CEE Weekly

Issue 18/2017 5 May 2017

Raiffeisen RESEARCH

Market snapshot

	curr.*	Jun-17	Sep-17	Dec-17
Poland				
EUR/PLN	4.216	4.35	4.30	4.25
Key rate	1.50	1.50	1.50	1.50
10y bond	3.5	3.9	4.2	4.3
Hungary				
EUR/HUF	312.2	315	310	315
Key rate	0.90	0.90	0.90	0.90
10y bond	3.3	3.8	4.1	4.3
Czech Republic				
EUR/CZK	26.86	26.0	26.5	25.9
Key rate	0.05	0.05	0.05	0.05
10y bond	0.8	1.0	1.2	1.3
Romania				
EUR/RON	4.546	4.50	4.45	4.45
Key rate	1.75	1.75	1.75	1.75
10y bond	4.0	4.3	4.4	4.7
Croatia				
EUR/HRK	7.438	7.40	7.45	7.50
Key rate	2.50	2.50	2.50	2.50
10y bond	3.0	2.7	2.7	2.7
Russia				
USD/RUB	58.07	60.0	60.0	62.0
Key rate	9.25	9.00	8.50	8.25
10y bond	7.7	7.8	7.7	7.6
Turkey				
USD/TRY	3.552	3.90	3.80	4.10
Key rate	8.00	8.00	8.00	10.00
10y bond	10.2	11.5	11.7	11.0
EUR/USD	1.095	1.03	1.02	1.02

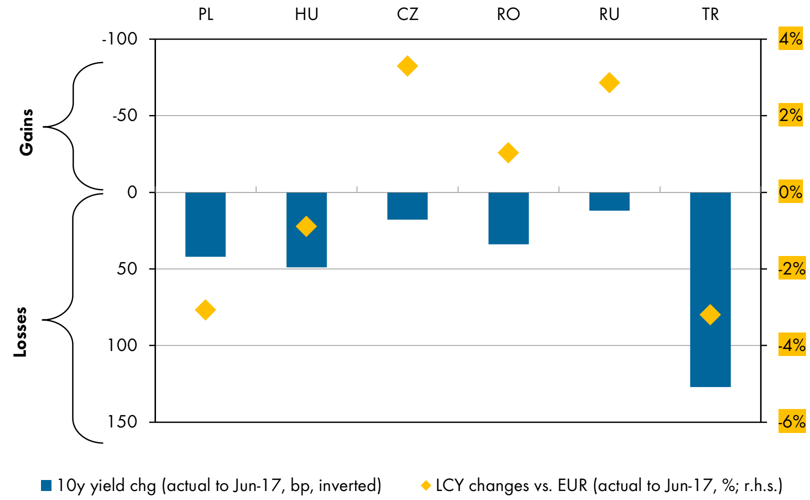
** prices as of 04 May 2017, 11:59 p.m. CEST*
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Highlights

Next week regional CPI data should show a further moderation/stabilsation in annual terms due to the easing of statistical base effects from energy prices. We expect the most pronounced decline in Hungary underscoring our long-held view of monetary policy neutral reflation in 2017. At the same time, in Poland and Slovakia, a stabilization of the annual headline rate can be expected. As a laggard in terms of reflation, Romanian yoy-inflation might have increased further in April from depressed levels at 0.2% yoy (March). Nevertheless, this should not hide the fact that statistical (tax-related) base effects will peter out and likely prompt the National Bank of Romania (BNR) to tighten its policy stance from H2 2017 onwards. In terms of market implications, we expect that swift CE/SEE rate hike bets (i.e. bets on a decent normalisation already in 2017) may decline somewhat going forward. This and the ongoing favorable global sentiment which has been reaffirmed in post-Fed trading are set to support CEE local markets further at least in the short-term. Moreover, a Fed hike in June is unlikely to be a shocker given current market pricing, while French elections are unlikely to produce a market shock as well. From a mid-term perspective the positive undertone on Russian markets is set to continue, with more front-loaded rate cuts increasingly likely. This is also reflected in our revised forecasts for RUB rates and yields with more details to be found in our "Focus On" on p2. Nevertheless, the recent oil-related RUB correction may add to some near-term setback, which would constitute a buying opportunity from our understanding. In the second part of this week's "Focus On" section, we present our assessment of the current Czech political wobbles (p3) which should be rather market-neutral. Currently, investors are used to a higher degree of political volatility anyways, while such events never had a meaningful impact on market pricing and politics itself in case of the Czech Republic in recent years. Nevertheless, we see decreasing odds for swift CZK appreciation. In contrast, the political turmoil in Zagreb might take its toll on Croatia's economy, while snap elections cannot be excluded. We hope that his surprise will not repeat in Bulgaria where a stable government coalition amidst no major policy changes can be expected.

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

Expected changes from today until June 2017



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Content

Data highlights upcoming week

Date	Indicator	Period	Forecast	High	Mean	Low	Previous
10-May	HU: CPI, % yoy	Apr	2.3	2.4	2.3	2.3	2.7
10-May	CZ: Industrial output, % yoy	Mar	10.7	12.0	9.5	8.2	2.7
10-May	CZ: CPI, % yoy	Apr	2.3	2.6	2.3	2.1	2.6
12-May	RS: Key rate, %	May	4.00	n.a.	n.a.	n.a.	4.00
12-May	PL: CPI, % yoy	Apr	2.0	2.4	2.0	1.8	2.0

Source: Bloomberg, RBI/Raiffeisen RESEARCH

Please note the risk notifications and explanations at the end of this document

Focus on:

Russia: Slightly deeper rate cuts on the cards in 2017

New rates & yield forecasts (%)

		Jun-17	Mar-18
Key rate	old	9.50	8.75
	new	9.00	8.00
2y yield	old	8.70	8.30
	new	7.60	7.20
10y yield	old	8.70	8.40
	new	7.80	7.50

Source: Bloomberg, Raiffeisen RESEARCH-

Key rate outlook

On 28 April 2017 the CBR cut the key rate by 50bp. Such a result from the CBR's board meeting was somewhat unexpected (most analysts and investors expected a 25bp cut). The regulator mentioned favourable inflation dynamics, a decrease in inflation expectations and an improvement in economic activity. Now the CBR is quite sure that its target of 4% will be reached before year-end 2017 and will be maintained around this level over the next two years. This allows for further key rate cuts this year, which has triggered some adjustment of our key rate forecast. We now believe that in 2017 the monetary policy easing will be more frontloaded and expect four more cuts at the upcoming meetings in June, July, September, October (by 25bp each). Thus, by YE 2017 we expect the key rate to decline to 8.25%, 25bp deeper than our previous forecasts outlined. The reasons why we do not forecast a more dovish path are as follows:

1) There are still risks for an acceleration of CPI by the end of this year given the expected RUB exchange rate depreciation versus USD and the likely pick-up in consumer expenditures. These factors could drive inflation clearly back above the 4% target of the CBR.

2) Apparently, the CBR's view on potential key rate cuts has not changed. The regulator claims that "...the overall potential of the key rate reduction before the end of 2017 is unchanged." In our view, this could be interpreted as a signal that the CBR has decided to make the easing more front-loaded as inflation is close to its target now. That means that they may cut stronger in the near term now and become more cautious afterwards.

3) The current dynamics of key macro indicators (economic growth, CPI inflation and FX rate) outpace the regulator's forecasts. The latter are based on an oil price of USD 40/bbl. From the fundamental point of view, frontloaded rate cuts might be justified therefore. However, as these improvements are not sustainable yet and there are significant U-turn risks in place, the regulator can still become cautious again based on the incoming data.

Given the high credibility of the CBR as inflation targeting central bank for which the bank worked hard in the recent past we finally would like to shed some light on the reachability of the official CBR inflation target. Since there was no official target set for 2016, the CBR targets an annual CPI headline rate of 4.00% for year-end 2017. Although this target might be reachable in the short-term (as soon as mid-year), keeping inflation around the target remains quite a challenge in the longer run due to the following reasons:

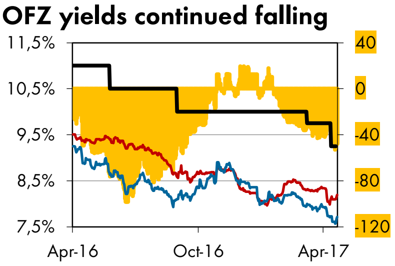
1) The economic recovery is set to continue which would activate demand-pull inflation.

2) A number of non-monetary factors including the government's plans to increase the VAT rate–will come definitely as negative cost-push factors for inflation.

3) Apparently, CBR failed to anchor inflation expectations, limiting disinflation potential.

Financial analyst: Stanislav Murashov (+7 495 221 9845), AO Raiffeisenbank, Moscow

OFZ yields continued falling



** 10y yield minus 2y yield (steepness)*
Base rate: 5y high 17.00; 5y low 5.50
2y: 5y high 17.5; 5y low 5.7
10y: 5y high 16.1; 5y low 6.5
Source: Bloomberg, RBI/Raiffeisen RESEARCH-

Improving OFZ market outlook

Short-term prospects for OFZs improved also in line with our deeper base rate trajectory outlined above. We already added long-end OFZ bond to our buying list at the end of April when publishing our latest "CEE Debt Strategy" hinting at the high likelihood of a downwards revision of OFZ yields. Our new yield forecasts are for a gradual decrease in yields with the expected favourable price performance likely to counterbalance the possible losses through the FX component (for EUR based investors). This classical rate-cut-trade is additionally supported by the ongoing favorable external backdrop which we foresee for the upcoming period with Fed rate hikes likely becoming digestible for Russia and international yield hunters appetite remaining high. In terms of the latter, recent data on non-resident holdings of total LCY government bonds outstanding confirmed the ongoing strong appetite of international accounts in OFZs. According to fresh CBR data, non-resident holdings of OFZ bonds increased to RUB 1.805 tn by the end of March. i.e. to a new record share in OFZs at 30.1%. This is especially impressive since the size of the OFZ market was also posting a new record high at RUB 6tr in March 2017. YTD, the OFZ market grew by RUB 500 bn and the NRH share by 4.5pp. For the time being, the elevated supply of OFZs remains well absorbed with the help of ongoing NR demand, but the basically clouded outlook for supply-demand dynamics is one argument that prevents us from painting a more bullish picture.

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

Czech Republic: Political wobbles

Czech Prime Minister Bohuslav Sobotka (Social Democrats) surprisingly announced on 2 May that he and his cabinet would resign to resolve a dispute with billionaire Finance Minister Andrej Babis (ANO 2011).The dispute is mainly about past financial dealings of Andrej Babis. This government might become the seventh government out of 13 in total that would not finish its regular term (an indication for a fairly high degree of political volatility). Being close to the scheduled elections due in October this political step is very likely motivated by pre-election positioning. The ANO 2011 movement led by Finance Minister Mr. Babis is leading opinion polls with a double digit margin while the Social Democrats are lagging behind. There are several technical possibilities that could follow.

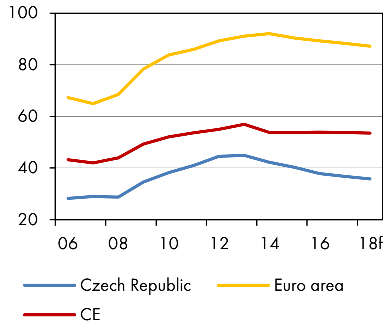
1) Current government reining the country until the elections (Oct 20-21)
2) Three party coalition government with a new Prime Minister
3) Early elections possibly in June after dismissal of the Parliament
4) Interim caretaker government
5) Hybrid of the above possibilities

The procedure will heavily depend on the decision of the Czech President Milos Zeman. It is important to say that none of the above mentioned solutions is significantly better or worse. One hybrid solution mentioned recently is that the President would admit the resignation only if the Prime Minister (PM) is leaving the rest of the government unchanged. At this point there are disputes on whether such a procedure is possible according to the Constitution (Art. 68). But Social Democrats repeatedly stated that they will not form a government with Mr. Babis as Ministry of Finance. So, the new appointed PM from the Social Democratic Party might have problem to form a new political government and gain confidence in the Parliament. This would be definitely the worst possible scenario. The potential effect of this situation on the election result is hard to estimate. The reaction of the CZK was negligible and we think that this will prevail. Historically, the CZK reaction to political developments was very limited. Moreover, CZK is currently more driven by post-CZKexit considerations (fundamental undervaluation vs. aggressive appreciation bets). That said we have not seen much liquidations in terms of speculative positioning, while the rather weak CZK raises the possibility that the CNB may sell some of their positions above the 27 level (possibly around 27.10), while other means to talk up CZK could be also in the cards.

Overall, we do not see material implications of the government resignation on the economy. Firstly, overall positive business cycle dynamics in Western Europe shall support the export-oriented economy going forward. Secondly, the budget process should not be jeopardized, while some postponements may occur. However, this should not an issue from an investor point of view given the very solid public sector balance sheet. Nevertheless, some modest fiscal deterioration may occur, if the recently launched pre-election government spending spree continues. However, the overall reputation of the country as a prosperous economy with a well-balanced growth model and a relatively stable institutional setting should not be hurt. Some legislation changes that the current government plans to pass might be laid aside. This applies to amendment of the Czech National Bank Act that should give the CNB power to enforce macroprudential measures in the local banking sector or the government proposal to increase public wages, old-age pensions, minimal wage level, state budget proposal, and amendment of the privacy and data protection Act etc. But all those laws would represent only parametrical not the principal changes in the business environment. That said investors are already used to a relatively high degree of political volatility in the Czech Republic (possibly even a bit higher than what could be expected given the state of economic development), while the basic principles of economic policymaking are not affected by such developments. Moreover, political uncertainty has increased substantially in recent 1-2 years within the CE region and in Western Europe without too much of an effect on the real economy (i.e. investors are used to increased political volatility). Therefore, we would not expect any material impact on investor sentiment in case of Czech Republic.

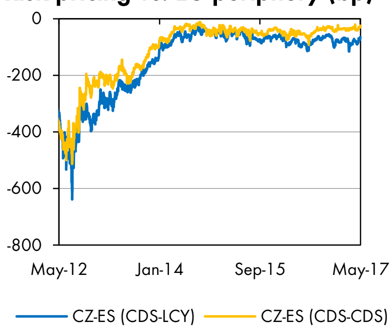
Financial analysts: Gunter Deuber (+43 1 71707 5707), RBI Vienna, Helena Horska (+420 234 40 1413), Raiffeisenbank a.s., Prague

Public debt (% of GDP)



Source: national sources, Eurostat, RBI/Raiffeisen RESEARCH

Risk pricing vs. EU periphery (bp)*



** CDS-LCY = spread between 5y Czech CDS USD and Spain 5y EUR minus German 5y EUR adjusted for EUR/USD basis swap; CDS-CDS = spread differential between 5y CDS of Czech and Spain*
Source: Bloomberg, RBI/Raiffeisen RESEARCH-

Data calendar and country coverage

This week, previous week: key data releases

Indicator	Period	Actual	Forecast	Previous	Indicator	Period	Forecast	High	Mean	Low	Previous
Friday 28 April					**Friday 05 May**						
SI: CPI, % yoy	Apr	1.8	n.a.	1.9	RO: Key rate, %	May	1.75	1.75	1.75	1.75	1.75
SI: Retail sales, % yoy	Mar	10.4	n.a.	16.8	RU: CPI, % yoy	Apr	4.2	n.a.	n.a.	n.a.	4.3
HR: Industrial output, % yoy	Mar	0.0	2.8	2.3	**Monday 08 May**						
RS: Industrial output, % yoy	Mar	0.9	n.a.	-1.7	TR: Industrial output, % yoy	Mar	n.a.	n.a.	n.a.	n.a.	1.0
RS: Retail sales, % yoy	Mar	5.7	n.a.	1.1	HU: Budget balance, HUF bn, ytd	Apr	n.a.	n.a.	n.a.	n.a.	-198.1
RU: Key rate, %	Apr	9.25	9.50	9.75	**Tuesday 09 May**						
BG: Key rate, %	May	0.00	n.a.	0.00	HU: Trade balance, EUR mn	Mar	935.0	1020.0	898.0	286.0	881.0
Tuesday 02 May					CZ: Retail sales, % yoy	Mar	7.4	8.3	7.2	6.1	1.1
RO: Unemployment rate, % yoy	Mar	5.3	n.a.	5.4	CZ: Trade balance, CZK bn	Mar	22.0	22.0	19.2	18.5	17.9
RU: Manufacturing PMI, points	Apr	50.8	n.a.	52.4	SK: Trade balance, EUR mn	Mar	n.a.	n.a.	n.a.	n.a.	343.5
RU: Services PMI, points	Apr	56.1	n.a.	56.6	BG: Industrial output, % yoy	Mar	n.a.	n.a.	n.a.	n.a.	5.0
RU: Composite PMI, points	Apr	55.3	n.a.	56.3	HR: PPI, % yoy	Apr	n.a.	n.a.	n.a.	n.a.	1.2
PL: PMI, points	Apr	54.1	53.1	53.5	HR: Trade balance, HRK mn	Feb	n.a.	n.a.	n.a.	n.a.	-3683.0
HU: PMI, points	Apr	55.9	56.5	55.9	**Wednesday 10 May**						
TR: PMI, points	Apr	51.7	n.a.	52.3	RO: Trade balance, EUR mn	Mar	n.a.	n.a.	n.a.	n.a.	-651.6
CZ: PMI, points	Apr	57.5	57.1	57.5	HU: CPI, % yoy	Apr	2.3	2.4	2.3	2.3	2.7
Wednesday 03 May					CZ: Industrial output, % yoy	Mar	10.7	12.0	9.5	8.2	2.7
HU: Trade balance, EUR mn	Feb	881	n.a.	911	CZ: CPI, % yoy	Apr	2.3	2.6	2.3	2.1	2.6
TR: CPI, % yoy	Apr	11.9	n.a.	11.3	SI: Industrial output, % yoy	Mar	n.a.	n.a.	n.a.	n.a.	7.4
RS: GDP, % yoy	Q1	1	n.a.	2.5	HR: Retail trade, % yoy	Mar	n.a.	n.a.	n.a.	n.a.	7.7
Thursday 04 May					UA: CPI, % yoy	Apr	n.a.	14.5	12.5	11.8	15.1
RO: Retail sales, % yoy	Mar	7.7	n.a.	8.1	BY: CPI, % yoy	Apr	n.a.	n.a.	n.a.	n.a.	6.4
HU: Retail sales, % yoy	Mar	5.6	4.0	0.9	**Thursday 11 May**						
SK: Retail sales, % yoy	Mar	7.5	n.a.	5.6	RO: Industrial output, % yoy	Mar	n.a.	n.a.	n.a.	n.a.	5.5
CZ: Key rate, %	May	0.1	0.1	0.1	RO: CPI, % yoy	Apr	0.5	n.a.	n.a.	n.a.	0.2
Friday 05 May					**Friday 12 May**						
HU: Industrial output, % yoy	Mar	9.4	5.0	7.1	SK: Industrial output, % yoy	Mar	n.a.	n.a.	n.a.	n.a.	2.6
RO: Key rate, %	May	1.8	1.8	1.8	RS: CPI, % yoy	Apr	n.a.	n.a.	n.a.	n.a.	3.6
					RS: Key rate, %	May	4.00	n.a.	n.a.	n.a.	4.00
					PL: CPI, % yoy	Apr	2.0	2.4	2.0	1.8	2.0
					RU: Trade balance, USD bn	Mar	n.a.	13.0	12.4	10.4	10.2

Source: Bloomberg, RBI/Raiffeisen RESEARCH

Croatia (HR) – Next week will be rather dull in terms of relevant macroeconomic data; April PPI figures and March tourism data are set to be released. Positive annual PPI rates will likely continue for the fourth month in a row due to the return of imported inflationary pressures stemming primarily from global commodity markets. We also predict that March data will confirm the favourable tourism figures from Jan. and Feb. supporting our view of one more excellent tourist season in 2017.

As expected, political issues have remained in focus in the outgoing week. The Minister of Finance survived the motion of no confidence vote on Thursday, which ended in a tie (75 – 75 votes with one abstention). The vote of no confidence was the first and key point for the survival of the government, because if it had been passed, the dissolution of the parliament would have been the most likely option. At the end of the day, however, the speaker of the Croatian Parliament and also the leader of MOST resigned. Against this backdrop the possibility of early elections declined slightly (to 40% from 50% according to our assessment) but it is still unclear whether the Prime Minister will manage to form a new cabinet. Although the PM expressed his confidence in having a sufficient majority in parliament, we think it will be very tight and fragile. Unsurprisingly, hence, the PM left the door open for snap elections.

Financial analyst: Zrinka Zivkovic-Matijevic (+385 1 6174 338), Raiffeisenbank Austria d.d., Zagreb

Czech Republic (CZ) – This Thursday on a regular monetary policy meeting the Czech National Bank (CNB) decided to keep its main interest rate unchanged. The CNB also introduced its new macroeconomic outlook that moved towards our forecasts. The Czech economy should grow somewhat faster, by 2.9 % yoy in 2017, and inflation should stay in the upper half of the tolerance band above the 2 percent target this year and return to the inflation target early next year. At the beginning of 2018, inflation will be close to 2.0%, i.e. 0.5 p.p. below its previous forecast. Regarding interest rates, the CNB sent "dovish" signals expecting the first hike in the Q3 2017. The CNB assessed the overall situation as moderately pro-inflationary. The foreign and domestic political instability entails some uncertainty. However, the Czech economy should be stable enough not to be hit by this turbulence. For the time being, we keep our forecast based on an appreciation of the Czech currency towards EUR/CZK 25.90 at the end 2017 unchanged and we expect the first key rate hike in H1 2018.

Financial analyst: Monika Junicke (+420 234 40 1070), Raiffeisenbank a.s., Prague

Hungary (HU) – Hungary's trade surplus grew less than expected from January to February, however, remained massive, partly explaining downside pressure on EUR/HUF that we've seen for many months. The balance was EUR 881 mn vs the expected EUR 911 mn after EUR 633 mn in the month before. Retail sales in March were the highest since last June exceeding expectations. The annual growth pace was 5.6% vs the expected 4%. February data was revised down to 0.9% from 1.2%. Mostly the Easter weekend offered support for the modest upside momentum. As far as the industrial sector is concerned, it might have performed very well too; however, the annual pace of growth might have declined a bit (to 6% from 7%). April CPI will be released next week – we suppose that the headline might have plunged to 2.3% (from 2.7% previously), mostly because of the drop in fuel prices (3.1% mom). After peaking in March around 3% yoy, the yearly rate of inflation is expected to fall in Q2 2017. However, underlying inflationary pressures are not expected to ease as wage growth is set to continue in 2017. All in all, we see no big changes in fundamentals. Looking ahead, the EUR/HUF is expected to stay around recent levels, while risks continuously seem to be well-balanced.

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

Poland (PL) – The flash estimate for headline CPI was in line with our forecasts, indicating CPI stabilisation at the 2.0% yoy level. We believe that this sideways trend will continue at least until Q3 2017 with slight acceleration to approximately 2.5% yoy at the end of this year. Headline PMI for Poland increased in April by 0.6 points and amounted to 54.1 points. Thus, the indicator returned to its high levels noted at the beginning of the year. The detailed structure of sub-indexes indicated that there was firm growth in new orders in both domestic and export markets, which, in turn, contributed to the employment increase. Despite slower output growth compared to the previous month, it remained solid, indicating the further improvement in manufacturing sector. This month cost pressure eased slightly with the input price sub-index remaining still above 60 points. As the next week will not bring any significant macroeconomic data, the Polish market should be more influenced by core developed markets.

Financial analyst: Aleksandra Pikała (+48 22 585 2000), Raiffeisen Polbank, Warsaw

Romania (RO) – Retail sales remained on an upward trend in March, advancing by 1.0% mom. Moreover, positive dynamics were recorded also in January (0.4% mom) and in February (2.1% mom). Following the slowdown in H2 2016, the dynamics of retail sales improved in Q1 2017 (2.6% qoq compared to 0.6% qoq in Q3 2016 and 1.8% qoq in Q4 2016). Private consumption is expected by us to have remained the main driver of GDP growth in Q1, and the increase of retail sales in Q1 backs this view additionally.

The next week's economic calendar contains plenty of interesting macroeconomic data, with inflation dynamics for April (due on 11 May) as the most interesting release. We expect consumer prices to have increased by around 0.2% mom last month driven by the increase of natural gas tariffs effective from 1 April, as well as by the increase of fuel prices. On the other hand, the exchange rate appreciation should have limited the advance of consumer prices in April. The annual inflation rate is expected by us to have accelerated to 0.5% yoy in April, from 0.2% yoy in March.

More hints regarding the performance of economic activity in Q1 will be provided by the dynamics of macroeconomic indicators in March available at monthly frequency: wage earnings (9 May), foreign trade with goods (10 May), and industrial production (11 May).

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

Serbia (RS) – The renewed dinar strengthening against the euro prompted the National Bank of Serbia (NBS) to buy euros for the first time this year. These interventions on the buy-side came-in at EUR 55 mn, which increased the total amount of FX interventions year-to-date to EUR 400 mn (i.e. sell-side interventions at EUR 345). Compared to the same timeframe last year, the total intervention amounts are lower (EUR 810 mn in the first five months of 2016). The dinar strengthening came amid ongoing abundant RSD supply due to scarce repo supply, while the government also refrained from paying an adequate inflation premium that has been required by RSD bond market investors (resulting in weaker appetite for the local debt auctions, i.e. lower issuance). Moreover, the surprisingly favorable budget performance also contributed to the FX performance. In the absence of official statistics but according to PM Vucic, the budget closed the first four months of the year in surplus (RSD 9.8 bn vs. the projected RSD 53.5 bn deficit) which might have been due to prudent cost policy and respectable tax collection amid sound economy performance.

Next week on 12 May, the NBS will hold the regular key rate-setting meeting after April's headline inflation will be published. We stick with our prognosis that they will stay sidelined this year, grounded on our assumptions for CPI inflation which is set to hover within the NBS target rage of 3% +/- 1.5pp. Energy price growth in H2 2016 and the increase in fruits/vegetable prices increased in early 2017 following the cold winter season fueled reflation in Q1 2017, but the related price pressure will ease in H2. We keep our inflation forecast at 2.8% for the end of the year and expect a stable 4% base rate. In terms of the issuance pipeline, there are no bond auctions scheduled for next week.

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

Monetary policy and money markets overview

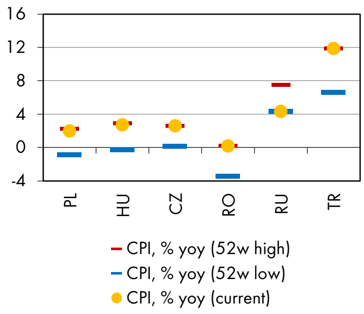
CEE key interest and money markets outlook

Poland	current*	Jun-17	Sep-17	Dec-17	5y high	5y low
Key interest rate	1.50	1.50	1.50	1.50	4.75	1.50
3m money market rate	1.73	1.73	1.73	1.73	5.14	1.65
Hungary						
Key interest rate	0.90	0.90	0.90	0.90	7.00	0.90
3m money market rate	0.16	0.20	0.20	0.20	7.21	0.16
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	0.35	1.25	0.00
Romania						
Key interest rate	1.75	1.75	1.75	1.75	5.25	1.75
3m money market rate	0.92	1.00	1.15	1.55	6.30	0.68
Russia						
Key interest rate	9.25	9.00	8.50	8.25	17.00	5.25
3m money market rate	9.57	9.50	9.00	8.75	29.93	6.74
Serbia						
Key interest rate	4.00	4.00	4.00	4.00	11.75	4.00
3m money market rate	3.53	3.60	3.60	3.60	13.13	3.26
Turkey						
Key interest rate	8.00	8.00	8.00	10.00	10.00	4.50
3m money market rate	12.67	12.50	12.70	11.50	12.67	4.85

Benchmark key rates	current	Jun-17	Sep-17	Dec-17	5y high	5y low
ECB key interest rate	0.00	0.00	0.00	0.00	1.00	0.00
Fed key interest rate	1.00	1.25	1.50	1.75	1.00	0.25

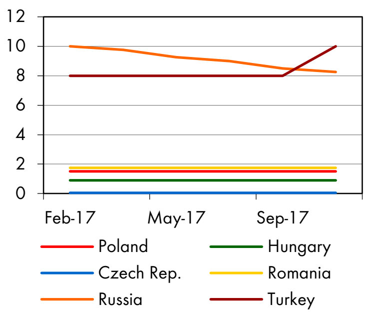
Source: Bloomberg, RBI/Raiffeisen RESEARCH
** Bid rates (for Hungary ask rates) as of 04 May 2017, 11:59 p.m. CEST*

Inflation snapshot



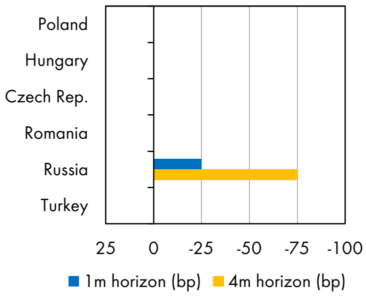
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Key rate trends (%)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Key rate forecast (chg., bp)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Central bank watch

Poland (NBP)	With increasing odds for a sideways movement of headline CPI at around 2% the NBP will likely stick to its wait-and-see stance. At the same time, real wage growth is set to be curbed by Ukrainian immigrants. Although we will monitor possible wage inflation closely in the upcoming period, at this juncture we would not bet on rate hikes starting already this year.
Hungary (MNB)	Skyrocketing wage growth underpins the strong reflation trend, although next week's inflation data should show a tangible decline due to the falling-out of statistical base effects. This allows the MNB to continue to explicitly target the further depression of BUBOR rates via its unconventional targeted measures. While the MNB's CPI forecasts might be too low, the curbing of excess liquidity is not on the cards yet.
Czech Republic (CNB)	So far the CNB was not forced to intervene in the local FX market, so the CZKexit from 6 April can be described as successful. The CNB explicitly wants the market to find a new equilibrium for EUR/CZK. In its latest inflation report the CNB lowered its CPI forecasts significantly and came closer to our projections.
Romania (BNR)	According to the BNR, the narrowing of the interest corridor could be the first step in the direction of monetary policy normalisation, although CPI reflation is lagging the regional trend. Nevertheless, due to the falling-out of statistical base effects from calculations, becoming especially visible in early 2018, rate hikes could start already in Q1 2018.
Serbia (NBS)	The NBS is set to maintain its neutral MP stance. As the overshoot might be temporary and the rate differential versus core markets is still sufficient we expect a stable base rate on our entire forecast horizon.
Russia (CBR)	Following the surprise 50bp cut on 28 April, we adjusted our base rate projections. Due to stronger than expected disinflation, we now expect more frontloaded and deeper rate cuts for this year. However, we only penciled-in 25bp more cuts for 2017, as inflation risks remain in place, especially in H2 2017.
Turkey (TCMB)	TCMB hiked late liquidity window (LLW) by 50bp in April and lifted the weighted average costs of funding further up in light of still upward trending CPI headline inflation. In line with the Turkish central bank projections, we foresee the inflexion point of inflation for mid-2017, so further monetary policy tightening might be not warranted going forward. However, with markets likely underestimating the Fed rate hike trajectory, monetary policy simplification might be unavoidable.

Source: RBI/Raiffeisen RESEARCH

Rate setting meetings

	May	Jun
Poland (NBP)	12	7
Hungary (MNB)	23	20
Czech Republic (CNB)	4	29
Romania (BNR)	5	/
Serbia (NBS)	12	8
Russia (CBR)	/	16
Turkey (TCMB)	/	15

Source: National Central Banks, RBI/Raiffeisen RESEARCH

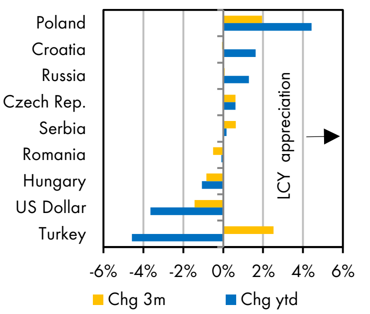
Foreign exchange market overview

FX forecasts

EUR vs	current*	Jun-17	Sep-17	Dec-17	5y high	5y low	Comment
PLN	4.216	4.35	4.30	4.25	4.40	4.08	Zloty continued to enjoy support by favourable sentiment following French elections; after strong appreciation trend that brought PLN towards 4.20 against the euro we would still see potential for some renewed PLN setback towards EUR/PLN 4.30
HUF	312.2	315	310	315	316	291	MNB remaining very dovish which in return weighs on the forint, counterbalancing positive effects of economic improvement; EUR/HUF to remain in old range of 305-315 for the coming months
CZK	26.86	26.0	26.5	25.9	27.7	25.1	Koruna remains at elevated levels after the FX regime abandoning due to large speculative positions; potential appreciation additionally hampered in the short-term by recent political uncertainties
RON	4.546	4.50	4.45	4.45	4.54	4.45	Following some budget induced uncertainties EUR/RON has moved back towards 4.50
HRK	7.438	7.40	7.45	7.50	7.66	7.50	Next week could bring the EUR/HRK trading range between 7.43 – 7.47 kuna per euro, without any significant reaction on the most recent political uncertainties.
RSD	123.2	123	124	125	125	112	NBS appeared as EUR buyer most recently due to unwanted RSD strength
RUB	63.57	61.8	61.2	63.2	79.3	40.3	see USD/RUB below
UAH	28.98	27.8	27.5	28.6	28.6	10.6	see USD/UAH below
BYN	2.064	2.09	2.18	2.28	2.28	1.13	see USD/BYN below
TRY	3.888	4.02	3.88	4.18	4.18	2.35	see USD/TRY below
USD	1.095	1.03	1.02	1.02	1.38	1.02	With continued US Fed rate hike expectations we project USD strengthening that could put some pressure on CEE currencies
USD vs	**current***	**Jun-17**	**Sep-17**	**Dec-17**	**5y high**	**5y low**	
RUB	58.07	60.0	60.0	62.0	73.0	30.5	Verbal and direct interventions, foreign debt repayments together with deeper interest rate cut should contribute to RUB weakening
UAH	26.47	27.0	27.0	28.0	28.0	8.05	Uncertainties over IMF program and the situation in Donbas to weigh on UAH; resignation of central bank governor additional negative; administrative measures of central bank prevent UAH depreciation
BYN	1.886	2.03	2.14	2.24	2.24	0.86	Despite BYN stability over recent months we remain with our cautious outlook given fundamental weaknesses
TRY	3.552	3.90	3.80	4.10	4.10	1.78	Vote on implementation of presidential system and central bank action with short-term support for TRY, but risks for lira remain high due to weakening economic conditions, uncertain political development and expectation of a stronger USD

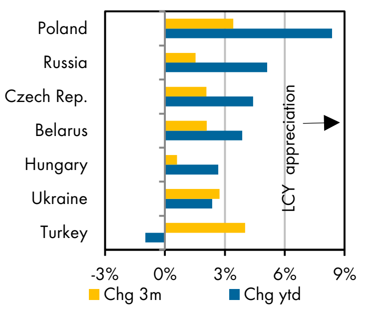
** as of 04 May 2017, 11:59 p.m. CEST*
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Change of LCY value to EUR (%)



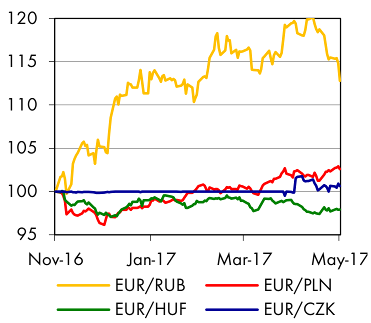
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY value to USD (%)



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

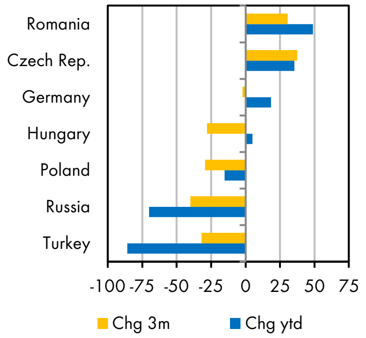
Exchange rate comparison



Indexed 04 Nov-16 = 100
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

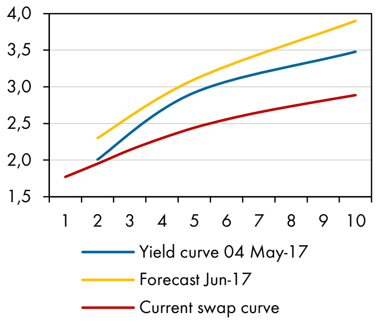
Local currency bond market overview and forecasts

Change of LCY 10y bond yields (bp)



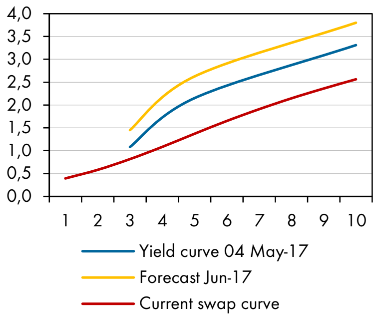
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

PLN yield curve



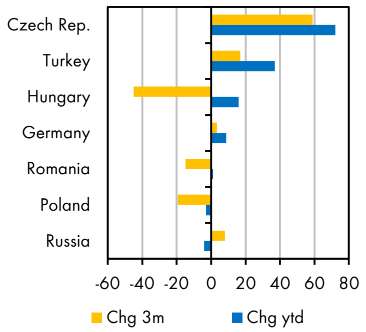
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

HUF yield curve



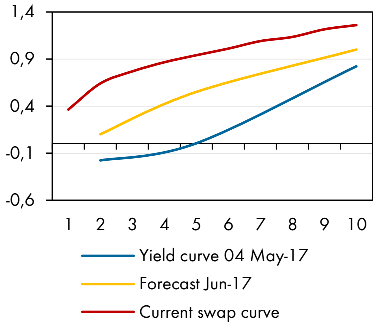
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY 2y bond yields (bp)



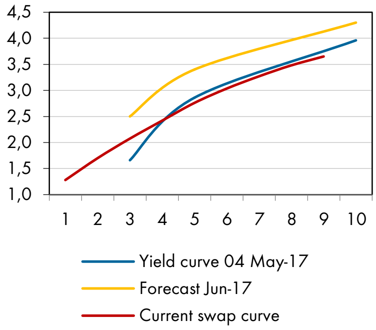
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

CZK yield curve



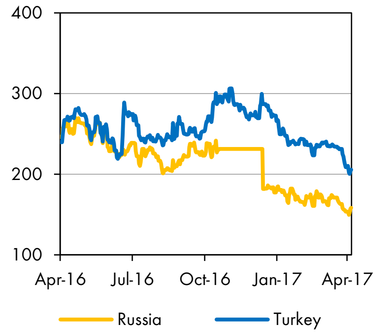
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

RON yield curve



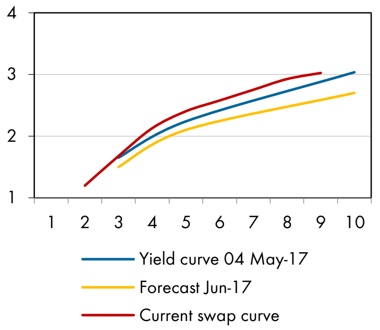
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

5y USD CDS spreads



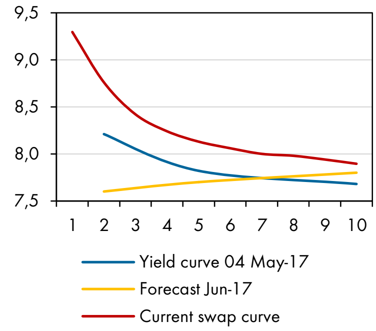
Turkey 5y high 327.1, 5y low 111.7
Russia 5y high 628.7, 5y low 119.4
Source: Bloomberg, RBI/Raiffeisen RESEARCH

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 (%)	current*	Jun-17	Sep-17	Dec-17	5y high	5y low
Poland	2.01	2.3	2.4	2.4	3.1	1.6
Hungary **	1.08	1.5	1.6	1.7	5.7	0.9
Czech Republic	-0.18	0.1	0.1	0.1	0.5	-0.9
Romania	1.66	2.0	2.1	2.4	6.4	1.5
Croatia **	1.65	1.5	1.5	1.6	4.4	0.9
Russia	8.21	7.6	7.4	7.3	15.8	6.2
Turkey	11.07	11.7	11.7	10.9	11.0	6.1
Germany	-0.74	-0.8	-0.7	-0.7	0.2	-0.8
USA	1.30	1.5	1.8	1.9	1.9	0.2

10y T-bond yields (%)	current*	Jun-17	Sep-17	Dec-17	5y high	5y low
Poland	3.48	3.9	4.2	4.3	4.3	2.5
Hungary	3.31	3.8	4.1	4.3	6.2	3.3
Czech Republic	0.82	1.0	1.2	1.3	2.5	0.5
Romania	3.96	4.3	4.4	4.7	6.9	3.5
Croatia	3.04	2.7	2.7	2.7	5.2	2.7
Russia	7.68	7.8	7.7	7.6	14.1	6.9
Turkey	10.23	11.5	11.7	11.0	11.1	6.6
Germany	0.39	0.4	0.6	0.8	1.9	0.1
USA	2.36	2.6	2.9	3.0	3.0	1.8

** Bid yields as of 04 May 2017, 11:59 p.m. CEST; ** 3y yield*
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Please note the risk notifications and explanations at the end of this document

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	25/04/2019	0.00	96.14	2.03	272	2.0	With inflation likely stabilising at moderate levels in the next few months, support to POLGBs to continue from the local front, while external backdrop remains also favorable. Against this backdrop, we still see the risks of substantially rising LCY bond yields contained.
PLN 5y Gov. Bond	25/04/2022	2.25	97.00	2.91	324	4.8	
PLN 10y Gov. Bond	25/07/2027	2.50	91.83	3.46	308	8.9	
Hungary							
HUF 3y Gov. Bond	23/09/2020	1.00	99.94	1.02	166	3.3	Unconventional MNB measures coupled with strong role of local investors keep HGBs well-bid. Nevertheless, we project moderately higher HGB yields in the course of this year as inflation premia might be currently too low.
HUF 5y Gov. Bond	26/10/2022	1.75	98.21	2.10	244	5.2	
HUF 10y Gov. Bond	27/10/2027	3.00	97.89	3.24	286	9.0	
Czech Republic							
CZK 2y Gov. Bond	11/04/2019	5.00	109.86	-0.13	57	1.9	In line with our expectations, the bear flattening of the CZGB curve may has run out of steam following the CZKexit. We would add exposure in long-end government bonds given the comfortable yield advantage versus Bunds especially if the koruna was to show temporary weakness versus EUR.
CZK 5y Gov. Bond	29/09/2021	3.85	117.10	-0.04	29	4.1	
CZK 10y Gov. Bond	26/06/2026	1.00	102.97	0.66	28	8.7	
Croatia							
HRK 2y Gov. Bond	10/07/2018	5.25	104.98	0.96	130	1.1	As political turbulences stay in focus, we anticipate the weak trading activity to be continued.
HRK 10y Gov. Bond	14/12/2026	4.25	110.00	3.04	266	8.1	
Romania							
RON 2y Gov. Bond	29/04/2019	2.50	101.62	1.65	229	2.0	Due to the renewed increase of fiscal risks, we continue to expect a renewed rise in ROMGB credit risk premium. Whilst we maintain our Hold recommendation, ROMGBs are expected to underperform regional peers.
RON 5y Gov. Bond	08/03/2022	3.40	102.49	2.84	318	4.5	
RON 10y Gov. Bond	26/07/2027	5.80	115.20	3.95	357	7.9	
Russia							
RUB 2y Gov. Bond	27/02/2019	7.50	99.05	8.23	893	1.7	Given our expectations of deeper rate cuts, the outlook for further outperformance of OFZs improved also. As things stand, our Buy recommendation from end-April is playing out well.
RUB 5y Gov. Bond	18/08/2021	7.50	98.87	7.96	830	3.6	
RUB 10y Gov. Bond	03/02/2027	8.15	103.80	7.73	735	7.0	
Turkey							
TRY 2y Gov. Bond	11/07/2018	8.70	97.40	11.07	1177	1.1	We see juice left in our short-term opportunistic long TURKGB trade given the ongoing support from overall EM sentiment and from the TCMB. With the inflation peak coming closer, we maintain our tactical long position in TURKGBs.
TRY 5y Gov. Bond	02/03/2022	11.00	101.85	10.48	1082	3.9	
TRY 10y Gov. Bond	24/02/2027	11.00	104.30	10.27	989	6.4	

Data as of 05 May 2017, 11:30 a.m. CEST
Source: Bloomberg, RBI/Raiffeisen RESEARCH

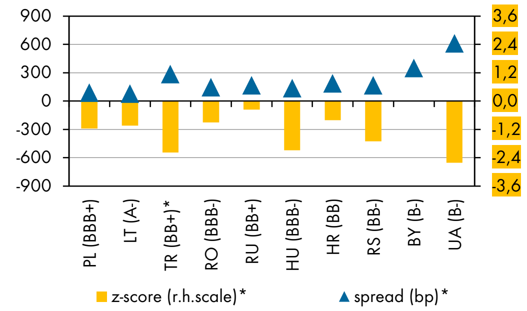
Bond auctions

		ISIN	Coupon	Maturity	Volume
08 May					
RO	5y T-bond	RO1722DBN045	3.40%	08.03.2022	RON 500 mn
11 May					
HU	T-bonds	n.a.	n.a.	n.a.	n.a.

Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

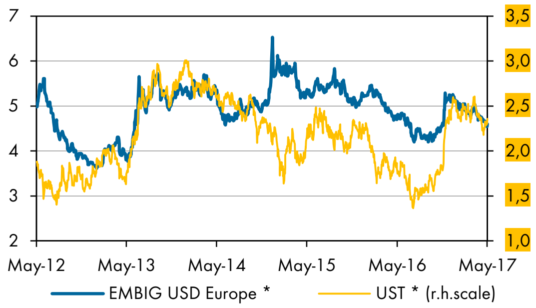
Eurobond market overview

CEE USD EMBIG spread valuation*



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

CEE EMBIG USD vs. UST YTM*



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

	Market Price					YTM mid.	Spread	Mdur.	ISIN
Issuer/rate/due	**Bid**	**Ask**	**w/w %**	**5y max**	**5y min**	**% p. a.**	**Bmk, bp**	**years**	**–**
EUR									
BGARIA 4 1/4 07/09/17	100.8	101.1	0.00	111.8	100.3	-1.36	-82	0.2	XS0802005289
CROATI 5 7/8 07/09/18	106.4	106.7	-0.14	112.1	97.2	0.25	85	1.1	XS0645940288
REPHUN 3 7/8 02/24/20	110.3	110.5	-0.34	113.1	74.9	0.15	80	2.7	XS0212993678
REPHUN 4 3/8 07/04/17	100.6	100.9	-0.32	108.0	83.8	-0.49	6	0.2	XS0284810719
REPHUN 5 3/4 06/11/18	106.6	106.9	-0.14	115.1	86.3	-0.41	18	1.0	XS0369470397
REPHUN 6 01/11/19	110.1	110.6	-0.41	118.4	87.5	-0.17	51	1.6	XS0625388136
LITHUN 4.85 02/07/18	103.8	104.1	-0.09	114.3	100.4	-0.43	13	0.8	XS0327304001
POLAND 5 5/8 06/20/18	106.6	106.9	-0.05	122.6	102.1	-0.41	18	1.1	XS0371500611
POLAND 1 5/8 01/15/19	102.8	103.3	-0.06	105.5	98.0	-0.15	53	1.7	XS0874841066
POLAND 3 3/4 01/19/23	118.0	118.6	0.16	125.5	99.9	0.48	70	5.2	XS0794399674
POLAND 3 3/8 07/09/24	116.6	117.1	-0.11	125.6	99.6	0.93	95	6.3	XS0841073793
ROMANI 4 7/8 11/07/19	111.8	112.1	0.00	117.8	99.3	0.09	75	2.4	XS0852474336
TURKEY 5 7/8 04/02/19	109.4	109.7	-0.15	118.9	106.8	0.80	150	1.8	XS0285127329
TURKEY 5 1/8 05/18/20	109.7	110.1	-0.07	115.9	101.8	1.73	235	2.7	XS0503454166
USD									
BELRUS 8.95 01/26/18	103.3	103.9	-0.13	111.2	78.0	3.81	277	0.7	XS0583616239
CROATI 6 3/8 03/24/21	110.4	110.8	-0.15	117.8	91.7	3.43	175	3.4	XS0607904264
CROATI 5 1/2 04/04/23	108.1	108.6	-0.28	111.7	94.4	3.90	188	5.0	XS0908769887
REPHUN 5 3/8 02/21/23	110.8	111.1	-0.07	115.4	93.1	3.28	127	5.0	US445545AH91
REPHUN 7 5/8 03/29/41	147.1	147.9	-0.4	157.5	88.3	4.39	159	13.1	US445545AF36
LITHUN 7 3/8 02/11/20	113.7	114.0	-0.10	130.7	112.8	2.17	70	2.5	XS0485991417
LITHUN 6 5/8 02/01/22	117.5	117.9	-0.02	128.6	107.4	2.62	78	4.1	XS0739988086
LATVIA 2 3/4 01/12/20	101.2	101.7	-0.01	104.5	91.4	2.19	74	2.5	XS0863522149
LATVIA 5 1/4 06/16/21	110.8	111.4	0.01	117.2	96.0	2.39	67	3.7	XS0638326263
POLAND 6 3/8 07/15/19	109.6	109.8	-0.04	125.9	109.7	1.81	45	2.0	US731011AR30
POLAND 3 03/17/23	100.0	100.3	-0.1	105.1	87.6	2.97	96	5.3	US731011AT95
ROMANI 6 3/4 02/07/22	116.0	116.2	-0.01	124.4	99.9	3.08	123	4.1	US77586TAA43
ROMANI 4 3/8 08/22/23	105.8	106.1	-0.03	111.1	90.8	3.32	124	5.4	US77586TAC09
RUSSIA 4 1/2 04/04/22	106.5	106.9	-0.48	114.7	82.0	3.02	114	4.4	XS0767472458
RUSSIA 7 1/2 03/31/30	120.5	120.7	-0.06	128.6	99.6	2.31	-14	3.8	XS0114288789
RUSSIA 5 5/8 04/04/42	109.9	110.5	-1.25	124.9	76.0	4.91	207	13.8	XS0767473852
SERBIA 5 1/4 11/21/17	101.7	102.0	-0.07	107.1	96.8	1.76	76	0.5	XS0856951263
SERBIA 4 7/8 02/25/20	104.1	104.5	-0.09	105.4	89.6	3.25	177	2.6	XS0893103852
TURKEY 6 1/4 09/26/22	108.5	109.0	-0.14	127.0	102.5	4.41	246	4.6	US900123BZ27
TURKEY 6 7/8 03/17/36	112.7	113.2	-0.62	139.6	99.2	5.74	310	10.9	US900123AY60
TURKEY 6 3/4 05/30/40	111.7	112.4	-0.73	139.4	97.3	5.79	301	11.9	US900123BG46
UKRAIN 7 3/4 09/01/19	102.2	102.7	0.28	102.8	88.0	6.60	522	2.1	XS1303918269
UKRAIN 7 3/4 09/01/23	97.6	98.1	0.68	99.9	84.6	8.19	611	4.8	XS1303921487
UKRAIN 7 3/4 09/01/27	94.3	94.7	0.33	98.4	81.2	8.56	619	6.8	XS1303927179

YTM mid - yield to maturity based on mid market price, bmk - benchmark, Mdur - modified duration, ISIN - international security identification number; prices as of 05 May 2017, 11:31 AM CET
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Summary: Ratings & macro data

Country ratings: CE, SEE, EE

	S&P			Moody's			Fitch		
	LCY	FCY	Outlook	LCY	FCY	Outlook	LCY	FCY	Outlook
CE									
Poland	A-	BBB+	stable	A2	A2	negative	A	A-	stable
Hungary	BBB-	BBB-	stable	Baa3	Baa3	stable	BBB-	BBB-	stable
Czech Republic	AA	AA-	stable	A1	A1	stable	AA-	A+	stable
Slovakia *	A+	A+	stable	A2	A2	positive	A+	A+	stable
Slovenia *	A	A	positive	Baa3	Baa3	positive	A-	A-	stable
SEE									
Romania	BBB-	BBB-	stable	Baa3	Baa3	stable	BBB	BBB-	stable
Bulgaria	BB+	BB+	stable	Baa2	Baa2	stable	BBB	BBB-	stable
Croatia	BB	BB	stable	Ba2	Ba2	stable	BB+	BB	stable
Serbia	BB-	BB-	positive	Ba3	Ba3	stable	BB-	BB-	stable
EE									
Russia	BBB-	BB+	positive	Ba1	Ba1	stable	BBB-	BBB-	stable
Ukraine	B-	B-	stable	Caa3	Caa3	stable	B-	B-	stable
Belarus	B-	B-	stable	Caa1	Caa1	stable	B-	B-	stable
Kazakhstan	BBB-	BBB-	negative	Baa3	Baa3	negative	BBB	BBB	stable
Turkey	BB+	BB	negative	Ba1	Ba1	negative	BBB-	BB+	stable

** 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	2016	2.9	-1.1	13.1	1029	-1.5	84.2	23.1	2.6	91.5	32.4	9.1
	2017e	3.3	1.9	12.2	1056	-1.9	82.6	23.7	2.5	85.0	33.5	8.9
	2018f	2.8	1.6	11.2	1074	-2.0	80.6	23.5	2.2	83.3	33.4	8.9
Czech Rep.	2016	2.3	0.7	5.5	1020	0.0	37.9	70.3	1.1	73.2	63.8	8.4
	2017e	2.7	2.4	5.3	1088	-0.2	36.8	69.1	1.1	76.2	85.7	12.0
	2018f	2.5	1.5	5.3	1176	0.0	35.8	69.6	1.2	74.0	80.9	10.9
Hungary	2016	2.0	0.3	5.3	847	-2.0	73.9	82.8	3.5	98.3	22.2	3.5
	2017e	3.2	3.3	4.0	939	-2.5	73.2	81.4	3.2	89.1	22.2	3.2
	2018f	3.4	3.0	3.6	1010	-3.0	72.4	81.2	3.0	83.5	20.3	2.8
Poland	2016	2.8	-0.6	9.0	928	-2.6	52.8	41.5	-0.5	74.4	34.3	7.4
	2017e	3.3	1.9	8.3	981	-3.0	53.2	40.7	-0.8	74.8	32.6	7.2
	2018f	3.0	2.2	8.2	1040	-3.2	53.7	39.2	-1.0	74.2	31.1	6.9
Romania	2016	4.8	-1.5	6.0	642	-2.6	37.6	30.8	-2.4	54.7	41.0	7.4
	2017e	4.2	0.9	5.4	713	-3.6	38.7	31.1	-3.6	53.0	40.0	6.8
	2018f	3.5	2.9	5.1	760	-3.8	40.1	32.1	-3.8	52.8	38.3	6.2
Russia	2016	-0.2	7.1	5.5	495	-3.7	13.5	22.2	1.7	39.1	79.1	25.2
	2017e	1.0	4.7	5.3	628	-2.6	14.0	23.0	4.9	30.5	88.5	23.0
	2018f	1.5	4.5	5.3	641	-2.4	14.5	22.8	5.5	26.0	101.4	22.0
Ukraine	2016	2.2	13.9	9.0	n.a.	-3.0	76.5	36.9	-3.7	131.8	13.6	4.8
	2017e	2.0	10.7	9.0	n.a.	-4.0	78.4	35.7	-4.6	124.4	14.9	5.2
	2018f	3.0	7.5	8.5	n.a.	-3.0	73.0	34.6	-3.8	118.2	15.2	5.2
Turkey	2016	2.1	7.8	10.0	n.a.	-1.4	32.0	17.7	-3.8	48.3	27.1	7.0
	2017e	2.0	10.0	10.3	n.a.	-1.5	33.0	18.8	-5.8	56.3	26.4	7.2
	2018f	3.0	8.0	10.0	n.a.	-1.8	32.0	19.7	-5.0	59.2	22.9	6.3

** 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

Distribution of short term recommendations (preceding 3 months prior to this publication)	
Recommendation	Basis: all analysed Government bonds
Buy	21%
Hold	56%
Sell	23%
Not rated	0%

History of short term recommendations (preceding 12 months prior to this publication)

<table>
<tr><th>Date</th><th>10Y Czech Rep.</th><th>10Y Hungary</th><th>10Y Poland</th><th>10Y Romania</th><th>10Y Russia</th><th>10Y Turkey</th></tr>
<tr><td>28/04/2017</td><td>Buy</td><td>Hold</td><td>Hold</td><td>Hold</td><td>Buy</td><td>Hold</td></tr>
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Date	2Y Czech. Rep.	2Y Poland	2Y Russia	2Y Turkey	BG EUROBOND EUR	BY EUROBOND USD
28/04/2017	Hold	Hold	Buy	Hold	|	|
27/04/2017	|	|	|	|	|	Buy
24/03/2017	Hold	Hold	Hold	Hold	|	|
15/03/2017	|	|	|	|	|	|
24/02/2017	|	|	Sell	|	|	|
25/01/2017	Hold	Hold	Hold	Hold	|	|
24/01/2017	|	|	|	|	|	Hold
15/12/2016	Hold	Hold	Buy	Sell	|	|
28/11/2016	|	|	|	|	Hold	|
24/11/2016	|	|	Hold	|	|	|
21/10/2016	|	|	|	|	|	Sell
26/09/2016	|	|	|	|	Buy	|
23/09/2016	Hold	Hold	Buy	Sell	|	|
26/08/2016	|	|	|	|	|	|
25/08/2016	Hold	Hold	Buy	Sell	|	|
29/07/2016	Hold	Hold	Buy	Sell	Hold	|
27/07/2016	|	|	|	|	|	|
21/07/2016	|	|	|	Sell	|	|
20/06/2016	Hold	Hold	Buy	Buy	Buy	Hold
31/05/2016	Hold	Hold	Buy	Buy	|	|
13/05/2016	|	|	|	|	Hold	Hold

Date	CZ EUROBOND EUR	HR EUROBOND EUR	HR EUROBOND USD	HU EUROBOND EUR	HU EUROBOND USD	KZ EUROBOND USD
28/04/2017	|	|	|	|	|	|
27/04/2017	|	Hold	|	|	Buy	|
24/03/2017	|	|	|	|	|	|
15/03/2017	|	|	|	|	|	|
24/02/2017	|	Buy	|	|	|	|
25/01/2017	|	|	|	|	|	|
24/01/2017	|	|	|	|	|	Hold
15/12/2016	|	|	Hold	|	|	|
28/11/2016	|	Hold	|	|	|	Buy
24/11/2016	|	|	|	|	|	|
21/10/2016	|	|	|	|	|	|
26/09/2016	|	Buy	Sell	|	|	|
23/09/2016	|	|	|	|	|	|
26/08/2016	|	|	|	|	|	Hold
25/08/2016	|	|	|	|	|	|
29/07/2016	|	|	|	Hold	Hold	Buy
27/07/2016	|	|	|	|	|	|
21/07/2016	|	|	|	|	|	|
20/06/2016	Hold	Sell	Sell	Buy	Buy	Hold
31/05/2016	|	|	|	|	|	|
13/05/2016	Hold	Hold	Hold	Hold	Hold	Hold

Date	LT EUROBOND EUR	LT EUROBOND USD	MK EUROBOND EUR	PL EUROBOND EUR	PL EUROBOND USD	RO EUROBOND EUR
28/04/2017	|	|	|	|	|	|
27/04/2017	Sell	|	Hold	Buy	|	Hold
24/03/2017	|	|	|	|	|	|
15/03/2017	Hold	Hold	Buy	|	|	Buy
24/02/2017	|	|	|	|	|	|
25/01/2017	|	|	|	|	|	|
24/01/2017	Buy	|	|	|	|	|
15/12/2016	|	Buy	Hold	|	|	Hold
28/11/2016	|	|	|	Hold	|	Buy
24/11/2016	|	|	|	|	|	|
21/10/2016	|	|	|	|	|	|
26/09/2016	|	|	|	Buy	|	|
23/09/2016	|	|	|	|	|	|
26/08/2016	|	|	|	|	|	|
25/08/2016	|	|	|	Hold	Hold	|
29/07/2016	|	|	|	|	|	Hold
27/07/2016	|	|	Buy	|	|	|
21/07/2016	|	|	|	|	|	|
20/06/2016	Hold	Hold	Hold	Sell	Sell	Sell
31/05/2016	|	|	|	|	|	|
13/05/2016	Hold	Hold	Hold	Sell	Sell	Hold

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<tr><td>28/04/2017</td><td>|</td><td>|</td><td>|</td><td>|</td></tr>
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