

Market snapshot

	curr.*	Dec-16	Mar-17	Jun-17
Poland				
EUR/PLN	4.311	4.35	4.30	4.30
Key rate	1.50	1.50	1.50	1.50
10y bond	2.9	3.2	3.3	3.4
Hungary				
EUR/HUF	309.0	315	310	310
Key rate	0.90	0.90	0.90	0.90
10y bond	2.9	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	0.3	0.5	0.4
Romania				
EUR/RON	4.455	4.50	4.45	4.50
Key rate	1.75	1.75	1.75	1.75
10y bond	2.9	3.1	3.2	3.3
Croatia				
EUR/HRK	7.511	7.60	7.60	7.50
Key rate	2.50	2.50	2.50	2.50
10y bond	3.4	3.4	3.4	3.4
Russia				
USD/RUB	63.14	65.0	63.0	63.0
Key rate	10.00	10.00	9.50	9.00
10y bond	8.2	8.2	7.9	7.7
Turkey				
USD/TRY	2.997	3.10	3.10	3.10
Key rate	7.50	7.50	7.50	7.50
10y bond	9.4	10.5	10.1	9.2
EUR/USD	1.123	1.08	1.07	1.02

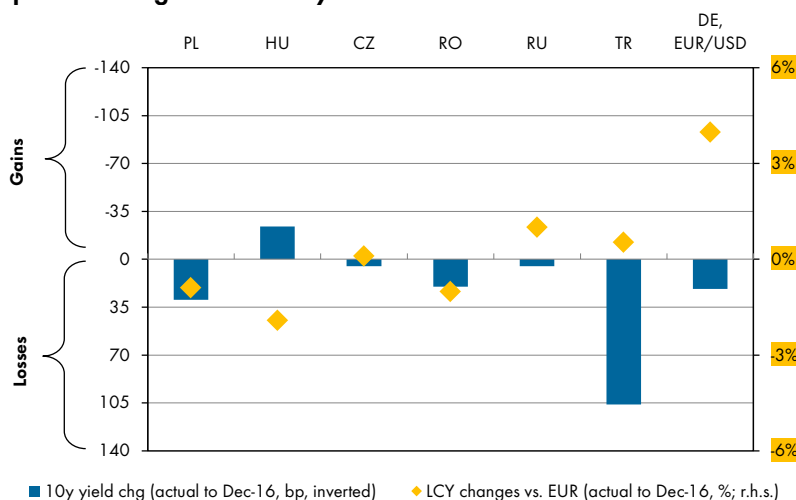
* prices as of 29 September 2016, 11:59 p.m. CEST
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Highlights

The positive market impact from the OPEC output freeze announcement was short-lived. Nevertheless, USD/RUB managed to stay at the 63 level for the time being, also supported by overall positive risk sentiment towards EM and Russia. The latter is also reflected in a noticeable uptick in international issuance out of Russia. Year-to-date we saw 15 Russia-related placements on international markets (equivalent of USD 9.1 bn), compared to just USD 5 bn in the full year 2015. PMI data to be released next week should confirm a rather solid economic backdrop in core CE/SEE markets. Meanwhile the overall muddling through in Ukraine continues, IMF cooperation remains challenging (see also our "Focus on" on pages 2-3). At its meeting yesterday the Czech National Bank clearly communicated a firm commitment to the EUR/CZK floor for Q1 2017, while also providing some guidance that the floor might be kept until mid-year 2017. That said market bets for increasing pressure on the CNB to lift the cap in a one-off event may increase, while we are not really convinced that we will see a very frontloaded cap lifting. Over the weekend Hungary will carry out a referendum regarding the EU migrant policy. We expect an anti-EU outcome, but would not expect an overly harsh immediate reaction. On a positive note we see rather constructive government formation talks in Croatia continuing. A HDZ-Most government could be formed within the next 2-3 weeks, which should be rather market-positive. Rating reviews of Bulgaria (Moody's) and Macedonia (S&P) today after markets close are unlikely to bring any changes, although Macedonia carries a negative outlook by S&P.

Financial Analyst: Gunter Deuber, RBI Vienna

Expected changes from today until December 2016



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Data highlights upcoming week

Date	Indicator	Period	Forecast	High	Mean	Low	Previous
03-Oct	PL: PMI, points	Sep	51.7	53.0	52.1	51.0	51.5
03-Oct	CZ: PMI, points	Sep	52.5	52.5	51.8	50.7	50.1
03-Oct	RU: GDP, % yoy final	Q2	n.a	-0.6	-0.6	-0.6	-1.2
05-Oct	PL: Key rate, %	Oct	1.50	1.50	1.50	1.50	1.50

Source: Bloomberg, RBI/Raiffeisen RESEARCH

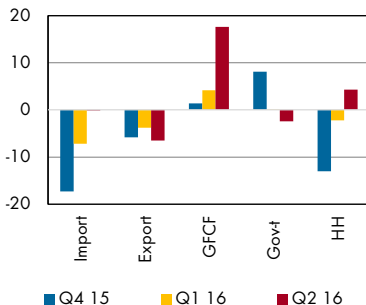
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Focus on Ukraine: Call for more reforms

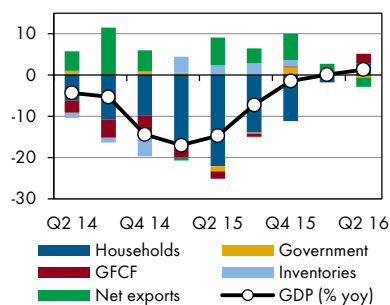
IMF & Economic update

Ukraine GDP (% yoy)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

GDP growth contribution (pp)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

On 14 September, with a delay of more than one year, the IMF Executive Board finalised the second review under the EFF programme for Ukraine. The Board praised certain progress in reforms and economic stabilisation while noting that additional efforts should still be made in some areas, specifically reforming the pension and tax systems and combatting corruption. Ukraine received a third tranche worth USD 1 billion (cut down from USD 1.7 billion) and unlocked the issuance of US-guaranteed bonds worth USD 1 billion. Thus, gross international reserves (USD 14.1 billion at the end of August) may be replenished by about USD 2 billion. Moreover, in a leaked version of the IMF memorandum, dated 2 September, the Fund requires Ukraine to proceed with a substantial overhaul of the pension system (increasing pension age, simplifying and broadening the system), progress with the privatisation of state owned enterprises, the declaration of income and assets of officials and steps to improve the independence of the anti-corruption bureau. With the experience of huge delays in the pay-out of a third tranche, we are sceptical if Ukraine will manage to perform the (initial) steps in the requested areas on time. Thus the next tranche of planned USD 1.3 bn may well be released after the envisaged date of November 2016.

Meanwhile, taking into account the still lacklustre growth rates of GDP and high frequency indicators, we decided to slightly adjust our GDP estimate for this year down by 0.5pp to +1% yoy, while we kept the growth projection for 2017 unchanged at a level of +2% yoy. However, on a positive note, the State Statistics Service of Ukraine increased its preliminary estimate of Q2 GDP growth to 1.4% yoy from 1.3% yoy. Seasonally adjusted data remained at a level of +0.6% qoq, i.e. showed a surprisingly good performance in Q2 after a contraction in Q1. Agriculture increased by 0.6% yoy which is a reflection of a benign harvest this year. On the expenditures side, final consumption increased by 0.6% qoq or by 2.3% yoy. On the back of growing real wage (by 6.1% yoy in H1 2016), household consumption increased by 4.3% yoy (1.1% qoq). Moreover, there was a recovery in investment activity – the growth of gross fixed capital formation accelerated from 4.2% yoy in Q1 to 17.6% yoy (+9% qoq) in Q2.

The approval of the next IMF tranche brought confidence to the FX market, at least temporary. Thus, in mid-September, UAH strengthened to the level of about 25.75 UAH per USD. Nevertheless, oscillations back to the market soon, and currently phases of depreciation alternates with ones of appreciation. From time to time, the National Bank intervenes in the market trying to mitigate the fluctuations. This resulted in USD 178.1 mn sold in September versus USD 47.9 mn bought by the regulator. Traditionally, agricultural exports support the national currency in Sep-Oct, but with the arrival of winter this supportive factor weakens, and in our view, could push the exchange rate higher towards a level of USD/UAH 29 by year end.

The above text is excerpt from our forthcoming note "Ukraine monthly Economic Review, September".

*Financial analysts: Sergii Drobot, Raiffeisen Bank Aval JSC, Kiev;
Andreas Schwabe, CFA, RBI Vienna*

Ratings & Eurobond market outlook

Despite Ukraine’s sovereign Eurobonds benefiting from low global interest rates, we see headline risks still negatively affecting the sovereign credit profile. In spite of some improvements in the macroeconomic area, Ukraine still faces many challenges, including structural reforms and the slow fight against corruption, which is damaging its standing with both the IMF and western financial donors. Ukraine is currently rated Caa3 and CCC with stable outlooks by Moody’s and Fitch respectively, which are some of the lowest rankings in the entire EM as Ukraine ratings remain only a few notches above the default. In our opinion, the Eurobond restructuring carried out last year in November was not enough to alleviate debt sustainability concerns, while the maturity re-profiling only bought some time for Ukraine. In addition, Ukraine still faces serious challenges, including the unresolved Donbas conflict and the economic damages associated with this, as well as a slump in exports due to the severed economic ties with Russia (formerly Ukraine’s largest single trading partner), which negatively affect its economy. In our opinion, Ukraine’s rating is unlikely to see any improvement in the near future as the government is lacking the necessary political support and will to carry out some unpopular reforms. Moreover, Ukraine’s slow progress and the likely financial challenges during the winter heating season could be negative for its rating, since S&P may see the need to lower this as the agency previously, rather optimistically, awarded Ukraine a higher B-/stable rating upon the completion of the debt exchange. We expect Ukraine’s average rating to remain low at CCC, while looking ahead we see a risk of a possible outlook change to negative from S&P.

On the market valuation front we find that Ukraine’s Eurobond debt offers a good premium to the basket of rating-related peers, and also to Belarus. In particular, we calculate a 3-peer spread defined as an average of the EMBIG USD spread for Egypt, Iraq and Pakistan, whereas we use Belarus’ EMBIG for a standalone comparison vs. Ukraine. The average rating on the 3-peer spread is B-, or one notch above Ukraine’s CCC+ average. Belarus’ average rating is a bit closer to Ukraine’s, as Moody’s rates it a Caa1. Perhaps unsurprisingly, Ukraine’s spread widened both against the 3-peer average and Belarus in the last three months on the back of political instability and the slow reforms heavily criticised by the West. Today, Ukraine’s EMBIG USD still stands at 728bp or slightly above the levels upon the completion of debt restructuring. More importantly, Ukraine vs. the 3-peer spread differential jumped from +60bp at the end of July to +151bp as of today, with a very similar pattern observed when comparing Ukraine’s spread to EMBIG non-investment grade (NIG). At the same time Ukraine’s spread to Belarus skyrocketed from +60bp to over +330bp in a matter of two months too. This relative value widening occurred despite the absolute spread reduction on Ukraine, which signified the worsening in the risk perception for the country. In our opinion, this development marks a strong deterioration of Ukraine’s risk metrics, not least due to the failure of the conflicting sides to implement the Minsk-II agreement. Although Ukraine’s spread vs. Belarus hypothetically looks toppish to us at this level, we believe that Ukraine’s lacks the important anchors which could change the situation, while Belarus enjoys very strong backing from Russia, including sizable financial support. On the other hand, Ukraine’s relatively cheap valuations and positive momentum building on the back of more dovish Fed policy expectations is supporting our “hold” recommendation for Ukraine.

Analyst: Gintaras Shlizhyus, RBI Vienna

Sovereign FC ratings*

	S&P	Moody's	Fitch
Ukraine	B-/stable	Caa3/stable	CCC/*
Greece	B-/stable	Caa3/stable	CCC/*
Belarus	B-/stable	Caa1/negative	B-/stable
Egypt**	B-/negative	B3/stable	B/stable
Iraq**	B-/stable	not rated	B-/negative
Pakistan**	B-/positive	B3/stable	B/stable

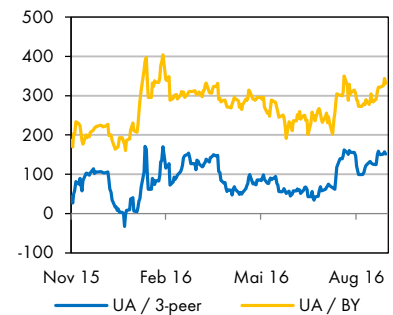
* Fitch has no outlook on Ukraine and Greece
** 3-peer countries used for comparison vs. Ukraine
Source: Rating agencies (long-term FC ratings)

Ukraine vs. NIG spread (bp)*



* EMBIG USD spread, NIG - non-investment grade
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Ukraine vs. peers spread (bp)*



* EMBIG USD spread, 3-peer - average of EMBIG USD spreads of Egypt, Iraq, Pakistan, UA - Ukraine, BY - Belarus
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Data calendar and country coverage

Indicator	Period	Actual	Forecast	Previous	Indicator	Period	Forecast	High	Mean	Low	Previous
Thursday 29 September					Friday 30 September						
HR: Industrial output, % yoy	Aug	2.5	3.2	1.2	RS: Retail sales, % yoy	Aug	n.a	n.a	n.a	n.a	5.6
CZ: Key rate, %	Sep	0.1	0.1	0.1	RS: Industrial output, % yoy	Aug	n.a	n.a	n.a	n.a	0.7
Friday 30 September					Monday 03 October						
CZ: GDP, % yoy final	Q2	2.6	n.a	3.00	PL: CPI, % yoy	Sep	n.a	n.a	n.a	n.a	-0.8
HU: Trade balance, EUR bn final	Jul	0.7	n.a	1.1	RU: C/A balance, USD bn final	Q2	n.a	n.a	n.a	n.a	12.6
SI: CPI, % yoy	Sep	0.2	n.a	0.0	RO: Key rate, %	Sep	1.8	1.8	1.8	1.8	1.8
SI: Retail sales, % yoy	Aug	4.8	n.a	3.5	Tuesday 04 October						
					HU: PMI, points	Sep	n.a	n.a	n.a	n.a	51.3
					RU: PMI, points	Sep	n.a	n.a	n.a	n.a	50.8
					TR: PMI, points	Sep	n.a	n.a	n.a	n.a	47.0
					PL: PMI, points	Sep	51.7	53.0	52.1	51.0	51.5
					CZ: PMI, points	Sep	52.5	52.5	51.8	50.7	50.1
					RU: GDP, % yoy final	Q2	n.a	-0.6	-0.6	-0.6	-1.2
					TR: CPI, % yoy	Sep	8.0	8.2	8.0	7.8	8.1
					Wednesday 05 October						
					HU: Retail sales, % yoy	Aug	n.a	n.a	n.a	n.a	4.00
					PL: Key rate, %	Oct	1.50	1.50	1.50	1.50	1.5
					RO: Retail sales, % yoy	Aug	n.a	n.a	n.a	n.a	13.8
					SK: Retail sales, % yoy	Aug	n.a	n.a	n.a	n.a	-0.6
					Thursday 06 October						
					CZ: Retail sales, % yoy	Aug	n.a.	9.6	7.5	4.0	-0.4
					Friday 07 October						
					CZ: Trade balance, CZK bn	Aug	n.a	19.8	6.5	0.9	-1.5
					CZ: Industrial output, % yoy	Aug	n.a	12.0	8.3	5.0	-14.1
					HU: Trade balance, EUR bn	Aug	n.a	n.a	n.a	n.a	0.7
					RO: GDP, % yoy final	Q2	n.a	n.a	n.a	n.a	6.0
					UA: CPI, % yoy	Sep	n.a	n.a	n.a	n.a	8.4
					BG: Retail sales, % yoy	Aug	n.a	n.a	n.a	n.a	2.2
					BG: Industrial output, % yoy	Aug	n.a	n.a	n.a	n.a	2.3

Source: Bloomberg, RBI/Raiffeisen RESEARCH

Albania (AL) – The trade deficit totalled around EUR 1.6 bn by the end of August 2016, expanding by 19.7% yoy in the first eight months of 2016 due to the underperformance of goods exports and the increase in import volumes. However, the decreasing pace of Albanian exports has slowed from -7.0% to -5.3% on average in the current year. The exports of “minerals, fuel and electricity” dropped by 39.0% yoy in Jan-Aug 2016, which is the main reason for the negative performance of exports, affected by the low prices on the international markets. The exports of “textiles & footwear” increased by 21.1% yoy until August. This is the largest group of exports, accounting for 45.3% of total exports. The exports of agricultural products recorded significant growth of 23.4% compared to the same period in the previous year, but these make up only 10% of total exports. The import volume continued its positive annual growth of 7.8% in the Jan-Aug period, with the main impact stemming from the increase in the imports of “machinery, equipment and spare parts” by 18% yoy, indicating a positive development of investments in the economy. Meanwhile, the annual change in the sales volume index in the retail trade sat at 6.2% in Q2 2016, showing a slight revival of domestic consumption. In the coming week we will learn about GDP growth for Q2 2016, and we expect it to be around 3% in response to a gradual recovery of domestic demand and increased investments.

Financial analyst: Valbona Gjeka (+355 42 381 000 2714), Raiffeisen Bank Sh.a., Tirana

Bosnia a. H. (BA) – This week featured the publication of the first macroeconomic figures for August 2016 by the State Agency for Statistics, which mostly confirmed a continuation of the country’s economic expansion in H2 2016. Industrial production reported an increase of 2.5% yoy (3.8% yoy cumulatively from the beginning of the year) marking the 7th straight month in which industry delivered positive readings. Exports of goods advanced by 5.2% yoy (2.2% yoy since the beginning of the year), while imports of goods went up by 3.8% yoy (-0.2% yoy since January 2016). On a negative note, the CPI is still very low (-1.2% yoy in August 2016), and mainly hurt by the low transport (oil) prices. As for the following months, we expect these positive dynamics to continue, especially in terms of goods exports and industrial production with overall growth rates of 4.5% yoy for exports and 5.0% yoy for industry. We also expect the overall deflation rate will be 0.9% yoy, which will be 4th straight year in which B&H has reported deflation. A recovery of consumer prices is expected in 2017 on the back of the low statistics base and a recovery in oil prices on the global markets. In the following week, the focus will be on the first banking sector figures for August 2016 (loans and deposits) where we also anticipate a continuation of the subdued loan dynamics (growth around 2.0% yoy) and a much higher increase in total deposits (6.5% - 7.5% yoy).

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

Croatia (HR) – In anticipation of today’s CNB preliminary results for Q2 C/A, which could report a slightly positive balance (due to the solid performance during the tourist pre-season) the week actually passed with a focus on politics. As the first meeting with the President did not produce the name of the PM designate, the next round of consultations is scheduled for 10 October, while the first session of the new Parliament should take place on 14 October. In the meantime, we expect that HDZ and MOST will agree the whole package during the upcoming negotiations so the new government could be formed soon.

In terms of relevant macroeconomic data, next week will be marked by tourism and retail data for August. We expect the upcoming data could confirm the record high tourist season in terms of tourist arrivals and number of nights as well. As the higher receipts from tourism positively affect disposable income (supported by the deflationary environment as well), we assume that real retail trade growth in August could accelerate to +4.6% yoy. The preliminary results on foreign trade for the first seven months are also to be released at the very end of next week. In spite of solid export growth rates, we expect the foreign trade deficit in the period observed could increase in annual terms, primarily as a consequence of the strong import dependence.

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

Czech Republic (CZ) – As was widely expected, the Czech National Bank’s monetary policy meeting brought no changes to monetary policy. The deviation of the economy from the CNB forecast is marginal. Nevertheless, one small change to the communication was the postponement of the “hard” FX commitment by one quarter. The CNB now says that the “CNB will not stop using the exchange rate as a monetary policy instrument before Q2 2017”. The “soft” commitment remains unchanged, as “the Bank Board still considers it likely that the commitment will be discontinued in mid-2017”. We stick by our forecast and expect the EUR/CZK 27.0 FX commitment will end in the second half of 2017.

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

Romania (RO) – The public budget recorded a deficit of RON 1.3 bn in August, which put the public budget deficit for the first eight months of the year at RON 3.1 bn, or 0.4% of the full year’s official GDP projection. Despite widening in August, the public budget deficit is still low compared to the target set for 2016 (2.8% of GDP). According to the pattern of the public budget execution from previous years, we expect the majority of the public budget deficit to be recorded towards the end of the year.

At the monetary policy meeting on 30 September, we expect the National Bank of Romania (NBR) to keep rates on hold, maintaining key interest at 1.75% as well as its other monetary policy instruments. Starting with this monetary policy meeting, the NBR is to publish the minutes of the monetary policy meeting, as well as the final vote, within 7 days. The most important macroeconomic data to be released in the coming week is the statistics on liquidity in the money market in September. After the decline in August, we expect the liquidity surplus will have increased in September thanks to the redemption of a T-bond (RON 8 bn) which took place at the end of August. No upside pressure on money market rates was registered in September.

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

Serbia (RS) – During its short visit last week, the International Monetary Fund (IMF) examined the outlines of the 2017 Budget Law ahead of the official 6th review that will take place in late October. Despite the economic and fiscal over-performance, we are a bit surprised with the IMF’s comment on “moderate and targeted public wage and pension increases” given the still unresolved state-owned enterprises (SOE’s) issue (cost-related redundancies and restructuring). In its previous statements, the Fiscal Council was also against the premature action on the public wages/pensions side, but adhered to the agreed agenda (unfreeze in 2018). We imagine that the wage/pension adjustments will be very moderate. The non-consolidated budget continued to build up a surplus over the eight months, achieving RSD 31.8 bn compared with the RSD 30.9 bn deficit in the same period last year. The eight-month surplus (vs the RSD 81 bn deficit planned for the eight months) was largely influenced by tax revenues (VAT and excise taxes) whose over-performance (30% above the plan for Jan-Aug) was boosted by economic growth and more efficient tax collection; expenditures undershooting the eight-month plan by 40% was due to cost savings. The key expenditure drivers were subsidies (private investors and state-owned enterprises), interest payments and other expenses. With only one Ministry of Finance T-bill auction this week, the EUR/RSD was almost immobile as the NBS did not intervene on the market, but instead increased the 1w repo supply again to EUR 528 mn to soak up the RSD liquidity. It seems that the healthy economic sentiment boosted the stronger local currency. Public Debt Management published the Q4 T-bill auction calendar, and is planning to issue RSD 80 bn (in dinars) and EUR 225 mn (in euros). Interestingly, the PDA will offer a 15Y maturity (EUR 75 mn) for the first time since 2011, whereas on the dinar side, the focus will be on the longer maturities, two 3Y placements (RSD 35 bn) and one 7Y issue (RSD 25 bn). Inevitably, the 53W issue will also be on the table (RSD 20 bn). Next week will be dull in terms of data.

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

Russia (RU) – This week, the CBR published the draft monetary policy guidelines for 2017-2019. Among other issues, the regulator elaborates on potential restart of FX interventions (although possible in the long-run) to replenish the international reserves by USD 100 bn from the current ~USD 400 bn (without any indication of timing and volumes). We think that the CBR could restart FX purchases (USD 50-80 mn per day) if the annual average oil price increases above USD 55 per bbl (this level was preliminary indicated by the CBR officials) and imports remains stable. In this case we estimate that annualized current account surplus will reach USD 55-65 bn (USD 20-25 bn currently). To achieve such large surplus RUB/USD rate should at least be flat while oil price increases (which would be the case if the interventions started at that point). At the same time, at lower oil price environment (USD 40-45 per bbl) FX purchases would cause a material RUB depreciation (as seen last year) and eventually an inflation spike. We believe that the CBR will be very careful about the interventions timing and will start them only if oil price rebound at higher levels proves to be sustainable. Thus, the fact that oil price reach USD 55 per bbl will not be a signal for FX purchases but their expectations will limit RUB appreciation while oil price increases (on the other hand, RUB will be more resilient to oil price drop as well). Assuming potential FX purchases and some revival of residents demand for foreign assets we do not expect RUB/USD stronger than 59 even if oil price exceeds USD 60 per bbl.

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

Monetary policy and money markets overview

CEE key interest and money markets outlook

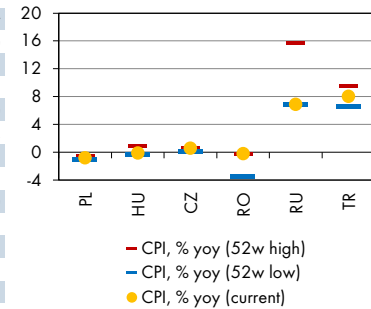
	current*	Dec-16	Mar-17	Jun-17	5y high	5y low
Poland						
Key interest rate	1.50	1.50	1.50	1.50	4.75	1.50
3m money market rate	1.71	1.65	1.65	1.65	5.14	1.65
Hungary						
Key interest rate	0.90	0.90	0.90	0.90	7.00	0.90
3m money market rate	0.88	0.85	0.80	0.80	7.65	0.84
Czech Republic						
Key interest 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	0.70	0.70	0.85	1.00	6.45	0.68
Russia						
Key interest rate	10.00	10.00	9.50	9.00	17.00	5.25
3m money market rate	10.57	10.80	10.10	9.60	29.93	6.36
Serbia						
Key interest rate	4.00	4.00	3.75	3.75	11.75	4.00
3m money market rate	3.50	3.55	3.60	3.60	13.13	3.26
Turkey						
Key interest rate	7.50	7.50	7.50	7.50	10.00	4.50
3m money market rate	9.05	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

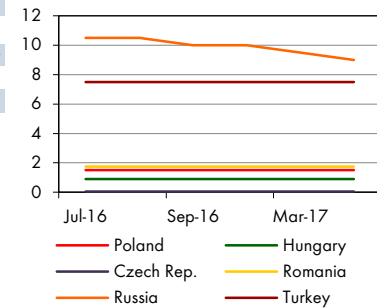
* Bid rates (for Hungary ask rates) as of 29 September 2016, 11:59 p.m. CEST

Inflation snapshot



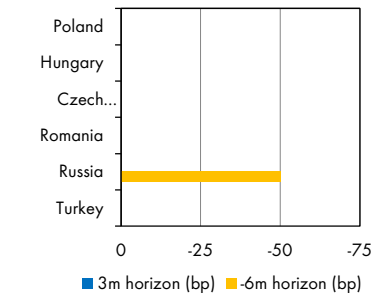
Source: Bloomberg, RBI/Raiffeisen RESEARCH

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 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 announces cap to its main interest rate 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). Unconventional liquidity management the major policy tool with the 3m facility losing importance gradually.

Czech Republic (CNB) Exit from FX intervention regime - keeping koruna above EUR/CZK 27.00 floor - should be delayed to end-2017, but CNB continues sticking to its mid-2017 target (soft commitment; hard commitment shifted from end-2016 to "not earlier than Q2 2017". Negative interest rates only an option in case of excessive capital inflows.

Romania (BNR) Excess liquidity remains high and central bank fails to tighten its grip on liquidity and to set an end to procyclical 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. 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 prompted a 50bp rate cut last week, whilst CBR flagged no additional easing this year. As a response to the surprisingly hawkish forward guidance, we erased our rate cut expectations for this year, so risks for a slowing rate trajectory materialised.

Turkey (TCMB) Another cut to o/n lending rate in September brought cumulative cuts to the upper boundary of the o/n corridor - currently at 7.25%-8.25% - to 250bp 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

Financial analyst: Stephan Imre, RBI Vienna

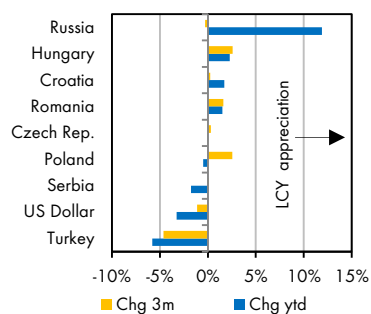
Foreign exchange market overview

FX forecasts

EUR vs	current*	Dec-16	Mar-17	Jun-17	5y high	5y low	Comment
PLN	4.311	4.35	4.30	4.30	4.46	4.08	Despite recent strengthening following the US Fed decision 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	309.0	315	310	310	316	291	After breaking out of its trading range supported by the US Fed decision we expect EUR/HUF to return to this old 310-315 trading range over the coming weeks
CZK	27.03	27.0	27.0	27.0	27.7	25.1	CNB postponed "hard commitment" by one quarter as it stated it would not exit from the FX regime before Q2 2017; board sees possible exit in mid-2017 whereas we continue to see H2 2017 as most likely date due to accommodative ECB stance
RON	4.455	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 after the summer months
HRK	7.511	7.60	7.60	7.50	7.66	7.52	Seasonal mild depreciation pressures on HRK are expected thus EUR/HRK could oscillate within the range 7.50 - 7.53
RSD	123.5	124	123	123	124	106	RSD remains stable against EUR and the central bank intervenes only moderately to stabilise EUR/RSD at the level of 123
RUB	70.90	70.2	67.4	64.3	79.3	40.3	see USD/RUB below
UAH	29.05	31.3	31.0	29.6	31.3	10.4	see USD/UAH below
BYN	2.230	2.36	2.37	2.24	1.01	2.51	see USD/BYN below
TRY	3.366	3.35	3.32	3.16	3.35	2.35	see USD/TRY below
USD	1.123	1.08	1.07	1.02	1.38	1.08	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	63.14	65.0	63.0	63.0	73.0	30.5	The rouble was supported by OPEC announcement to cut oil production; potential for oil price increases over 2017 support our view of RUB appreciation as correlation is expected to remain high
UAH	25.86	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	0.77	2.22	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	2.997	3.10	3.10	3.10	3.10	1.78	US Fed decision to further postpone the next rate hike supported the lira in the short-term; with our projection of a US rate hike in December and the ongoing political distress in Turkey we reiterate our call of TRY depreciation during Q4

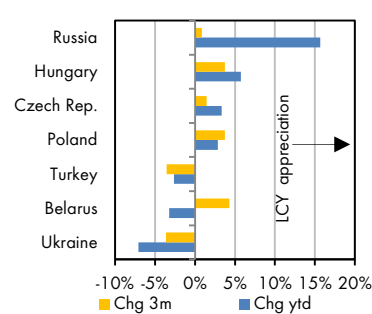
* as of 29 September 2016, 11:59 p.m. CEST
 Source: Bloomberg, RBI/Raiffeisen RESEARCH
 Financial analyst: Wolfgang Ernst, CEFA, RBI Vienna

Change of LCY value to EUR (%)



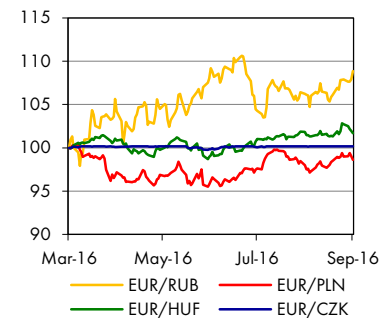
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY value to USD (%)



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

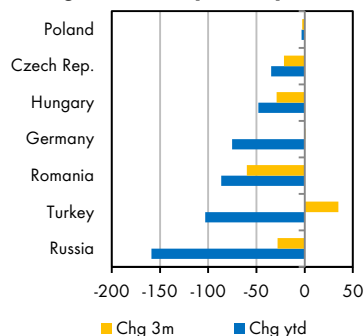
Exchange rate comparison



Indexed 29 Mar-16 = 100
 Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

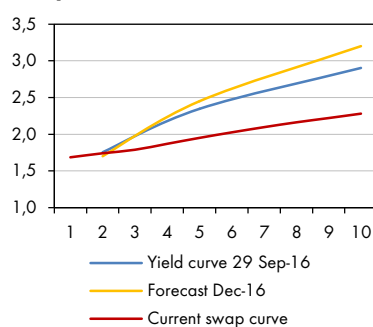
Local currency bond market overview and forecasts

Change of LCY 10y bond yields (bp)



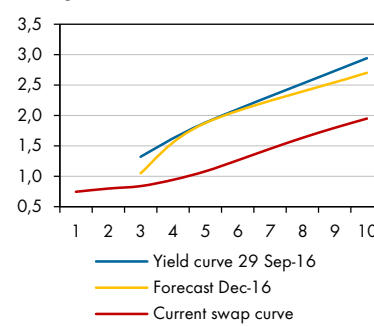
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

PLN yield curve



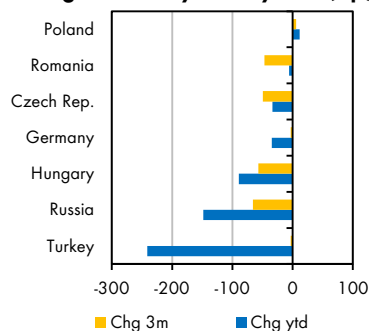
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

HUF yield curve



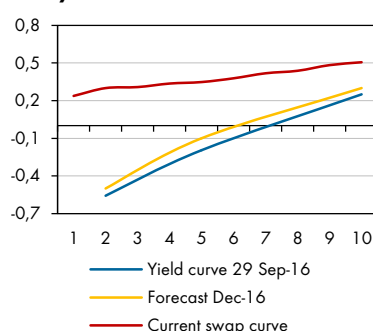
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY 2y bond yields (bp)



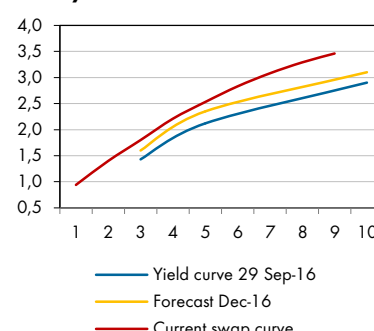
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

CZK yield curve



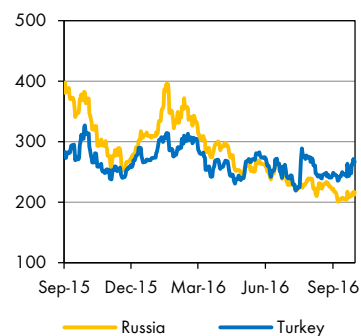
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

RON yield curve



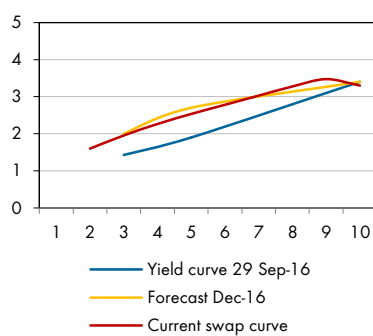
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

5y USD CDS spreads



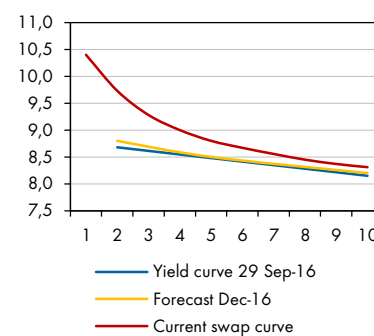
Turkey 5y high 343.7, 5y low 111.7
Russia 5y high 628.7, 5y low 119.4
Source: Bloomberg, RBI/Raiffeisen RESEARCH

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	1.75	1.7	1.8	2.0	4.9	1.6	Poland	2.90	3.2	3.3	3.4	5.9	2.5
Hungary **	1.32	1.1	1.0	1.2	9.2	1.1	Hungary	2.94	2.7	2.8	2.9	9.9	2.7
Czech Republic	-0.56	-0.5	-0.3	-0.4	1.8	-0.5	Czech Republic	0.25	0.3	0.5	0.4	3.6	0.3
Romania	0.61	1.0	1.1	1.2	7.3	1.0	Romania	2.90	3.1	3.2	3.3	7.5	3.1
Croatia	1.43	1.7	1.7	1.7	6.3	1.4	Croatia	3.40	3.4	3.4	3.4	7.2	3.4
Russia	8.68	8.8	8.4	8.3	15.8	6.2	Russia	8.15	8.2	7.9	7.7	14.1	6.9
Turkey	8.56	10.0	9.5	8.5	11.5	6.1	Turkey	9.44	10.5	10.1	9.2	10.5	6.6
Germany	-0.69	-0.7	-0.7	-0.7	0.2	-0.7	Germany	-0.19	0.1	0.3	0.3	1.9	0.1
USA	0.74	1.0	1.0	1.2	1.0	0.2	USA	1.56	1.9	1.9	2.1	3.0	1.8

* Bid yields as of 29 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	96.50	1.75	245	2.1	POLGBs to remain 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 due to the diverging credit stories.
PLN 5y Gov. Bond	25/10/2021	5.75	116.03	2.35	295	4.4	
PLN 10y Gov. Bond	25/07/2026	2.50	96.50	2.91	307	8.8	
Hungary							
HUF 3y Gov. Bond	30/10/2019	2.00	102.19	1.29	201	3.0	HGB market likely to remain well bid as favorable rating drift and bond-market-supporting CB measures should bring more impact in October. This could push long-end HGB yields to fresh all-time lows.
HUF 5y Gov. Bond	27/10/2021	2.50	103.17	1.87	247	4.7	
HUF 10y Gov. Bond	27/10/2027	3.00	100.93	2.93	309	9.3	
Czech Republic							
CZK 2y Gov. Bond	17/03/2018	0.85	102.16	-0.63	8	1.4	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	120.32	-0.20	40	4.7	
CZK 10y Gov. Bond	26/06/2026	1.00	107.15	0.26	41	9.3	
Croatia							
HRK 2y Gov. Bond	10/07/2018	5.25	106.48	1.51	211	1.7	Positive sentiment on the market could bring higher trading volumes next week.
HRK 10y Gov. Bond	14/12/2026	4.25	107.52	3.37	353	8.3	
Romania							
RON 2y Gov. Bond	17/01/2018	3.25	103.03	0.88	160	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 December elections.
RON 5y Gov. Bond	22/03/2021	3.25	104.76	2.13	273	4.2	
RON 10y Gov. Bond	24/02/2025	4.75	113.59	2.91	307	7.0	
Russia							
RUB 2y Gov. Bond	27/02/2019	7.50	97.90	8.66	936	2.2	Our mildly bullish stance on OFZs remains intact due to the ongoing rate cut cycle and stronger RUB vs. EUR outlook additionally supported by positive OPEC news). Biggest risks are international politics/revived Ukraine conflict fears.
RUB 5y Gov. Bond	18/08/2021	7.50	97.00	8.43	903	4.2	
RUB 10y Gov. Bond	03/02/2027	8.15	101.00	8.16	832	7.0	
Turkey							
TRY 2y Gov. Bond	11/07/2018	8.70	100.00	8.59	929	1.7	We remain "Hands-off" in Turkey despite the latest relief rally recouping most of the losses suffered after the rating downgrade to junk. There is still way to go north for TURKGB yields in our view as we anticipate renewed market weakness due to underestimated political risks with the likely Fed hike in December and the repricing of the 2017 US base rate expectations additionally weighing on TRY debt prospects.
TRY 5y Gov. Bond	22/09/2021	9.20	100.35	9.10	970	4.2	
TRY 10y Gov. Bond	11/02/2026	10.60	106.60	9.56	972	6.1	

Data as of 30 September 2016, 10:53 a.m. CEST
Source: Bloomberg, RBI/Raiffeisen RESEARCH
Financial analyst: Stephan Imre, RBI Vienna

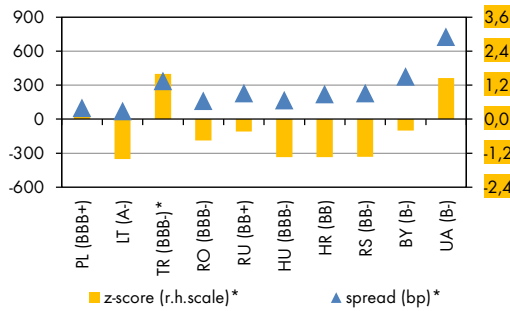
Bond auctions

	ISIN	Coupon	Maturity	Volume
06 October 2016				
HU	T-bonds	n.a.	floating	n.a.
PL	T-bonds	n.a.	n.a.	n.a.

Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

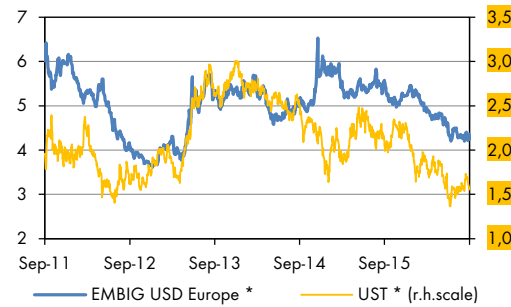
Eurobond market overview

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	Bid	Ask	wow, %	Market price		YTM % p. a.	Spread bp	Mdur years	ISIN
				5y high	5y low				
EUR									
BGARIA 4 1/4 07/09/17	103.3	103.4	-0.07	111.8	100.3	-0.11	55	0.8	XS0802005289
CROATI 5 7/8 07/09/18	109.9	110.2	0.00	112.1	88.8	0.17	86	1.7	XS0645940288
REPHUN 3 7/8 02/24/20	112.5	113.0	0.22	113.1	69.3	0.11	80	3.2	XS0212993678
REPHUN 4 3/8 07/04/17	103.3	103.6	-0.08	108.0	77.3	-0.21	45	0.7	XS0284810719
REPHUN 5 3/4 06/11/18	109.5	110.0	-0.01	115.1	79.7	-0.03	65	1.6	XS0369470397
REPHUN 6 01/11/19	113.1	113.5	-0.04	118.4	86.4	0.13	83	2.1	XS0625388136
LITHUN 4.85 02/07/18	106.8	107.1	-0.01	114.3	94.5	-0.27	39	1.3	XS0327304001
POLAND 5 5/8 06/20/18	110.1	110.6	0.05	122.6	102.1	-0.40	28	1.7	XS0371500611
POLAND 1 5/8 01/15/19	103.6	104.1	0.06	105.5	98.0	-0.07	63	2.2	XS0874841066
POLAND 3 3/4 01/19/23	121.8	122.4	0.26	125.5	99.9	0.22	73	5.7	XS0794399674
POLAND 3 3/8 07/09/24	121.3	121.8	0.46	125.6	99.6	0.54	93	7.0	XS0841073793
ROMANI 4 7/8 11/07/19	114.7	114.9	0.00	117.8	99.3	0.08	79	2.8	XS0852474336
TURKEY 5 7/8 04/02/19	109.4	109.9	-0.83	118.9	100.9	1.88	258	2.3	XS0285127329
TURKEY 5 1/8 05/18/20	109.3	109.7	-0.90	115.9	95.2	2.34	303	3.3	XS0503454166
USD									
BELRUS 8.95 01/26/18	104.6	105.5	-0.17	111.2	70.0	4.92	429	1.2	XS0583616239
CROATI 6 3/8 03/24/21	112.6	113.1	0.07	117.8	86.7	3.27	222	3.9	XS0607904264
CROATI 5 1/2 04/04/23	111.2	111.8	0.18	111.7	94.4	3.50	218	5.5	XS0908769887
REPHUN 5 3/8 02/21/23	114.8	115.2	-0.05	115.4	93.1	2.79	150	5.4	US445545AH91
REPHUN 7 5/8 03/29/41	156.9	157.8	0.37	157.5	79.5	3.95	188	13.7	US445545AF36
LITHUN 7 3/8 02/11/20	118.7	119.1	0.28	130.7	104.8	1.55	66	3.0	XS0485991417
LITHUN 6 5/8 02/01/22	123.5	124.0	0.21	128.6	101.0	1.91	75	4.6	XS0739988086
LATVIA 2 3/4 01/12/20	104.0	104.5	0.02	104.5	91.4	1.43	54	3.1	XS0863522149
LATVIA 5 1/4 06/16/21	115.9	116.4	-0.02	117.2	90.9	1.67	59	4.2	XS0638326263
POLAND 6 3/8 07/15/19	112.6	113.0	-0.06	125.9	107.4	1.64	83	2.6	US731011AR30
POLAND 3 03/17/23	103.8	104.3	0.02	105.1	87.6	2.32	102	5.8	US731011AT95
ROMANI 6 3/4 02/07/22	120.5	120.9	-0.24	124.4	99.2	2.57	142	4.6	US77586TAA43
ROMANI 4 3/8 08/22/23	110.6	111.0	-0.12	111.1	90.8	2.65	129	6.0	US77586TAC09
RUSSIA 4 1/2 04/04/22	107.7	108.3	-0.11	114.7	82.0	2.92	173	4.9	XS0767472458
RUSSIA 7 1/2 03/31/30	121.4	121.7	0.11	128.6	99.6	2.44	75	4.1	XS0114288789
RUSSIA 5 5/8 04/04/42	115.6	116.4	-0.42	124.9	76.0	4.56	244	14.4	XS0767473852
SERBIA 5 1/4 11/21/17	103.3	103.7	-0.10	107.1	96.8	2.10	150	1.1	XS0856951263
SERBIA 4 7/8 02/25/20	104.6	105.1	-0.51	105.4	89.6	3.35	245	3.1	XS0893103852
TURKEY 6 1/4 09/26/22	109.5	110.1	-1.89	127.0	101.0	4.37	313	5.0	US900123BZ27
TURKEY 6 7/8 03/17/36	116.5	117.0	-3.79	139.6	99.2	5.47	358	11.3	US900123AY60
TURKEY 6 3/4 05/30/40	116.1	116.8	-3.86	139.4	97.3	5.50	346	12.4	US900123BG46
UKRAIN 7 3/4 09/01/19	98.9	99.4	-0.77	101.3	88.0	8.10	726	2.5	XS1303918269
UKRAIN 7 3/4 09/01/23	96.2	96.8	-1.06	99.9	84.6	8.42	704	5.2	XS1303921487
UKRAIN 7 3/4 09/01/27	94.2	94.7	-1.10	98.4	81.2	8.54	694	7.1	XS1303927179

YTM mid - yield to maturity based on mid market price, bmk - benchmark, Mdur - modified duration, ISIN - international security identification number; prices as of 30 Sep 2016, 10:38 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	BBB-	BBB-	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	positive	A-	A-	stable
SEE									
Romania	BBB-	BBB-	stable	Baa3	Baa3	positive	BBB	BBB-	stable
Bulgaria	BB+	BB+	stable	Baa2	Baa2	stable	BBB	BBB-	stable
Croatia	BB	BB	negative	Ba2	Ba2	negative	BB+	BB	negative
Serbia	BB-	BB-	stable	B1	B1	positive	BB-	BB-	stable
EE									
Russia	BBB-	BB+	stable	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	Ba1	Ba1	stable	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	-1.2	14.9	1032	-2.7	86.5	25.5	2.0	97.8	30.6	9.0
	2017f	2.5	1.3	14.2	1040	-2.9	85.8	25.9	2.1	96.2	28.9	8.4
Czech Rep.	2015	4.6	0.3	6.5	970	-0.4	40.3	71.6	0.9	69.4	51.2	6.2
	2016e	2.5	0.6	5.6	1020	-0.3	39.5	72.0	1.9	73.0	63.2	8.0
	2017f	2.7	1.7	5.4	1073	-0.2	38.4	71.8	1.3	77.1	71.5	9.6
Hungary	2015	2.9	0.0	6.9	800	-2.0	75.5	83.4	4.4	107.1	26.2	4.4
	2016e	2.3	0.3	5.3	845	-2.0	74.6	84.0	4.4	98.1	23.5	3.7
	2017f	2.7	1.8	4.6	915	-2.5	74.1	82.1	4.1	88.4	22.5	3.2
Poland	2015	3.6	-0.9	10.5	932	-2.6	51.3	40.2	-0.3	70.5	29.0	6.2
	2016e	3.3	-0.6	9.1	933	-2.9	52.2	41.2	0.1	73.9	29.1	6.3
	2017f	3.7	1.3	8.5	994	-3.4	52.6	40.0	-0.7	74.2	27.9	6.2
Romania	2015	3.8	-0.6	6.8	568	-0.7	38.4	30.6	-1.1	56.7	39.2	7.5
	2016e	5.2	-1.6	6.2	631	-3.0	39.0	30.6	-2.8	52.8	40.4	7.0
	2017f	3.6	1.2	6.2	688	-3.2	39.9	30.8	-3.3	52.6	39.5	6.6
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	472	-4.4	13.5	21.4	2.0	39.7	83.5	26.3
	2017f	1.0	6.1	6.0	571	-3.3	14.0	23.3	3.9	32.2	89.3	23.4
Ukraine	2015	-9.9	48.7	9.5	172	-2.3	72.6	39.2	-0.1	131.5	11.4	4.2
	2016e	1.0	13.3	9.0	n.a.	-3.5	77.5	36.7	-1.7	135.4	13.7	5.3
	2017f	2.0	10.7	9.0	n.a.	-3.0	78.4	39.5	-2.8	137.7	14.8	5.4
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	8.0	10.0	n.a.	-2.0	32.0	21.2	-5.1	56.1	27.6	6.6
	2017f	2.5	7.6	10.3	n.a.	-2.2	33.0	21.5	-5.2	54.7	26.2	6.1

* 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	95%
Not rated	5%

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

Recommendation	Basis: all analysed Government bonds
Buy	19%
Hold	44%
Sell	37%
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
26/09/2016						
23/09/2016	Hold	Hold	Hold	Hold	Buy	Sell
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						

Date	2Y Czech. Rep.	2Y Poland	2Y Russia	2Y Turkey	5Y Czech Rep.	5Y Hungary
26/09/2016						
23/09/2016	Hold	Hold	Buy	Sell		
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						

Date	5Y Poland	5Y Romania	5Y Russia	5Y Turkey	BG EUROBOND EUR	BY EUROBOND USD
26/09/2016					Buy	
23/09/2016						
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	

Date	CZ EUROBOND EUR	HR EUROBOND EUR	HR EUROBOND USD	HU EUROBOND EUR	HU EUROBOND USD	KZ EUROBOND USD
26/09/2016						
23/09/2016						
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

Date	LT EUROBOND EUR	LT EUROBOND USD	MK EUROBOND EUR	PL EUROBOND EUR	PL EUROBOND USD	RO EUROBOND EUR
26/09/2016						
23/09/2016						
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

Date	RO EUROBOND USD	RS EUROBOND USD	RU EUROBOND EUR	RU EUROBOND USD	SI EUROBOND EUR	SI EUROBOND USD
26/09/2016						
23/09/2016						
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	

Date	SK EUROBOND EUR	TR EUROBOND EUR	TR EUROBOND USD	UA EUROBOND USD
26/09/2016				
23/09/2016				
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

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