50	4.50	4.45	4.52	4.33	Uncertainty related to the parliamentary elections by the end of 2016 is likely to result in some depreciation pressure for the leu after the summer months
HRK	7.492	7.55	7.60	7.60	7.66	7.52	Next week we see EUR/HRK within the range of 7.48 - 7.52
RSD	123.4	123	124	123	124	106	RSD stable against EUR, which is usual for the summer months, otherwise central bank would intervene to stabilise EUR/RSD at the level of 123
RUB	73.01	71.5	70.4	69.0	79.3	40.3	see USD/RUB below
UAH	28.74	29.7	30.5	29.9	30.5	10.4	see USD/UAH below
BYN	2.230	2.31	2.36	2.34	2.36	1.09	see USD/BYR below
TRY	3.314	3.47	3.26	3.19	3.26	2.35	see USD/TRY below
USD	1.128	1.10	1.05	1.03	1.38	1.05	Expectation on further US Fed rate hikes to support USD against euro
USD vs	current*	Sep-16	Dec-16	Mar-17	5y high	5y low	
RUB	64.72	65.0	67.0	67.0	73.0	30.5	Russian rouble is supported by improving oil prices; for now negative effects due to re-emergence of conflict with Ukraine not visible in RUB; volatility in USD/RUB continued to decline over recent months, reaching levels last seen in end-2014
UAH	25.47	27.0	29.0	29.0	29.0	8.01	Renewed tensions with Russia could put pressure on UAH if escalation continues; further loosening of FX administrative restrictions likely over the coming months, but speed and magnitude of UAH depreciation will continue to depend on central bank
BYN	2.008	2.10	2.25	2.27	2.25	0.84	From July 2016 the old Belarusian rouble (BYR) was replaced by a new BYN at a ratio of 10,000:1; it is the third denomination of the local currency after 1994 and 2000; overall depreciation trend in BYN expected to continue on weak fundamentals
TRY	2.937	3.15	3.10	3.10	3.10	1.78	Political uncertainty and ongoing military actions are keeping investors cautious; risks for weaker TRY throughout the third quarter 2016

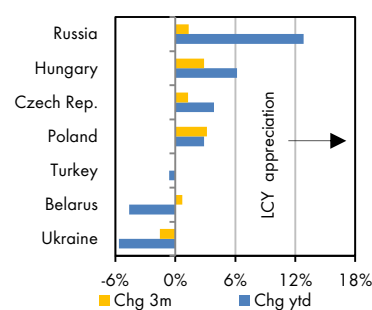
* as of 25 August 2016, 11:59 p.m. CEST
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Change of LCY value to EUR (%)



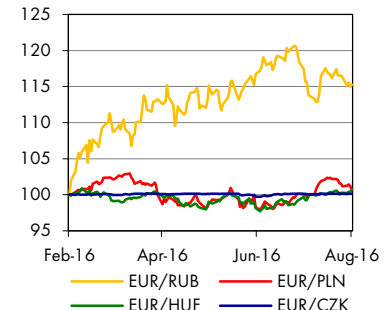
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY value to USD (%)



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

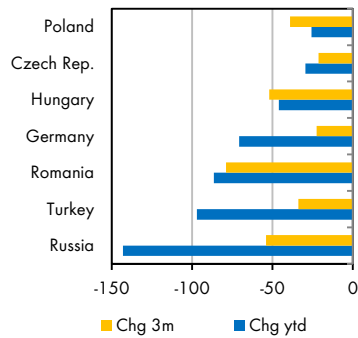
Exchange rate comparison



Indexed 25 Feb-16 = 100
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

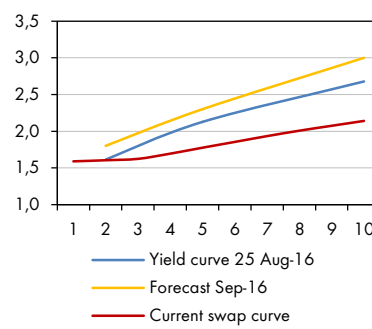
Local currency bond market overview and forecasts

Change of LCY 10y bond yields (bp)



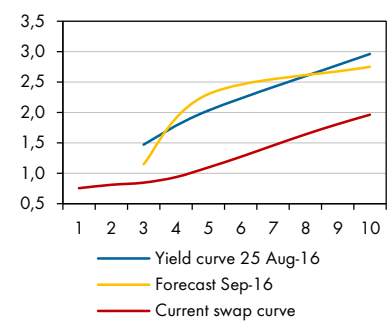
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

PLN yield curve*



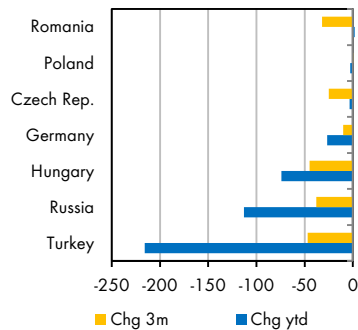
* yield forecasts under revision; Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

HUF yield curve



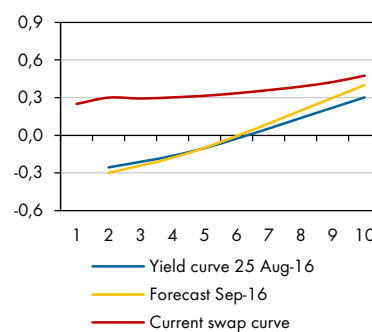
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY 2y bond yields (bp)



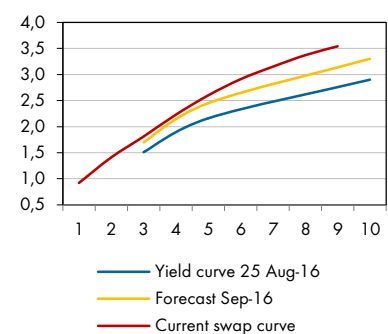
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

CZK yield curve



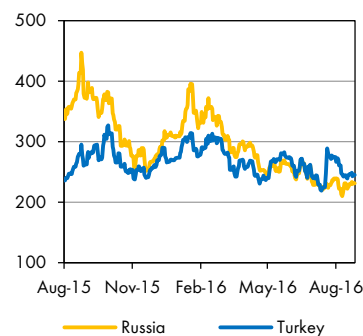
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

RON yield curve



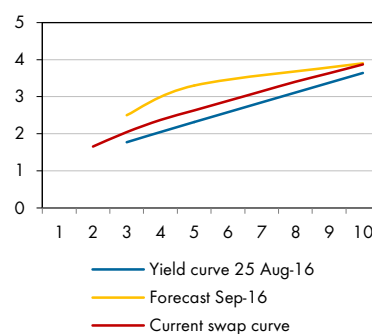
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

5y USD CDS spreads



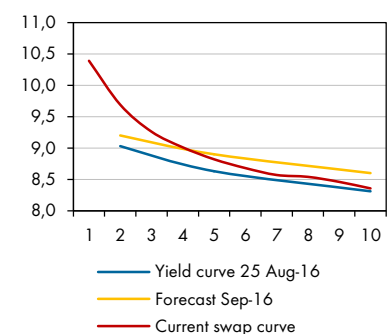
Turkey 5y high 343.7, 5y low 111.7;
Russia 5y high 628.7, 5y low 119.4
Source: Bloomberg, RBI/Raiffeisen RESEARCH

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***	1.61	1.8	1.9	2.0	4.9	1.6	Poland***	2.68	3.0	3.2	3.3	5.9	2.5
Hungary **	1.47	1.2	1.1	1.0	9.2	1.1	Hungary	2.96	2.8	2.7	2.8	9.9	2.7
Czech Republic	-0.26	-0.3	-0.4	-0.4	1.8	-0.4	Czech Republic	0.30	0.4	0.5	0.6	3.6	0.5
Romania	1.51	1.1	1.2	1.3	7.3	1.2	Romania	2.90	3.3	3.5	3.6	7.5	3.5
Croatia	1.77	1.9	1.9	2.0	6.3	1.5	Croatia	3.64	3.9	3.9	3.9	7.2	3.8
Russia	9.03	9.2	8.8	8.5	15.8	6.2	Russia	8.31	8.6	8.8	8.5	14.1	6.9
Turkey	8.81	10.0	10.0	9.5	11.5	6.1	Turkey	9.50	11.0	10.5	10.1	10.5	6.6
Germany	-0.62	-0.6	-0.5	-0.5	0.2	-0.5	Germany	-0.14	0.0	0.3	0.5	1.9	0.3
USA	0.78	0.8	1.1	1.1	1.1	0.2	USA	1.58	1.8	2.1	2.3	3.0	1.8

* Bid yields as of 25 August 2016, 11:59 p.m. CEST; ** 3y yield; *** forecasts under revision
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Local currency bond market overview

CEE local currency bond market snapshot

	Maturity	Coupon (%)	Bid Price	YTM (%)	Spread to Bunds (bp)	MDur.	Maturity
Poland							
PLN 2y Gov. Bond	25/07/2018	2.50	101.53	1.69	232	1.9	POLGBs well recovered on favourable FCY loan conversion proposal, so 10y POLGB trades again inside HGB yield wise. 10y pricing tight, but our yield forecasts might be a bit too bearish.
PLN 5y Gov. Bond	25/07/2021	1.75	98.09	2.16	269	4.8	
PLN 10y Gov. Bond	25/07/2026	2.50	98.35	2.69	278	8.9	
Hungary							
HUF 3y Gov. Bond	30/10/2019	2.00	101.87	1.40	205	3.1	HGB post-Brexit rally led to yield tightening, but underperformance vs. regional peers. Bond-market-supporting MNB measures to show effect in autumn, which could lower long-end of the curve.
HUF 5y Gov. Bond	27/10/2021	2.50	102.74	1.94	247	4.9	
HUF 10y Gov. Bond	27/10/2027	3.00	101.51	2.84	293	9.5	
Czech Republic							
CZK 2y Gov. Bond	17/03/2018	0.85	101.66	-0.20	43	1.6	CZGB yields are likely to remain near their historical lows, although EUR/CZK cap policy exit is likely to be delayed till the end of 2017.
CZK 5y Gov. Bond	29/09/2021	3.85	120.21	-0.09	45	4.7	
CZK 10y Gov. Bond	26/06/2026	1.00	106.61	0.32	40	9.5	
Croatia							
HRK 2y Gov. Bond	10/07/2018	5.25	106.55	1.72	225	1.9	The return of investors from summer holidays is likely to bring descent increase in trading volumes, while likely delay of the reform agenda can impose a loss making situation on the domestic market.
HRK 10y Gov. Bond	14/12/2026	4.25	104.73	3.69	378	8.4	
Romania							
RON 2y Gov. Bond	17/01/2018	3.25	103.25	0.93	158	1.4	Abundant domestic market liquidity and deflation topic drove ROMGB yields substantially lower. We see a relative overpricing of ROMGB, especially vs. HU and PL due to intensifying election risks.
RON 5y Gov. Bond	22/03/2021	3.25	104.58	2.19	272	4.3	
RON 10y Gov. Bond	24/02/2025	4.75	113.53	2.93	302	7.2	
Russia							
RUB 2y Gov. Bond	15/03/2018	7.50	97.93	9.12	975	1.5	Further rate cuts and likely stronger RUB vs. EUR major arguments for our ongoing bullish OFZ view. Biggest risks are international politics / revived Ukraine fears.
RUB 5y Gov. Bond	18/08/2021	7.50	96.00	8.68	921	4.0	
RUB 10y Gov. Bond	03/02/2027	8.15	100.20	8.29	838	7.1	
Turkey							
TRY 2y Gov. Bond	11/07/2018	8.70	99.50	8.98	961	1.8	TURKGBs already profited from a "reversal" rally after July's coup, so upside potential likely exhausted. We anticipate renewed market weakness due to underestimated political risks.
TRY 5y Gov. Bond	17/02/2021	10.70	105.68	9.14	967	3.7	
TRY 10y Gov. Bond	11/02/2026	10.60	107.15	9.44	953	6.2	

Data as of 26 August 2016, 10:49 a.m. CEST
Source: Bloomberg, RBI/Raiffeisen RESEARCH

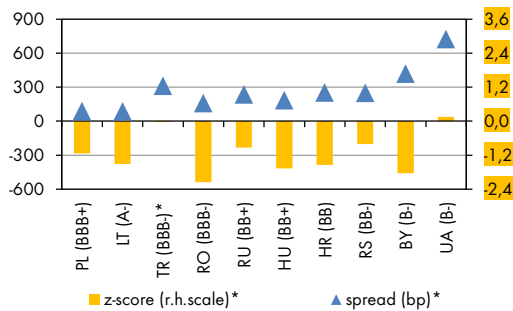
Bond auctions

		ISIN	Coupon	Maturity	Volume
31 August 2016					
RU	T-bonds	n.a.	n.a.	n.a.	n.a.
1 September 2016					
HU	T-bonds	n.a.	n.a.	n.a.	n.a.
PL	T-bonds	n.a.	n.a.	n.a.	n.a.

Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

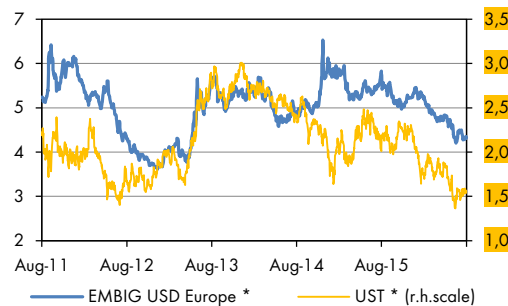
Eurobond market overview

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 % p. a.	Spread bp	Mdur years	ISIN
	Bid	Ask	wow, %	5y high	5y low				
EUR									
BGARIA 4 1/4 07/09/17	103.9	104.0	0.02	111.8	100.3	-0.13	47	0.9	XS0802005289
CROATI 5 7/8 07/09/18	110.0	110.3	0.31	112.1	88.8	0.49	112	1.8	XS0645940288
REPHUN 3 7/8 02/24/20	112.1	112.8	0.39	113.1	69.3	0.32	97	3.3	XS0212993678
REPHUN 4 3/8 07/04/17	104.1	104.5	-0.04	108.0	77.3	-0.49	11	0.9	XS0284810719
REPHUN 5 3/4 06/11/18	110.1	110.5	0.00	115.1	79.7	0.08	71	1.8	XS0369470397
REPHUN 6 01/11/19	113.4	113.8	0.12	118.4	86.4	0.33	97	2.2	XS0625388136
LITHUN 4.85 02/07/18	107.5	107.6	-0.02	114.3	94.5	-0.24	38	1.4	XS0327304001
POLAND 5 5/8 06/20/18	110.8	111.3	0.00	122.6	102.1	-0.31	32	1.8	XS0371500611
POLAND 1 5/8 01/15/19	103.9	104.4	0.00	105.5	98.0	-0.08	57	2.4	XS0874841066
POLAND 3 3/4 01/19/23	121.5	121.9	0.00	125.5	99.9	0.33	83	5.8	XS0794399674
POLAND 3 3/8 07/09/24	120.8	121.5	0.62	125.6	99.6	0.62	99	7.1	XS0841073793
ROMANI 4 7/8 11/07/19	114.9	115.3	0.27	117.8	99.3	0.19	85	3.0	XS0852474336
TURKEY 5 7/8 04/02/19	110.0	110.5	0.22	118.9	100.9	1.86	251	2.4	XS0285127329
TURKEY 5 1/8 05/18/20	109.7	110.0	0.54	115.9	95.2	2.35	299	3.4	XS0503454166
USD									
BELRUS 8.95 01/26/18	105.0	105.9	0.40	111.2	70.0	4.99	435	1.3	XS0583616239
CROATI 6 3/8 03/24/21	111.2	111.9	0.42	117.8	86.7	3.63	253	3.9	XS0607904264
CROATI 5 1/2 04/04/23	109.5	110.4	0.92	110.0	94.4	3.78	242	5.5	XS0908769887
REPHUN 5 3/8 02/21/23	113.0	113.3	0.67	113.9	93.1	3.13	179	5.4	US445545AH91
REPHUN 7 5/8 03/29/41	149.9	150.8	1.13	151.9	79.5	4.29	222	13.2	US445545AF36
LITHUN 7 3/8 02/11/20	118.0	118.3	0.10	130.7	104.8	1.96	102	3.1	XS0485991417
LITHUN 6 5/8 02/01/22	122.5	122.9	0.21	128.6	101.0	2.18	97	4.7	XS0739988086
LATVIA 2 3/4 01/12/20	103.8	104.3	0.10	104.4	91.4	1.52	60	3.2	XS0863522149
LATVIA 5 1/4 06/16/21	115.6	116.2	0.10	117.2	90.9	1.80	67	4.3	XS0638326263
POLAND 6 3/8 07/15/19	113.9	114.2	-0.07	125.9	107.4	1.43	58	2.7	US731011AR30
POLAND 3 03/17/23	104.8	105.0	0.25	105.0	87.6	2.20	85	5.9	US731011AT95
ROMANI 6 3/4 02/07/22	120.3	120.5	0.43	124.4	99.2	2.72	151	4.7	US77586TAA43
ROMANI 4 3/8 08/22/23	109.7	110.1	0.73	109.9	90.8	2.81	141	6.0	US77586TAC09
RUSSIA 4 1/2 04/04/22	107.0	107.5	0.11	114.7	82.0	3.09	185	4.9	XS0767472458
RUSSIA 7 1/2 03/31/30	122.2	122.4	-0.07	128.6	99.6	2.18	49	4.0	XS0114288789
RUSSIA 5 5/8 04/04/42	113.6	114.4	-0.33	124.9	76.0	4.68	256	14.0	XS0767473852
SERBIA 5 1/4 11/21/17	103.4	103.9	0.20	107.1	96.8	2.30	170	1.2	XS0856951263
SERBIA 4 7/8 02/25/20	103.7	104.2	-0.05	104.6	89.6	3.67	273	3.2	XS0893103852
TURKEY 6 1/4 09/26/22	111.2	111.8	0.95	127.0	101.0	4.11	282	5.0	US900123BZ27
TURKEY 6 7/8 03/17/36	120.9	121.4	2.49	139.6	99.2	5.15	326	11.3	US900123AY60
TURKEY 6 3/4 05/30/40	120.6	121.4	2.85	139.4	97.3	5.20	316	12.7	US900123BG46
UKRAIN 7 3/4 09/01/19	99.7	100.2	-0.43	101.0	88.0	7.76	688	2.6	XS1303918269
UKRAIN 7 3/4 09/01/23	98.5	98.9	-0.01	99.9	84.6	8.00	658	5.1	XS1303921487
UKRAIN 7 3/4 09/01/27	97.2	97.6	-0.40	98.4	81.2	8.11	652	7.0	XS1303927179

YTM mid - yield to maturity based on mid market price, bmk - benchmark, Mdur - modified duration, ISIN - international security identification number; prices as of 26 Aug 2016, 10:25 AM CET;
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Summary: Ratings & macro data

Country ratings: CE, SEE, EE

	LCY	S&P FCY	Outlook	LCY	Moody's FCY	Outlook	LCY	Fitch FCY	Outlook
CE									
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	stable	Baa3	Baa3	stable	BBB+	BBB+	positive
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	Ba2	Ba2	negative	BB+	BB	negative
Serbia	BB-	BB-	stable	B1	B1	positive	BB-	BB-	stable
EE									
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	BB+	BB	negative	Baa3	Baa3	negative	BBB	BBB-	negative

* Euro area (Euro currency) members; positive rating/outlook changes (in previous week) in green, negative changes in red
Source: rating agencies websites

Main macro data & forecasts*

Country	Year*	GDP, % avg. yoy	CPI, % avg. yoy	Unem- ployment, %	Nominal wages, EUR	Fiscal balance, % GDP	Public debt, % GDP	Export **, % GDP	C/A, % GDP	Ext. Debt, % GDP	FXR***% 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	2.3	-1.0	14.9	1031	-2.8	87.3	25.5	2.0	97.8	30.6	9.0
	2017f	2.5	1.5	14.2	1040	-2.9	86.9	25.9	2.1	96.2	28.9	8.4
Czech Rep.	2015	4.6	0.3	6.5	970	-0.4	41.1	73.2	0.9	69.4	51.2	6.1
	2016e	2.3	0.7	5.6	1020	-0.3	40.3	76.4	1.4	74.6	65.6	8.1
	2017f	2.7	1.7	5.4	1070	-0.2	39.1	78.8	1.1	79.5	73.0	9.3
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	838	-2.2	74.9	84.8	4.5	98.5	23.6	3.6
	2017f	2.7	2.2	5.7	915	-2.7	74.5	82.1	4.1	87.2	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	3.5	-0.4	9.1	933	-2.9	52.1	42.6	-0.9	73.8	29.1	6.0
	2017f	3.8	1.7	8.6	996	-3.4	52.6	42.2	-1.2	73.9	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	-1.6	6.4	614	-3.0	39.2	30.8	-2.8	53.3	40.4	6.9
	2017f	3.6	1.2	6.2	656	-3.2	39.9	31.4	-3.3	52.7	39.2	6.3
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	7.4	6.0	473	-4.4	13.5	23.3	4.0	38.0	82.4	26.6
	2017f	1.0	6.1	6.0	561	-3.3	14.0	25.6	4.5	31.9	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	37.8	-3.3	140.0	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	4.0	7.7	10.3	n.a.	-1.2	34.0	21.2	-4.5	55.4	28.4	6.8
	2016e	3.0	7.3	10.0	n.a.	-2.0	32.0	21.5	-5.1	56.9	28.1	6.7
	2017f	2.5	7.6	10.0	n.a.	-1.5	33.0	21.5	-5.2	54.7	28.3	6.6

* only for countries 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/Companies	Initial publication date of the recommendation
10Y Czech Rep.	01/01/1997
10Y Hungary	01/01/1997
10Y Poland	01/01/1997
10Y Romania	01/01/1997
10Y Russia	01/01/1997
10Y Turkey	01/01/1997
2Y Czech. Rep.	01/01/1997
2Y Poland	01/01/1997
2Y Russia	01/01/1997
2Y Turkey	01/01/1997
5Y Czech Rep.	01/01/1997
5Y Hungary	01/01/1997
5Y Poland	01/01/1997
5Y Romania	01/01/1997
5Y Russia	01/01/1997
5Y Turkey	01/01/1997
BG EUROBOND EUR	01/01/2001
BY EUROBOND USD	01/01/2001
CZ EUROBOND EUR	01/01/2001
HR EUROBOND EUR	01/01/2001
HR EUROBOND USD	01/01/2001
HU EUROBOND EUR	01/01/2001
HU EUROBOND USD	01/01/2001
KZ EUROBOND USD	01/01/2001
LT EUROBOND EUR	01/01/2001
LT EUROBOND USD	01/01/2001
MK EUROBOND EUR	01/01/2001
PL EUROBOND EUR	01/01/2001
PL EUROBOND USD	01/01/2001
RO EUROBOND EUR	01/01/2001
RO EUROBOND USD	01/01/2001
RS EUROBOND USD	01/01/2001
RU EUROBOND EUR	01/01/2001
RU EUROBOND USD	01/01/2001
SI EUROBOND EUR	01/01/2001
SI EUROBOND USD	01/01/2001
SK EUROBOND EUR	01/01/2001
TR EUROBOND EUR	01/01/2001
TR EUROBOND USD	01/01/2001
UA EUROBOND USD	01/01/2001

Distribution of long term recommendations (preceding 12 months prior to this publication)

Recommendation	Basis: all analysed Government bonds
Buy	0%
Hold	0%
Sell	94%
Not rated	6%

Distribution of short term recommendations (preceding 3 months prior to this publication)

Recommendation	Basis: all analysed Government bonds
Buy	26%
Hold	46%
Sell	28%
Not rated	0%

History of short term recommendations (preceding 3 months prior to this publication)

Date	10Y Czech Rep.	10Y Hungary	10Y Poland	10Y Romania	10Y Russia	10Y Turkey
26/08/2016						
25/08/2016	Hold	Buy	Hold	Hold	Buy	Sell
29/07/2016	Hold	Buy	Hold	Hold	Buy	Sell
21/07/2016						Sell
20/06/2016	Hold	Buy	Hold	Hold	Buy	Buy
31/05/2016	Hold	Buy	Hold	Hold	Buy	Buy
13/05/2016						
26/04/2016	Hold	Buy	Hold	Hold	Hold	Hold
20/04/2016						
30/03/2016						
29/03/2016						
24/03/2016	Hold	Buy	Hold	Hold	Hold	Sell
17/03/2016						
23/02/2016	Buy	Buy	Hold	Hold	Hold	Hold
11/02/2016	Buy	Buy	Hold	Hold	Hold	Hold
25/01/2016	Buy	Buy	Hold	Hold	Not rated	Hold
17/12/2015	Hold	Buy	Hold	Buy	Hold	Hold
03/12/2015						
04/11/2015	Hold	Buy	Hold	Hold	Hold	Hold
07/10/2015						
22/09/2015	Hold	Sell	Sell	Sell	Hold	Sell
03/09/2015	Hold	Sell	Sell	Sell	Hold	Sell

Date	2Y Czech. Rep.	2Y Poland	2Y Russia	2Y Turkey	5Y Czech Rep.	5Y Hungary
26/08/2016						
25/08/2016	Hold	Hold	Buy	Sell		
29/07/2016	Hold	Hold	Buy	Sell		
21/07/2016				Sell		
20/06/2016	Hold	Hold	Buy	Buy		
31/05/2016	Hold	Hold	Buy	Buy		
13/05/2016						
26/04/2016	Hold	Hold	Hold	Hold		
20/04/2016						
30/03/2016						
29/03/2016						
24/03/2016	Hold	Hold	Hold	Sell		
17/03/2016						
23/02/2016	Hold	Hold	Hold	Hold		
11/02/2016	Hold	Buy	Hold	Hold		
25/01/2016	Hold	Buy	Not rated	Hold	Not rated	Not rated
17/12/2015	Hold	Buy	Buy	Hold	Hold	Buy
03/12/2015						
04/11/2015	Hold	Hold	Hold	Hold	Hold	Buy
07/10/2015						
22/09/2015	Hold	Hold	Hold	Sell	Hold	Sell
03/09/2015	Hold	Hold	Hold	Hold	Hold	Sell

Date	5Y Poland	5Y Romania	5Y Russia	5Y Turkey	BG EUROBOND EUR	BY EUROBOND USD
26/08/2016						
25/08/2016						
29/07/2016					Hold	
21/07/2016						
20/06/2016					Buy	Hold
31/05/2016						
13/05/2016					Hold	Hold
26/04/2016					Hold	Hold
20/04/2016					Buy	Hold
30/03/2016						Hold
29/03/2016					Buy	Hold
24/03/2016					Hold	Hold
17/03/2016					Hold	
23/02/2016					Hold	Hold
11/02/2016						
25/01/2016	Not rated	Not rated	Not rated	Not rated	Hold	Hold
17/12/2015	Buy	Buy	Buy	Hold	Hold	Hold
03/12/2015					Hold	Hold
04/11/2015	Hold	Hold	Hold	Hold	Hold	Hold
07/10/2015					Hold	
22/09/2015	Sell	Sell	Hold	Sell	Hold	Sell
03/09/2015	Sell	Sell	Hold	Sell	Hold	Sell

Date	CZ EUROBOND EUR	HR EUROBOND EUR	HR EUROBOND USD	HU EUROBOND EUR	HU EUROBOND USD	KZ EUROBOND USD
26/08/2016						Hold
25/08/2016						
29/07/2016				Hold	Hold	Buy
21/07/2016						
20/06/2016	Hold	Sell	Sell	Buy	Buy	Hold
31/05/2016						
13/05/2016	Hold	Hold	Hold	Hold	Hold	Hold
26/04/2016	Hold	Hold	Hold	Hold	Hold	Hold
20/04/2016	Hold	Hold	Hold	Hold	Hold	Buy
30/03/2016						
29/03/2016	Hold	Hold	Hold	Hold	Hold	Buy
24/03/2016	Hold	Hold	Hold	Hold	Hold	Buy
17/03/2016	Hold	Hold	Hold	Buy	Buy	Buy
23/02/2016	Hold	Hold	Hold	Buy	Buy	Buy
11/02/2016						
25/01/2016	Hold	Hold	Hold	Hold	Hold	Hold
17/12/2015	Hold	Sell	Sell	Buy	Buy	Buy
03/12/2015	Hold	Sell	Sell	Buy	Buy	Buy
04/11/2015	Hold	Sell	Sell	Buy	Buy	Hold
07/10/2015	Hold	Sell	Sell	Buy	Buy	Hold
22/09/2015	Hold	Sell	Sell	Hold	Hold	Buy
03/09/2015	Hold	Sell	Sell	Hold	Hold	Buy

Date	LT EUROBOND EUR	LT EUROBOND USD	MK EUROBOND EUR	PL EUROBOND EUR	PL EUROBOND USD	RO EUROBOND EUR
26/08/2016						
25/08/2016				Hold	Hold	
29/07/2016			Buy			Hold
21/07/2016						
20/06/2016	Hold	Hold	Hold	Sell	Sell	Sell
31/05/2016						
13/05/2016	Hold	Hold	Hold	Sell	Sell	Hold
26/04/2016	Hold	Hold	Hold	Sell	Sell	Hold
20/04/2016	Buy	Hold	Hold	Buy	Hold	Hold
30/03/2016						
29/03/2016	Buy	Hold	Buy	Buy	Hold	Hold
24/03/2016	Hold	Hold	Buy	Buy	Buy	Hold
17/03/2016	Hold	Hold	Buy	Buy	Buy	Hold
23/02/2016	Hold	Hold	Buy	Buy	Buy	Hold
11/02/2016						
25/01/2016	Hold	Hold	Buy	Buy	Buy	Hold
17/12/2015	Hold	Hold	Hold	Buy	Buy	Buy
03/12/2015	Buy	Hold	Hold	Buy	Buy	Buy
04/11/2015	Buy	Hold	Hold	Buy	Buy	Buy
07/10/2015	Hold	Hold		Buy	Hold	Buy
22/09/2015	Hold	Hold	Hold	Buy	Hold	Buy
03/09/2015	Hold	Hold	Hold	Hold	Hold	Hold

Date	RO EUROBOND USD	RS EUROBOND USD	RU EUROBOND EUR	RU EUROBOND USD	SI EUROBOND EUR	SI EUROBOND USD
26/08/2016		Hold	Hold	Hold	Hold	
25/08/2016						
29/07/2016	Hold		Buy	Buy		
21/07/2016						
20/06/2016	Sell	Buy	Hold	Hold	Buy	Buy
31/05/2016						
13/05/2016	Hold	Buy	Hold	Hold	Buy	Buy
26/04/2016	Hold	Buy	Hold	Hold	Buy	
20/04/2016	Hold	Hold	Hold	Hold	Buy	
30/03/2016						
29/03/2016	Hold	Hold	Hold	Hold	Buy	
24/03/2016	Hold	Hold	Hold	Hold	Buy	
17/03/2016	Hold	Hold	Hold	Hold	Buy	
23/02/2016	Hold	Hold	Buy	Buy	Buy	
11/02/2016						
25/01/2016	Hold	Sell	Buy	Buy	Buy	
17/12/2015	Buy	Sell	Buy	Hold	Hold	
03/12/2015	Buy	Sell	Hold	Hold	Hold	
04/11/2015	Buy	Sell	Buy	Buy	Hold	
07/10/2015	Buy	Sell	Hold	Hold	Hold	
22/09/2015	Buy	Sell	Hold	Hold	Hold	
03/09/2015	Hold	Sell	Hold	Hold	Hold	

Date	SK EUROBOND EUR	TR EUROBOND EUR	TR EUROBOND USD	UA EUROBOND USD
26/08/2016	Hold			
25/08/2016				
29/07/2016	Sell			
21/07/2016		Sell	Sell	
20/06/2016	Hold	Buy	Hold	Hold
31/05/2016				
13/05/2016	Hold	Hold	Hold	Hold
26/04/2016	Hold	Buy	Buy	Hold
20/04/2016	Hold	Buy	Buy	Hold
30/03/2016				
29/03/2016	Hold	Buy	Buy	Hold
24/03/2016	Hold	Buy	Buy	Sell
17/03/2016	Hold	Buy	Buy	Sell
23/02/2016	Hold	Buy	Buy	Sell
11/02/2016				
25/01/2016	Hold	Buy	Buy	Sell
17/12/2015	Hold	Buy	Hold	Sell
03/12/2015	Hold	Hold	Hold	Sell
04/11/2015	Hold	Hold	Hold	Hold
07/10/2015	Hold	Sell	Sell	Hold
22/09/2015	Hold	Sell	Sell	Hold
03/09/2015	Hold	Hold	Hold	Hold

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Data processing register number (DVR): 4002771

S.W.I.F.T.-Code:

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- Publishing of analysis according to various methods of analyses covering economics, interest rates and currencies, government and corporate bonds, equities as well as commodities with a regional focus on the euro area and Central and Eastern Europe under consideration of the global markets.

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