

Market snapshot

	curr.*	Dec-16	Mar-17	Jun-17
Poland				
EUR/PLN	4.322	4.35	4.30	4.30
Key rate	1.50	1.50	1.50	1.50
10y bond	2.9	2.9	3.0	3.1
Hungary				
EUR/HUF	309.9	315	310	310
Key rate	0.90	0.90	0.90	0.90
10y bond	3.1	2.7	2.8	2.9
Czech Republic				
EUR/CZK	27.03	27.0	27.0	27.0
Key rate	0.05	0.05	0.05	0.05
10y bond	0.3	0.5	0.6	0.7
Romania				
EUR/RON	4.447	4.50	4.45	4.50
Key rate	1.75	1.75	1.75	1.75
10y bond	3.1	3.5	3.6	3.8
Croatia				
EUR/HRK	7.511	7.60	7.60	7.50
Key rate	2.50	2.50	2.50	2.50
10y bond	3.5	3.9	3.9	3.9
Russia				
USD/RUB	64.85	65.0	63.0	63.0
Key rate	10.50	9.50	9.50	9.00
10y bond	8.1	8.0	7.8	7.7
Turkey				
USD/TRY	2.971	3.10	3.10	3.10
Key rate	7.50	7.50	7.50	7.50
10y bond	9.5	10.5	10.1	9.2
EUR/USD	1.124	1.05	1.03	0.99

* prices as of 15 September 2016, 11:59 p.m. CEST
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Highlights

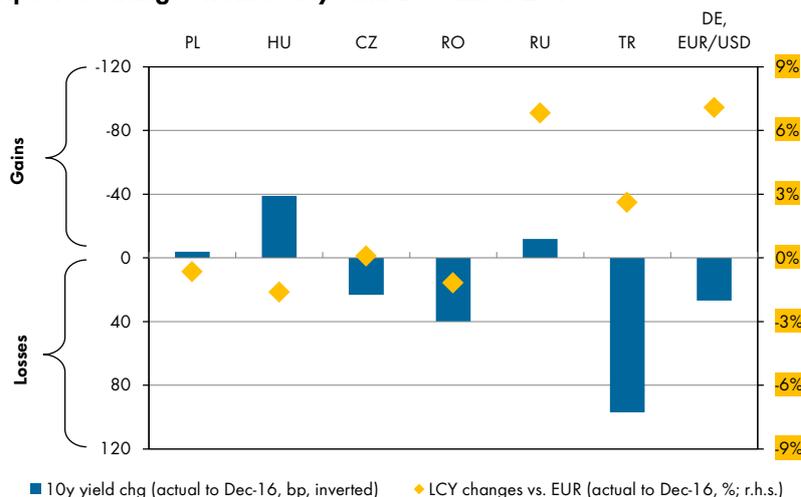
With the Russian interest rate decision coming up later today the data highlight for this week in CEE is still outstanding. Despite the unscheduled speech of Russian Central Bank governor Nabiullina last week that caused some rumours regarding the “moderately tight” policy mentioned, a large majority of analysts expect a cut in the benchmark rate by 50bp. An interpretation of the speech could instead be that the central bank wanted to calm markets expectations going forward with respect to additional (faster) rate cuts for the coming months. OFZs in our opinion remain attractive despite the already seen performance over the past months. Given the market expectation and the fact that the Russian rouble is closely following oil price movements we would not expect any significant effects on the rouble due to the decision. Meanwhile, the IMF cleared the way for the payout of a USD 1 bn tranche, resuming the disbursement of the USD 17.5 bn aid package. Whereas this payout was below the originally planned amount of USD 1.7 bn given that according to the IMF some conditions were not met, it unlocks US loan guarantees of USD 1 bn and EUR 600 mn by the EU.

After market close today some more rating revisions are due, here a possible rating decision for Hungary by S&P could bear highest chances for a surprise in our view. Whereas we would not yet expect a rating upgrade back into investment grade (S&P rating for Hungary is one notch below investment grade), we could be in for a change towards a positive rating outlook (from current stable outlook). Additional rating decisions today are due for Russia and Lithuania (by S&P), Slovenia and Montenegro (by Moody's). Here we would only see chances for a rating upgrade in Slovenia from Baa3 to possibly Baa2 with the other ratings expected to remain unchanged.

The upcoming week will only feature few economic data, especially the second half of the week lags economic data releases. Nevertheless, interest rate decisions in Hungary and Turkey are among the highlights, despite our view that neither the Hungarian Central Bank, nor the Turkish Central Bank will alter their interest rates.

Financial analyst: Wolfgang Ernst, CEFA, RBI Vienna

Expected changes from today until December 2016



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Content

Highlight/Upcoming data	p. 1
Data releases, Country coverage	p. 2
Monetary policy, money markets	p. 5
FX markets	p. 6
Local currency bond markets	p. 7
Eurobond markets	p. 9
Ratings, main macro forecasts	p. 10

Data highlights upcoming week

Date	Indicator	Period	Forecast	High	Mean	Low	Previous
19-Sep	PL: Industrial output, % yoy	Aug	5.9	8.3	5.2	2.1	-3.4
19-Sep	PL: Retail sales, % yoy	Aug	4.1	6.8	4.3	2.4	2.0
20-Sep	HU: Key rate, %	Sep	0.90	0.90	0.90	0.90	0.90
22-Sep	TR: Key rate, %	Sep	7.50	n.a.	n.a.	n.a.	7.50

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, 9 September					Friday, 16 September 2016						
RU: Trade balance, USD bn	Jul	6.5	n.a.	8.1	RU: Key rate, %	Sep	10.00	10.50	10.00	10.00	10.50
Monday, 12 September					Monday, 19 September 2016						
RO: CPI, % yoy	Aug	-0.2	n.a.	-0.8	RU: PPI, % yoy	Aug	n.a.	4.8	4.5	4.0	4.5
HR: Retail sales, % yoy	Jul	4.5	n.a.	4.5	PL: Industrial output, % yoy	Aug	5.9	8.3	5.2	2.1	-3.4
PL: CPI, % yoy	Aug	-0.8	n.a.	-0.8	PL: Retail sales, % yoy	Aug	4.1	6.8	4.3	2.4	2.0
RS: CPI, % yoy	Aug	1.2	n.a.	1.2	BY: Retail sales, % yoy	Aug	n.a.	n.a.	n.a.	n.a.	-2.2
SK: Industrial output, % yoy	Jul	-16.3	n.a.	5.4	UA: GDP, % yoy	Q2	n.a.	1.3	1.3	1.2	1.3
Tuesday, 13 September					Tuesday, 20 September 2016						
RO: C/A balance, EUR bn	Jul	-2.2	n.a.	-2.5	RU: Retail sales, % yoy	Aug	-5.3	-4.5	-5.0	-5.4	-5.0
CZ: C/A balance, CZK bn	Jul	-30.1	-18.0	-8.5	HU: Key rate, %	Sep	0.90	0.90	0.90	0.90	0.90
PL: C/A balance, EUR bn	Jul	-0.8	-0.3	-0.2	UA: Retail sales, % yoy	Aug	n.a.	2.5	2.5	2.3	2.4
PL: Trade balance, EUR bn	Jul	-0.3	-0.1	0.4	Wednesday, 21 September 2016						
BG: CPI, % yoy	Aug	-0.3	n.a.	-0.2	UA: Industrial output, % yoy	Aug	n.a.	2.5	1.7	-4.5	-0.2
Wednesday, 14 September					Thursday 22 September 2016						
RO: Industrial output, % yoy	Jul	0.0	n.a.	-0.5	TR: Key rate, %	Sep	7.50	n.a.	n.a.	n.a.	7.50
SK: CPI, % yoy	Aug	-0.8	n.a.	-0.9	Friday 23 September 2016						
Thursday, 15 September					HR: Unemployment rate, %						
HR: CPI, % yoy	Aug	-1.5	-1.4	-1.5	Aug	13.1	n.a.	n.a.	n.a.	n.a.	13.4
UA: Key rate, %	Sep	15.00	15.00	15.50							
RU: Industrial output, % yoy	Aug	0.7	n.a.	-0.3							
BY: C/A balance, USD bn	Q2	0.0	n.a.	-1.5							
Friday, 16 September											
BY: Industrial output, % yoy	Aug	-0.4	n.a.	-4.4							
BG: C/A balance, bn EUR	Jul	513.4	n.a.	562.8							

Source: Bloomberg, RBI/Raiffeisen RESEARCH

Croatia (HR) – The snap elections are finally behind us, but as expected they did not produce an outright winner. However, the week was highlighted by the start of negotiations between HDZ (which won the most seats in Parliament) and MOST (which seems their most likely coalition partner). Concluding the first round of negotiations, both parties voiced satisfaction and their readiness to form a stable government as soon as possible. So we stick by our opinion that an HDZ-MOST coalition remains the most realistic option (although they need two additional partners to form a parliamentary majority). The next round of negotiations is scheduled for Monday, so we assume the agreement could be reached much faster than last time. Given the uncertain political situation before the election this could support the market, at least in the short run. At any rate, the new government will face old challenges in terms of structural reforms, although the favourable economic trends are very supportive incentives, primarily thanks to the excellent tourist season. Consequently, in H1 2016 the consolidated general government deficit fell significantly to 0.2% of GDP (in accordance with national methodology), mostly driven by better-than-expected tax revenues, but also paired with lower budget spending. Moreover, the positive impact from the record high tourist season is expected to push down the registered unemployment rate to 13.1% (the first figure for August is set to be released at the very end of next week). Also, preliminary results on average gross and net wages for July could confirm a continuation of positive real growth rates (strongly supported by the recently published CPI figures at -1.5% yoy).

Financial analyst: Tomislava Ujevic (+385 1 6174 606), Raiffeisenbank Austria d.d., Zagreb

Czech Republic (CZ) – Next week the domestic data calendar is empty. Similarly to September last year, pressure on the CZK has intensified. EUR/CZK forwards dropped and consequently government bond yields declined. Part of this pressure can be explained by the payments into a European resolution fund, and in general by preparations for the forthcoming end of the year. However, part of the pressure probably also stems from speculation on an earlier exit from the current EUR/CZK 27.0 FX commitment of the Czech National Bank. Last week, the new CNB governor J. Rusnok was very specific about the timing of the exit when saying that it could end "sometime in the second half" of 2017, adding that he personally sees the policy change more likely after the "summer holidays" next year. From an economic point of view, the extremely low short-term government bond yields at present (2y CZGB yield at -0.8%) are barely justifiable. The pressures on the Czech koruna might follow a similar trend to last year, so we could see similar pressures by the end of the year; however, at the beginning of 2017, short-term government bonds should draw closer to their usual levels. We uphold our expectation that the CNB will end its FX commitment in Q4 2017.

Financial analyst: Michal Brozka (+420 234 40 1498), Raiffeisenbank a.s., Prague

Hungary (HU) – This week's main topic is the upcoming review on Hungary's rating – today after the closing bell, Standard & Poor's will publish an update on Hungary's credit rating, which is currently in junk territory and has been one step below investment grade for almost half a decade. Although Fitch upgraded Hungary to investment grade in May, another upgrade by S&P into investment grade territory is unlikely in the near term. The yield curve steepened as longer-dated bonds bore the brunt of the sell-off. BUBOR rates and forward-rate agreements have remained flat. Meanwhile, the EUR/HUF bounced back from the bottom of its 310–315 trading range, although market activity is still weak. With a dearth of economic data releases next week, investors will be paying close attention to the central bank's upcoming policy meeting - rates are expected to be held steady, but the final details of the changes to the liquidity framework are scheduled for release. These are aimed at channelling liquidity into the financial markets and reducing borrowing costs further, without actually cutting rates.

Financial analyst: Gergely Pálffy (+36 1 484 43 13), Raiffeisen Bank Zrt., Budapest

Poland (PL) – Moody's succeeded in surprising the markets, not with a rating change though, but with the lack of any decision or comment on Polish creditworthiness. On the local market it was interpreted as something not as good as a rating confirmation, but not as bad as a rating cut. The lack of any decision, however, might signal greater risks of a rating cut, which could largely be based on deteriorating fiscal perspectives and the worsening institutional environment. On the fiscal side, the current budget results are very positive (budget deficit at the end of August no higher than 30% of the whole-year target), which, however, is mainly the result of high one-off revenues. The budget situation for next year is much more tense and the government continues to introduce new fixed expenses, like the recently announced new (more costly) formula of valorisation in the pension system, which makes the situation for the forthcoming years even more difficult.

Meanwhile political issues, like the ongoing dispute between Poland and the EU and the local fight for the Constitutional Court, could come more under the spotlight again. The European Parliament passed a critical resolution on the risks to democracy in Poland. The Venice Commission is supposed to publish its report on the changes in the Constitutional Court recently passed by Parliament, which, most likely, will add to the critical comments from the EU. Despite these unsupportive local factors, the modest weakening of PLGBs last week was generated more by core markets, and higher Bund yields after the disappointing ECB meeting last week.

Next week the Polish market could again be driven mostly by global factors, like the Fed meeting. On the local side, however, there will also be some triggers, like the big set of monthly indicators to be published on Monday. After weak results for industrial output and retail sales for July, we expect a significant rebound in both indicators, which should rise (retail sales in real terms) by roughly 6% yoy. This should further limit speculations on interest rate cuts in Poland, and in the short term add to the unsupportive environment for Polish GBs.

Financial analyst: Marta Petka-Zagajewska (+48 22 374 75 95), Raiffeisen Polbank, Warsaw

Romania (RO) – Inflation dynamics in August surpassed our expectations as well as the analyst consensus, as consumer prices increased by 0.1% mom. The reasons for these dynamics include the increase in prices for tobacco and cigarettes (1.8% mom in August). Moreover, the seasonal decline in volatile prices for fruits and vegetables materialized only partially (-1.2% mom). The annual inflation rate stood at -0.2% yoy in August, up from -0.8% yoy in July.

The data on construction and industrial output in July pointed to a lazy start in early Q3 in both cases. Industrial output increased marginally by 0.7% mom in July. Among its components, the manufacturing segment, which accounts for the largest share in total industrial output, was behind the positive dynamics in July (1.0% mom). Construction works inched up by 0.6% mom in July, following the 3.2% quarterly increase recorded in Q2. According to the latest data revealed by the Central Bank, the current account deficit for January-July amounted to EUR 2.2 bn, significantly above the EUR 760 mn recorded during the same period of the previous year. However, it should be mentioned that the current account figure for the first half of 2016 was revised downwards.

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

Russia (RU) – According to CBR data, the current account turned negative in August (USD -1.6 bn vs. USD 0.5 bn in July 2016 and USD 1.1 bn in August 2015). The actual figure came in slightly better than we expected (USD -2.2 bn) probably due to lower dividends paid to non-residents. In August, the net capital inflow of the private sector reached USD 1.1 bn (USD 0.6 bn for 8m). Apparently, the dividends paid were reinvested into the local market. Besides, new investments came into the country (both from non-residents and residents' foreign accounts) driven by the relatively high RUB rates and expectations of a very moderate rate hike in the US. Also, local banks decreased their FX liquidity cushion quite willingly in order to meet their clients' demand for FX. The regulator's press release states that there was an inflow of FX into the banking sector as a result of an accelerated decline in foreign assets (compared to foreign liability repayments). Thus a visible deterioration of the current account (in yoy terms) is compensated by a speculative investment inflow (as seen in most GEMs) which supports the RUB. Without this support and an oil price at USD 47.3 per bbl, the RUB/USD would be 2 roubles cheaper (at 67). The situation could change in the event of a sharp oil price decline (to USD 35 per bbl) or a Fed fund rate hike in September (such a scenario is not priced in). However, the probability of each of these two events is rather low now. Besides, in Q4 the RUB is likely to be supported by seasonal improvements in C/A, all other things being equal (from USD -1.8 bn in Q3 to USD +4 bn, our estimate).

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

Serbia (RS) – The country has free trade agreements with several countries, and is now negotiating a new one with the Eurasian Economic Union (EEU), intending to sign it with the block, comprising Russia, Belarus, Kazakhstan, Armenia, and Kyrgyzstan. While the idea behind it is to open up new markets for the country's products, the government is eager to negotiate a quota for duty-free exports of Fiat cars to the EEU given the falling demand on the Western markets for FIAT vehicles. The Prime Minister is actively seeking new investors on the EU market, visiting Germany and France, hoping that the government's subsidy scheme for new investments together with the improved macro-environment and faster EU accession negotiations will be supportive for new investors. The latter supported continued FDI, coming in at EUR 0.8 bn in six months of 2016.

The EUR/RSD was almost immobile as the NBS did not intervene on the market in the previous week, but rather increased the 1w repo supply to EUR 636 mn. By doing so the NBS soaked up the ample RSD liquidity created due to the infrequent Ministry of Finance T-bill auctions in September. Moderate FX interventions (EUR 90 mn) and settlements of the foreign currency savings bonds and borrowing supported a moderate fall in FX reserves, which came in at EUR 9.58 bn in August, covering six months of imports. August's CPI reading maintained the flat sentiment, reaching 1.2% yoy after 1.2% yoy growth in July, supported by food and non-alcoholic beverage price growth (+0.9% yoy). The reading still hovers below the 4 +/- 1.5pp range.

Next weeks' current account release might show that the gap will have narrowed further, supported by exports and flow of remittances.

Financial analyst: Ljiljana Grubic (+381 11 220 71 78), Raiffeisenbank a.d., Belgrade

Slovakia (SK) – Detailed statistics for Q2 2016 GDP came in without any major surprise. As largely expected, economic growth of 3.7% yoy was driven by domestic as well as external demand. The fastest growing part of domestic demand was household consumption, which accelerated to 3.0% yoy in the second quarter of 2016. After slow growth in Q1 2016, investments (gross fixed capital formation) only stagnated in Q2 2016. Thanks to the lower inflow of EU funds, a slowdown of investment growth was expected. Due to the lack of investment, the most affected part of the economy is the construction sector. In the coming quarters, such a development may continue and even deepen. This is why we are quite pessimistic about the construction sector and its growth in 2016. The decline in investments in the Slovak economy should be cushioned mainly by private investments (Jaguar-Land Rover, Volkswagen). Government consumption as part of domestic demand posted the slowest growth compared to the previous four quarters. This is probably also related to lower co-financing of EU projects. External demand contributed more than 2 pp to the GDP growth rate. Despite some nervousness on the markets, product and service exports posted a solid 7.7% yoy growth in real terms in Q2 2016.

This positive development is in line with our optimistic above-market view on the Slovak economy for 2016. In the coming quarters we expect a continuation of solid growth in Slovakia, and GDP growth should reach 3.5% yoy in 2016. We expect only a minor decrease of growth in 2017. Next year should be dominated by large investments in the automotive sector.

August's consumer inflation stood at -0.8% yoy, up from -0.9% in July, showing the first signs of a possible recovery. The main drivers of negative inflation are lower energy prices, due to falling oil prices in late 2015 and early 2016, and lower food prices, as VAT on selected foods was reduced from 20% to 10%. Core inflation (ECB method: headline ex food, alcohol, tobacco and energy) plateaued at 1% yoy in May, decreasing to 0.8 % yoy in July. We expect headline inflation will recover slightly in late 2016, approaching 0% eop.

Financial analyst: Boris Fojtík (+421 259 19 2833), Tatra bank a.s., Bratislava

Monetary policy and money markets overview

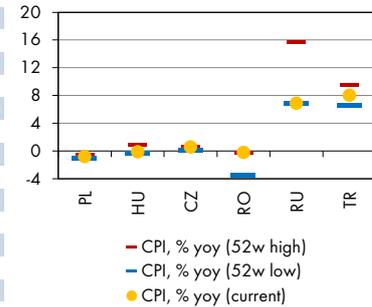
CEE key interest and money markets outlook

	current*	Dec-16	Mar-17	Jun-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	0.85	0.80	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	0.73	0.80	0.90	1.20	6.45	0.73
Russia						
Key interest rate	10.50	9.50	9.50	9.00	17.00	5.25
3m money market rate	10.58	10.25	10.05	9.55	29.93	5.62
Serbia						
Key interest rate	4.00	4.00	4.00	4.00	11.75	4.00
3m money market rate	3.52	3.55	3.70	3.90	13.13	3.26
Turkey						
Key interest rate	7.50	7.50	7.50	7.50	10.00	4.50
3m money market rate	9.35	9.80	9.20	8.30	12.44	4.85

Benchmark key rates	current	Dec-16	Mar-17	Jun-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	0.75	0.75	1.00	0.50	0.25

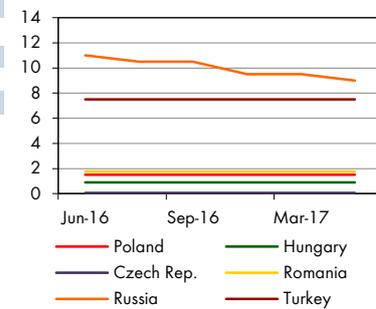
Source: Bloomberg, RBI/Raiffeisen RESEARCH
 * Bid rates (for Hungary ask rates) as of 15 September 2016, 11:59 p.m. CEST

Inflation snapshot



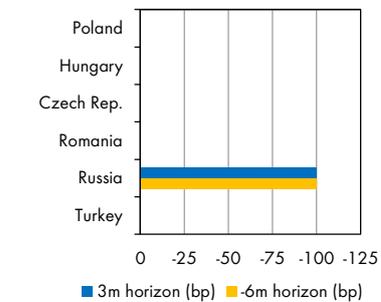
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Key rate trends (%)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Key rate forecast (chg., bp)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Rate setting meetings

	Sep	Oct
Poland (NBP)	7	5
Hungary (MNB)	20	25
Czech Republic (CNB)	29	-
Romania (BNR)	30	4
Serbia (NBS)	8	13
Russia (CBR)	16	28
Turkey (TCMB)	22	20

Source: National Central Banks, RBI/Raiffeisen RESEARCH

Central bank watch

Poland (NBP)	Despite a softer inflation patch and uneven growth outlook MPC remains overly hawkish. NBP expects fiscal loosening to boost GDP growth going forward. This in conjunction with upward wage pressure can help reflation, which would encourage MPC to remain on hold despite current deflationary environment.
Hungary (MNB)	MNB to announce the cap to its main policy tool (3m deposit facility) to encourage banks to offer cheaper loans and to buy HGBs. Main sterilization instrument offered only once a month (earlier there were weekly tenders). Meanwhile MNB head said that EUR adoption can be a topic only when Hungary reaches EU average GDP.
Czech Republic (CNB)	Exit from FX intervention regime - keeping koruna above EUR/CZK 27.00 floor - will still likely be delayed to end-2017, mainly due to stuttering reflation. This despite a surprising CNB comment alleging the possibility of exiting it by mid-2017. Negative interest rates not on the agenda.
Romania (BNR)	Excess liquidity remains high and central bank fails to tighten its grip on liquidity and to set an end to pro-cyclical policies. We expect BNR to remain defensive in the short term, but verbal interventions might point to tightening stance if FX volatility increases.
Serbia (NBS)	NBS remains on hold due to CPI expectations looking for an uptick in the headline rate already in September. The regulator sees stronger demand as a factor adding to the inflation going forward, thus far NBS may consider this easing cycle over.
Russia (CBR)	Decreasing inflation and lower inflation expectations likely to prompt a 50bp rate cut today as CBR already indicated this directionality at its last meeting. However residual inflation risks may slow rate cutting cycle with only gradual rate reduction possible going forward.
Turkey (TCMB)	Another cut to o/n lending rate in August brought 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.

Source: RBI/Raiffeisen RESEARCH

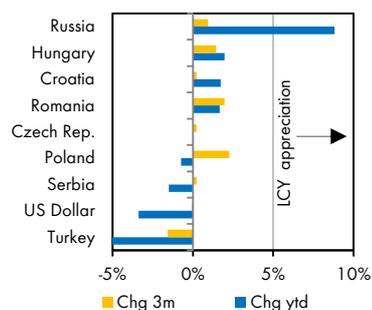
Foreign exchange market overview

FX forecasts

EUR vs	current*	Dec-16	Mar-17	Jun-17	5y high	5y low	Comment
PLN	4.322	4.35	4.30	4.30	4.46	4.08	We expect EUR/PLN to move in a range around 4.35 for the rest of 2016 with zloty volatility remaining elevated compared to peers
HUF	309.9	315	310	310	316	291	EUR/HUF should remain in the old 310-315 trading range; overall volatility in HUF remains moderate
CZK	27.03	27.0	27.0	27.0	27.7	25.1	Statements by CNB governor Rusnok led to increased speculation about an end to the FX regime; this and rising CPI rates could make higher interventions necessary over the coming months
RON	4.447	4.50	4.45	4.50	4.52	4.33	Despite strong economic data uncertainty related to the parliamentary elections by the end of 2016 is likely to result in some depreciation pressure for the leu
HRK	7.511	7.60	7.60	7.50	7.66	7.52	We expect higher FCY demand from corporate sector thus EUR/HRK could slightly rise to 7.50-7.53
RSD	123.2	124	123	123	124	106	RSD remains stable against EUR (usual for the summer months); the central bank intervenes only moderately to stabilise EUR/RSD at the level of 123
RUB	72.91	68.3	64.9	62.4	79.3	40.3	see USD/RUB below
UAH	29.35	30.5	29.9	28.7	30.5	10.4	see USD/UAH below
BYN	2.230	2.36	2.34	2.27	2.36	1.09	see USD/BYN below
TRY	3.340	3.26	3.19	3.07	3.26	2.35	see USD/TRY below
USD	1.124	1.05	1.03	0.99	1.38	1.05	Expectation on further US Fed rate hikes to support USD against euro
USD vs	current*	Dec-16	Mar-17	Jun-17	5y high	5y low	
RUB	64.85	65.0	63.0	63.0	73.0	30.5	We have revised our RUB outlook towards a stronger rouble, aligning it to expectations of continued oil price recovery over the coming quarters; volatility in USD/RUB continued to decline over recent months, reaching levels last seen in end-2014; rate cut by 50bp expected at next rate setting meeting on 16 September
UAH	26.11	29.0	29.0	29.0	29.0	8.01	The IMF cleared the way for the payout of the next tranche to Ukraine; whereas the payout of USD 1bn is below the originally planned USD 1.7bn, it unlocks US loan guarantees of USD 1bn and EUR 600mn by the EU
BYN	2.008	2.25	2.27	2.29	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	2.971	3.10	3.10	3.10	3.10	1.78	Political uncertainty and ongoing military actions are keeping us cautious on TRY; mixed US data supported TRY recently, but possible US rate hike towards year-end 2016 could put pressure on lira given high USD indebtedness of Turkish economy

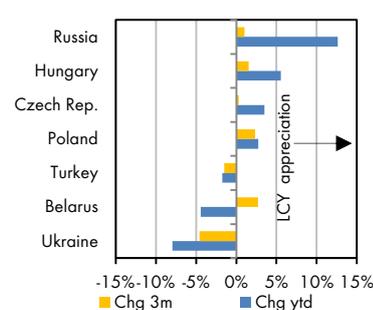
* as of 15 September 2016, 11:59 p.m. CEST
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Change of LCY value to EUR (%)



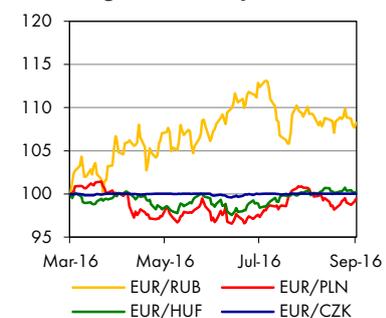
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY value to USD (%)



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

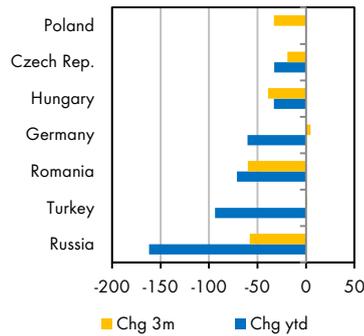
Exchange rate comparison



Indexed 15 Mar-16 = 100
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

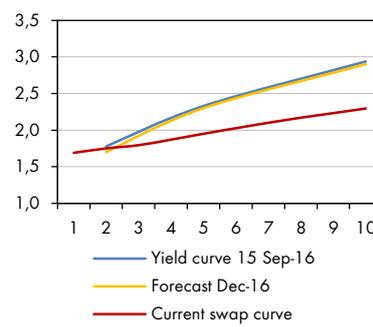
Local currency bond market overview and forecasts

Change of LCY 10y bond yields (bp)



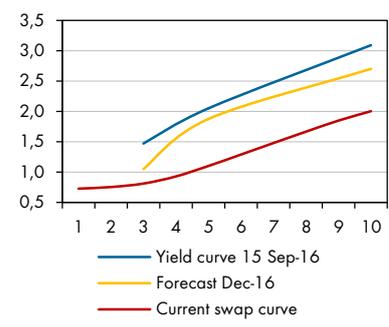
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

PLN yield curve



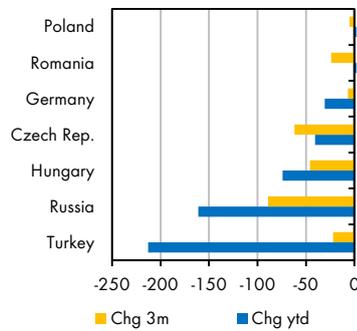
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

HUF yield curve



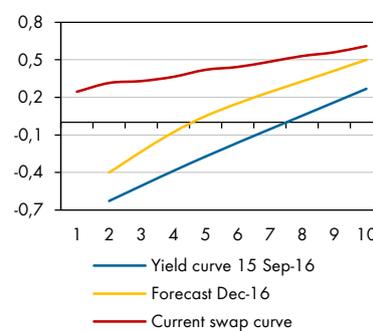
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY 2y bond yields (bp)



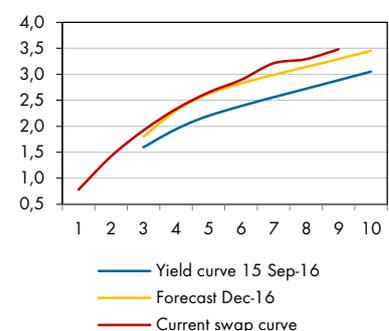
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

CZK yield curve



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

RON yield curve



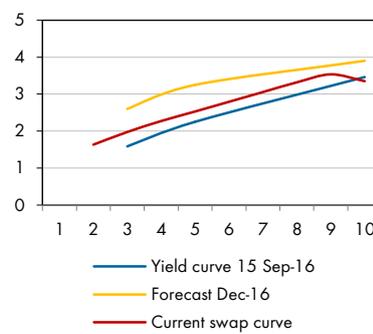
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

5y USD CDS spreads



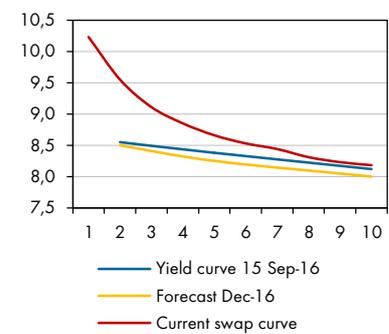
Turkey 5y high 343.7, 5y low 111.7; Russia 5y high 628.7, 5y low 119.4
Source: Bloomberg, RBI/Raiffeisen RESEARCH

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*	Dec-16	Mar-17	Jun-17	5y high	5y low	current*	Dec-16	Mar-17	Jun-17	5y high	5y low
Poland	1.78	1.7	1.8	1.9	4.9	1.6	2.94	2.9	3.0	3.1	5.9	2.5
Hungary **	1.47	1.1	1.0	1.2	9.2	1.1	3.09	2.7	2.8	2.9	9.9	2.7
Czech Republic	-0.63	-0.4	-0.4	0.0	1.8	-0.4	0.27	0.5	0.6	0.7	3.6	0.5
Romania	0.64	1.2	1.3	1.4	7.3	0.5	3.05	3.5	3.6	3.8	7.5	3.5
Croatia	1.59	1.9	1.9	2.0	6.3	1.5	3.46	3.9	3.9	3.9	7.2	3.8
Russia	8.55	8.5	8.4	8.3	15.8	6.2	8.12	8.0	7.8	7.7	14.1	6.9
Turkey	8.84	10.0	9.5	8.5	11.5	6.1	9.53	10.5	10.1	9.2	10.5	6.6
Germany	-0.65	-0.5	-0.5	-0.5	0.2	-0.5	-0.03	0.3	0.5	0.7	1.9	0.3
USA	0.74	1.1	1.1	1.3	1.1	0.2	1.70	2.1	2.3	2.6	3.0	1.8

* Bid yields as of 15 September 2016, 11:59 p.m. CEST; ** 3y yield
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.	Comment
Poland							
PLN 2y Gov. Bond	25/10/2018	0.00	96.38	1.77	243	2.1	POLGBs should be supported by favourable global sentiment. We softened our bearish outlook for local debt market but re-intensifying political/fiscal risks can still push the HU-PL 10y spread into negative territory.
PLN 5y Gov. Bond	25/10/2021	5.75	116.38	2.30	281	4.4	
PLN 10y Gov. Bond	25/07/2026	2.50	96.51	2.91	291	8.8	
Hungary							
HUF 3y Gov. Bond	30/10/2019	2.00	101.84	1.39	204	3.0	HGB market likely to remain well bid as bond-market-supporting measures bring more impact in autumn, which can push long-end HGB yields lower.
HUF 5y Gov. Bond	27/10/2021	2.50	102.40	2.00	250	4.8	
HUF 10y Gov. Bond	27/10/2027	3.00	99.53	3.05	305	9.4	
Czech Republic							
CZK 2y Gov. Bond	17/03/2018	0.85	102.33	-0.70	-5	1.5	CZGB yields are likely to remain near their historical lows, especially as positioning for exit from FX regime re-intensified. We expect EUR/CZK cap policy exit is likely to be delayed till the end of 2017.
CZK 5y Gov. Bond	29/09/2021	3.85	120.85	-0.27	24	4.7	
CZK 10y Gov. Bond	26/06/2026	1.00	106.97	0.28	28	9.4	
Croatia							
HRK 2y Gov. Bond	10/07/2018	5.25	106.47	1.60	210	1.8	Higher liquidity on HRK bond market likely to support prices of government debt. Slovenia old bank debt legacy lawsuit demanding payback from Croatia is unlikely to impact HRK debt market.
HRK 10y Gov. Bond	14/12/2026	4.25	106.92	3.44	344	8.3	
Romania							
RON 2y Gov. Bond	17/01/2018	3.25	103.12	0.88	153	1.3	ROMGB curve looks overpriced, especially at the long end compared to similar HU or PL. We would warn of market correction risk growing, especially ahead of the elections.
RON 5y Gov. Bond	22/03/2021	3.25	104.45	2.20	270	4.2	
RON 10y Gov. Bond	24/02/2025	4.75	112.45	3.06	306	7.1	
Russia							
RUB 2y Gov. Bond	15/03/2018	7.50	98.81	8.54	919	1.4	Our mildly bullish stance on OFZs remains intact due to the ongoing rate cut cycle and stronger RUB vs. EUR outlook. Biggest risks are international politics/revived Ukraine conflict fears.
RUB 5y Gov. Bond	18/08/2021	7.50	97.35	8.33	883	4.3	
RUB 10y Gov. Bond	03/02/2027	8.15	101.30	8.12	812	7.1	
Turkey							
TRY 2y Gov. Bond	11/07/2018	8.70	99.75	8.84	949	1.7	We remain "Hands-off" in Turkey, especially as the "reversal" rally after the failed coup attempt may have come to an end. We anticipate renewed market weakness due to underestimated political risks.
TRY 5y Gov. Bond	17/02/2021	10.70	105.20	9.24	974	3.6	
TRY 10y Gov. Bond	11/02/2026	10.60	106.65	9.51	951	6.1	

Data as of 16 September 2016, 11:31 a.m. CEST
Source: Bloomberg, RBI/Raiffeisen RESEARCH

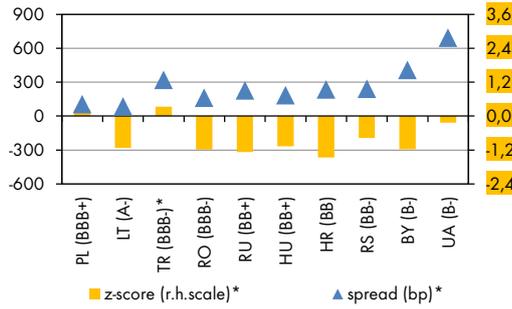
Bond auctions

		ISIN	Coupon	Maturity	Volume
19 September 2016					
RO	3.4y T-bond	RO1620DBN017	2.25%	26 Feb-20	RON 500 mn
20 September 2016					
AL	2y T-bond	AL0167NF2Y18	1.88%	22 Sep-18	ALL 4.2 bn
TR	1y T-bond	n.a.	0.00%	2017	n.a.
21 September 2016					
CZ	3.5y T-bond	CZ0001004717	0.00%	17 Jul-19	CZK 5 bn
CZ	15.5y T-bond	CZ0001003859	2.50%	25 Aug-28	CZK 7 bn
RU	T-bond	n.a.	n.a.	n.a.	n.a.
22. September 2016					
RO	2.6y T-bond	RO1519DBN037	2.50%	29 Apr-19	RON 500 mn
HU	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

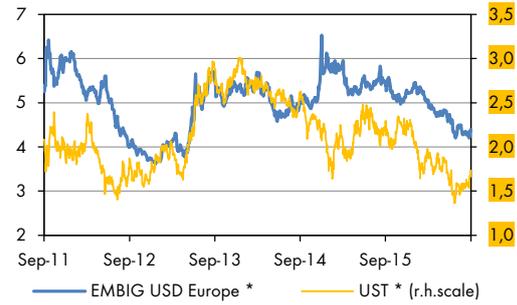
Eurobond market overview

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		Spread	Mdur	ISIN	
	Bid	Ask	wow, %	5y high	5y low	% p. a.	bp		years
EUR									
BGARIA 4 1/4 07/09/17	103.7	104.0	0.19	111.8	100.3	-0.48	11	0.8	XS0802005289
CROATI 5 7/8 07/09/18	109.8	110.1	-0.15	112.1	88.8	0.32	97	1.7	XS0645940288
REPHUN 3 7/8 02/24/20	112.0	113.0	0.00	113.1	69.3	0.21	84	3.2	XS0212993678
REPHUN 4 3/8 07/04/17	103.4	103.8	-0.24	108.0	77.3	-0.13	46	0.8	XS0284810719
REPHUN 5 3/4 06/11/18	109.6	109.8	-0.28	115.1	79.7	0.12	77	1.7	XS0369470397
REPHUN 6 01/11/19	113.0	113.5	-0.06	118.4	86.4	0.24	89	2.2	XS0625388136
LITHUN 4.85 02/07/18	106.8	107.1	-0.20	114.3	94.5	-0.19	43	1.3	XS0327304001
POLAND 5 5/8 06/20/18	110.4	110.6	-0.18	122.6	102.1	-0.35	31	1.7	XS0371500611
POLAND 1 5/8 01/15/19	103.8	104.0	0.06	105.5	98.0	-0.04	60	2.3	XS0874841066
POLAND 3 3/4 01/19/23	121.1	122.0	-0.31	125.5	99.9	0.31	72	5.7	XS0794399674
POLAND 3 3/8 07/09/24	120.6	121.6	0.00	125.6	99.6	0.60	86	7.0	XS0841073793
ROMANI 4 7/8 11/07/19	114.6	115.0	-0.16	117.8	99.3	0.13	77	2.9	XS0852474336
TURKEY 5 7/8 04/02/19	109.9	110.5	-0.19	118.9	100.9	1.73	237	2.3	XS0285127329
TURKEY 5 1/8 05/18/20	110.0	110.5	-0.20	115.9	95.2	2.19	280	3.3	XS0503454166
USD									
BELRUS 8.95 01/26/18	104.6	105.4	-0.34	111.2	70.0	5.06	441	1.3	XS0583616239
CROATI 6 3/8 03/24/21	111.7	112.2	0.06	117.8	86.7	3.48	237	3.8	XS0607904264
CROATI 5 1/2 04/04/23	109.9	110.4	-0.06	110.8	94.4	3.73	231	5.4	XS0908769887
REPHUN 5 3/8 02/21/23	113.2	113.6	-0.32	114.6	93.1	3.06	166	5.5	US445545AH91
REPHUN 7 5/8 03/29/41	151.4	152.1	-0.74	155.1	79.5	4.22	199	13.2	US445545AF36
LITHUN 7 3/8 02/11/20	118.1	118.5	-0.20	130.7	104.8	1.78	85	3.0	XS0485991417
LITHUN 6 5/8 02/01/22	122.9	123.3	-0.08	128.6	101.0	2.05	81	4.6	XS0739988086
LATVIA 2 3/4 01/12/20	103.9	104.4	-0.07	104.5	91.4	1.46	54	3.2	XS0863522149
LATVIA 5 1/4 06/16/21	115.7	116.3	-0.11	117.2	90.9	1.72	57	4.2	XS0638326263
POLAND 6 3/8 07/15/19	112.5	112.9	-0.26	125.9	107.4	1.73	88	2.6	US731011AR30
POLAND 3 03/17/23	103.3	103.7	-0.20	105.1	87.6	2.41	101	5.9	US731011AT95
ROMANI 6 3/4 02/07/22	120.3	120.6	-0.34	124.4	99.2	2.64	140	4.6	US77586TAA43
ROMANI 4 3/8 08/22/23	109.6	110.1	-0.57	111.1	90.8	2.80	133	6.0	US77586TAC09
RUSSIA 4 1/2 04/04/22	107.0	107.5	-0.71	114.7	82.0	3.07	179	4.8	XS0767472458
RUSSIA 7 1/2 03/31/30	121.2	121.5	-0.19	128.6	99.6	2.29	46	3.8	XS0114288789
RUSSIA 5 5/8 04/04/42	113.9	114.7	-1.38	124.9	76.0	4.66	237	14.0	XS0767473852
SERBIA 5 1/4 11/21/17	103.3	103.8	-0.03	107.1	96.8	2.16	154	1.1	XS0856951263
SERBIA 4 7/8 02/25/20	104.6	105.1	-0.31	105.3	89.6	3.37	243	3.1	XS0893103852
TURKEY 6 1/4 09/26/22	110.1	110.7	-0.62	127.0	101.0	4.27	294	4.9	US900123BZ27
TURKEY 6 7/8 03/17/36	117.9	118.4	-1.33	139.6	99.2	5.36	332	11.4	US900123AY60
TURKEY 6 3/4 05/30/40	117.1	118.0	-1.47	139.4	97.3	5.43	322	12.5	US900123BG46
UKRAIN 7 3/4 09/01/19	99.8	100.3	-0.58	101.3	88.0	7.72	686	2.6	XS1303918269
UKRAIN 7 3/4 09/01/23	98.0	98.5	-0.53	99.9	84.6	8.09	660	5.3	XS1303921487
UKRAIN 7 3/4 09/01/27	96.2	96.7	-0.69	98.4	81.2	8.25	651	7.2	XS1303927179

YTM mid - yield to maturity based on mid market price, bmk - benchmark, Mdur - modified duration, ISIN - international security identification number; prices as of 16 Sep 2016, 11:52 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	475	-4.4	13.5	23.2	3.9	37.8	82.4	26.6
	2017f	1.0	6.1	6.0	594	-3.3	14.0	24.2	4.3	30.1	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

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.
- Performance of a financial instrument, a financial index or a securities service is reduced by commissions, fees and other charges, which depend on the individual circumstances of the investor.
- The return on an investment in a financial instrument, a financial or securities service can rise or fall due to exchange rate fluctuations.
- Forecasts of future performance are based purely on estimates and assumptions. Actual future performance may deviate from the forecast. Consequently, forecasts are not a reliable indicator for future results and the development of a financial instrument, a financial index or a securities service.

The information and recommendations in this publication which are contributed by analysts from RBI's subsidiary banks or from Raiffeisen Centrobank ("RCB") are disseminated unaltered under RBI's responsibility.

A description of the concepts and methods used in the preparation of financial analyses is available under: www.raiffeisenresearch.com/concept_and_methods.

Detailed information on sensitivity analyses (procedure for checking the stability of potential assumptions made in the context of financial analyses) is available under: www.raiffeisenresearch.com/sensitivity_analysis.

Detailed information on recommendations concerning financial instruments or issuers disseminated during a period of 12 month prior to this publication (acc. to Art. 4 (1) h) Commission Delegated Regulation (EU) 2016/958 of 9.3.2016) is available under: https://raiffeisenresearch.com/web/rbi-research-portal/recommendation_history

This analysis by Raiffeisen Bank International AG ("RBI") is presented to you by Kathrein Privatbank Aktiengesellschaft. Supervisory authority: Austrian Financial Market Authority FMA, Otto-Wagner-Platz 5, A-1090 Vienna and National Bank of Austria, Josefsplatz 1, 1015 Vienna. Additionally, Raiffeisen Bank International AG is subject to supervision by the European Central Bank (ECB), which ECB undertakes within the Single Supervisory Mechanism (SSM), which consists of the ECB on national responsible authorities (Council Regulation (EU) No 1024/2013).

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	25%
Hold	45%
Sell	30%
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

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

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

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

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

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	

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

Disclaimer Financial Analysis

Responsible for this publication: Raiffeisen Bank International AG („RBI“)

RBI is a credit institution according to § 1 Banking Act (Bankwesengesetz) with the registered office Am Stadtpark 9, 1030 Vienna, Austria.

Raiffeisen RESEARCH is an organisational unit of RBI.

Supervisory authority: As a credit institution (acc. to § 1 Austrian Banking Act; Bankwesengesetz) Raiffeisen Bank International AG is subject to the supervision by the Austrian Financial Market Authority (FMA, Finanzmarktaufsicht) and the National Bank of Austria (OeNB, Oesterreichische Nationalbank). Additionally, RBI is subject to the supervision by the European Central Bank (ECB), which undertakes such supervision within the Single Supervisory Mechanism (SSM), which consists of the ECB and the national responsible authorities (Council Regulation (EU) No 1024/2013 - SSM Regulation). Unless set out herein explicitly otherwise, references to legal norms refer to norms enacted by the Republic of Austria.

This document is for information purposes and may not be reproduced or distributed to other persons without RBI's permission. This document constitutes neither a solicitation of an offer nor a prospectus in the sense of the Austrian Capital Market Act (Kapitalmarktgesetz) or the Austrian Stock Exchange Act (Börsegesetz) or any other comparable foreign law. An investment decision in respect of a financial instrument, a financial product or an investment (all hereinafter "product") must be made on the basis of an approved, published prospectus or the complete documentation for such a product in question, and not on the basis of this document.

This document does not constitute a personal recommendation to buy or sell financial instruments in the sense of the Austrian Securities Supervision Act (Wertpapieraufsichtsgesetz). Neither this document nor any of its components shall form the basis for any kind of contract or commitment whatsoever. This document is not a substitute for the necessary advice on the purchase or sale of a financial instrument, a financial product or advice on an investment. In respect of the sale or purchase of one of the above mentioned products, your banking advisor can provide individualised advice suitable for investments and financial products.

This analysis is fundamentally based on generally available information and not on confidential information which the party preparing the analysis has obtained exclusively on the basis of his/her client relationship to a person.

Unless otherwise expressly stated in this publication, RBI deems all of the information to be reliable, but does not make any assurances regarding its accuracy and completeness.

In emerging markets, there may be higher settlement and custody risk as compared to markets with established infrastructure. The liquidity of stocks/financial instruments may be influenced, amongst others, by the number of market makers. Both of these circumstances can result in elevated risk in relation to the safety of investments made in consideration of the information contained in this document.

The information in this publication is current as per the latter's creation date. It may be outdated by future developments, without the publication being changed.

Unless otherwise expressly stated (www.raiffeisenresearch.com/special_compensation), the analysts employed by RBI are not compensated for specific investment banking transactions. Compensation of the author or authors of this report is based (amongst other things) on the overall profitability of RBI, which includes, inter alia, earnings from investment banking and other transactions of RBI. In general, RBI forbids its analysts and persons reporting to the analysts from acquiring securities or other financial instruments of any enterprise which is covered by the analysts, unless such acquisition is authorised in advance by RBI's Compliance Department.

RBI has put in place the following organisational and administrative agreements, including information barriers, to impede or prevent conflicts of interest in relation to recommendations: RBI has designated fundamentally binding confidentiality zones. These are typically units within credit institutions, which are isolated from other units by organisational measures governing the exchange of information, because compliance-relevant information is continuously or temporarily handled in these zones. Compliance-relevant information may fundamentally not leave a confidentiality zone and is to be treated as strictly confidential in internal business operations, including interaction with other units. This does not apply to the transfer of information necessary for usual business operations. Such transfer of information is limited, however, to what is absolutely necessary (need-to-know principle). The exchange of compliance-relevant information between two confidentiality zones may only occur with the involvement of the Compliance Officer.

SPECIAL REGULATIONS FOR THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (UK):

This document does not constitute either a public offer in the meaning of the Austrian Capital Market Act (Kapitalmarktgesetz; hereinafter „KMG“) nor a prospectus in the meaning of the KMG or of the Austrian Stock Exchange Act (Börsegesetz). Furthermore, this document does not intend to recommend the purchase or the sale of securities or investments in the meaning of the Austrian Supervision of Securities Act (Wertpapieraufsichtsgesetz). This document shall not replace the necessary advice concerning the purchase or the sale of securities or investments. For any advice concerning the purchase or the sale of securities of investments kindly contact your RAIFFEISENBANK. This publication has been either approved or issued by RBI in order to promote its investment business. Raiffeisen Bank International AG ("RBI"), London Branch is authorised by the Austrian Financial Market Authority and subject to limited regulation by the Financial Conduct Authority ("FCA"). Details about the extent of its regulation by the FCA are available on request. This publication is not intended for investors who are Retail Customers within the meaning of the FCA rules and shall therefore not be distributed to them. Neither the information nor the opinions expressed herein constitute or are to be construed as an offer or solicitation of an offer to buy (or sell) investments. RBI may have affected an Own Account Transaction within the meaning of FCA rules in any investment mentioned herein or related investments and/or may have a position or holding in such investments as a result. RBI may have been, or might be, acting as a manager or co-manager of a public offering of any securities mentioned in this report or in any related security.

SPECIFIC RESTRICTIONS FOR THE UNITED STATES OF AMERICA AND CANADA: This document may not be transmitted to, or distributed within, the United States of America or Canada or their respective territories or possessions, nor may it be distributed to any U.S. person or any person resident in Canada, unless it is provided directly through RB International Markets (USA) LLC ("RBIM"), a U.S. registered broker-dealer, and subject to the terms set forth below.

SPECIFIC INFORMATION FOR THE UNITED STATES OF AMERICA AND CANADA: This research document is intended only for institutional investors and is not subject to all of the independence and disclosure standards that may be applicable to research documents prepared for retail investors. This report was provided to you by RB International Markets (USA) LLC (RBIM), a U.S. registered broker-dealer, but was prepared by our non-U.S. affiliate Raiffeisen Bank International AG (RBI). Any order for the purchase or sale of securities covered by this report must be placed with RBIM. You can reach RBIM at 1133, Avenue of the Americas, 16th floor, New York, NY 10036, phone +1 212-600-2588. This document was prepared outside the United States by one or more analysts who may not have been subject to rules regarding the preparation of reports and the independence of research analysts comparable to those in effect in the United States. The analyst or analysts who prepared this research (i) are not registered or qualified as research analysts with the Financial Industry Regulatory Authority ("FINRA") in the United States, and (ii) are not allowed to be associated persons of RBIM and are therefore not subject to FINRA regulations, including regulations related to the conduct or independence of research analysts.

The opinions, estimates and projections contained in this report are those of RBI only as of the date of this report and are subject to change without notice. The information contained in this report has been compiled from sources believed to be reliable by RBI, but no representation or warranty, express or implied, is made by RBI or its affiliated companies or any other person as to the report's accuracy, completeness or correctness. Securities which are not registered in the United States may not be offered or sold, directly or indirectly, within the United States or to U.S. persons (within the meaning of Regulation S under the Securities Act of 1933 ["the Securities Act"]), except pursuant to an exemption under the Securities Act. This report does not constitute an offer with respect to the purchase or sale of any security within the meaning of Section 5 of the Securities Act and neither shall this report nor anything contained herein form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. This report provides general information only. In Canada it may only be distributed to persons who are resident in Canada and who, by virtue of their exemption from the prospectus requirements of the applicable provincial or territorial securities laws, are entitled to conduct trades in the securities described herein.

EU REGULATION NO 833/2014 CONCERNING RESTRICTIVE MEASURES IN VIEW OF RUSSIA'S ACTIONS DESTABILISING THE SITUATION IN UKRAINE

Please note that research is done and recommendations are given only in respect of financial instruments which are not affected by the sanctions under EU regulation no 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, as amended from time to time, i.e. financial instruments which have been issued before 1 August 2014.

We wish to call to your attention that the acquisition of financial instruments with a term exceeding 30 days issued after 31 July 2014 is prohibited under EU regulation no 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, as amended from time to time. No opinion is given with respect to such prohibited financial instruments.

INFORMATION REGARDING THE PRINCIPALITY OF LIECHTENSTEIN: COMMISSION DIRECTIVE 2003/125/EC of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards the fair presentation of investment recommendations and the disclosure of conflicts of interest has been incorporated into national law in the Principality of Liechtenstein by the Finanzanalyse-Marktmisbrauchs-Verordnung.

If any term of this Disclaimer is found to be illegal, invalid or unenforceable under any applicable law, such term shall, insofar as it is severable from the remaining terms, be deemed omitted from this Disclaimer. It shall in no way affect the legality, validity or enforceability of the remaining terms.

Imprint

Information requirements pursuant to the Austrian E-Commerce Act

Raiffeisen Bank International AG

Registered Office:

Am Stadtpark 9, 1030 Vienna

Postal address:

1010 Vienna, POB 50

Phone: +43-1-71707-0

Fax: + 43-1-71707-1848

Company Register Number:

FN 122119m at the Commercial Court of Vienna

VAT Identification Number:

UID ATU 57531200

Austrian Data Processing Register:

Data processing register number (DVR): 4002771

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

RZBA AT WW

Supervisory Authorities:

As a credit institution (acc. to § 1 Austrian Banking Act; Bankwesengesetz) Raiffeisen Bank International AG is subject to the supervision by the Austrian Financial Market Authority (FMA, Finanzmarktaufsicht) and the National Bank of Austria

(OeNB, Oesterreichische Nationalbank). Additionally, RBI is subject to the supervision by the European Central Bank (ECB), which undertakes such supervision within the Single Supervisory Mechanism (SSM), which consists of the ECB and the national responsible authorities (Council Regulation (EU) No 1024/2013 - SSM Regulation). Unless set out herein explicitly otherwise, references to legal norms refer to norms enacted by the Republic of Austria.

Membership:

Austrian Federal Economic Chamber, Federal Bank and Insurance Sector, Raiffeisen Association

Statement pursuant to the Austrian Media Act**Publisher and editorial office of this publication**

Raiffeisen Bank International AG
Am Stadtpark 9, A-1030 Vienna

Media Owner of this publication

Raiffeisen RESEARCH – Verein zur Verbreitung von volkswirtschaftlichen Analysen und Finanzmarktanalysen
Am Stadtpark 9, A-1030 Vienna

Executive Committee of Raiffeisen RESEARCH – Verein zur Verbreitung von volkswirtschaftlichen Analysen und Finanzmarktanalysen:

Mag. Peter Brezinschek (Chairman), Mag. Helge Rechberger (Vice-Chairman)

Raiffeisen RESEARCH – Verein zur Verbreitung von volkswirtschaftlichen Analysen und Finanzmarktanalysen is constituted as state-registered society. Purpose and activity are (inter alia), the distribution of analysis, data, forecasts and reports and similar publications related to the Austrian and international economy as well as financial markets.

Basic tendency of the content of this publication

- Presentation of activities of Raiffeisen Bank International AG and its subsidiaries in the area of conducting analysis related to the Austrian and international economy as well as the financial markets.
- 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.

Author: Michael KUESCHNIG, RBI Vienna

Editor: Martin STELZENEDER, RBI Vienna

Producer of this publication

Raiffeisen Bank International AG
Am Stadtpark 9, A-1030 Vienna

Creation time of this publication: 16/09/2016 12:14 PM (CEST)

Distribution time of this publication: 16/09/2016 12:15 PM (CEST)



Raiffeisen Bank International AG (Raiffeisen RESEARCH Team)
Global Head of Research: Peter BREZINSCHKEK

Research Sales and Operations (RSOP)	Market Strategy / Quant Research	Economics / Fixed Income / FX Research	Equity Company Research
Werner WEINGRABER Birgit BACHHOFNER Björn CHYBA Kathrin KORINEK Andreas MANNSPARTH Aleksandra SREJIC Marion STADLER Martin STELZENEDER (FA)* Arno SUPPER Marion WANNENMACHER	Valentin HOFSTÄTTER (FA)* Florian ACKER (FA)* Judith GALTER (FA)* Christian HINTERWALLNER (FA)* Thomas KEIL (FA)* Christoph KLAPER (FA)* Dagmar KÖNIG (FA)* Nina NEUBAUER-KUKIC (FA)* Andreas SCHILLER (FA)* Robert SCHITTLER (FA)* Stefan THEUßL (FA)*	Gunter DEUBER (FA)* Jörg ANGELE (FA)* Wolfgang ERNST (FA)* Stephan IMRE (FA)* Lydia KRANNER (FA)* Patrick KRIZAN (FA)* Matthias REITH (FA)* Elena ROMANOVA (FA)* Andreas SCHWABE (FA)* Gintaras SHLIZHYUS (FA)* Gottfried STEINDL (FA)* Martin STELZENEDER (FA)*	Connie GAISBAUER (FA)* Aaron ALBER (FA)* Hannes LOACKER (FA)* Johannes MATTNER (FA)* Christine NOWAK (FA)* Leopold SALCHER (FA)* Christoph VAHS (FA)* Credit Company Research Jörg BAYER (FA)* Eva-Maria GROSSE (FA)* Michael HELLER (FA)* Martin KUTNY (FA)* Stefan MEMMER (FA)* Werner SCHMITZER (FA)* Jürgen WALTER (FA)*
Retail Research Manager			
Veronika LAMMER (FA)* Helge RECHBERGER (FA)*			

AO Raiffeisenbank (RU) Anastasia BAYKOVA (FA)* Stanislav MURASHOV (FA)* Anton PLETENEV (FA)* Irina ALIZAROVSKAYA (FA)* Natalia KOLUPAEVA (FA)* Fedor KORNACHEV (FA)* Sergey LIBIN (FA)* Andrey POLISCHUK (FA)* Denis PORYVAY (FA)* Rita TSOVYAN (FA)* Konstantin YUMINOV (FA)*	RAIFFEISEN BANK S.A. (RO) Catalin DIACONU (FA)* Ionut DUMITRU (FA)* Silvia ROSCA (FA)* Alexandru COMBEI (FA)* Nicolae COVRIG (FA)* Iuliana-Simona MOCANU (FA)* Raiffeisen Bank Aval (UA) Sergii DROBOT (FA)* Raiffeisen Bank Kosovo (KS) Raiffeisen Bank Sh.A. (AL) Joan CANAJ (FA)* Valbona GJEKA (FA)*	Raiffeisen Bank Zrt. (HU) Gergely PALFFY (FA)* Zoltán TÖRÖK (FA)* Levente BLAHÓ (FA)* Raiffeisen Bank dd Bosna i Hercegovina Ivona ZAMETICA (FA)* Srebrenko FATUSIC (FA)* Raiffeisen POLBANK (PL) Mateusz Namysl (FA)* Marta PETKA-ZAGAJEWSKA (FA)* Raiffeisen banka a.d. Beograd (RS) Ljiljana GRUBIC (FA)*	Raiffeisenbank Austria d.d. (HR) Nada HARAMBASIC-NEREAU (FA)* Elizabeta SABOLEK-RESANOVIC (FA)* Tomislava UJEVIC (FA)* Zrinka ZIVKOVIC-MATJUEVIC (FA)* Raiffeisenbank Bulgaria (BG) Emil KALCHEV (FA)* Raiffeisenbank a.s. (CZ) Helena HORSKA (FA)* Daniela MILUCKA (FA)* Michal BROZKA (FA)* Lenka KALIVODOVA (FA)* Tatra banka, a.s. (SK) Robert PREGA (FA)* Boris FOJTIK (FA)* Juraj VALACHY (FA)*
Priorbank (BY) Natalya CHERNOGOROVA (FA)* Oleg LEONTEV (FA)* Vasily PIROGOVSKY (FA)*			

*(FA) = Financial Analyst