CEE Weekly

Issue 24/2017

16 June 2017

Raiffeisen RESEARCH

Market snapshot

	curr.*	Sep-17	Dec-17	Mar-18
Poland				
EUR/PLN	4.239	4.10	4.15	4.10
Key rate	1.50	1.50	1.50	1.50
10y bond	3.1	3.3	3.5	3.7
Hungary				
EUR/HUF	308.1	310	310	310
Key rate	0.90	0.90	0.90	0.90
10y bond	3.1	3.3	3.4	3.5
Czech Republic				
EUR/CZK	26.25	26.5	25.9	25.6
Key rate	0.05	0.05	0.25	0.50
10y bond	0.9	1.0	1.2	1.4
Romania				
EUR/RON	4.586	4.50	4.55	4.50
Key rate	1.75	1.75	1.75	2.00
10y bond	3.8	3.9	4.3	4.4
Croatia				
EUR/HRK	7.409	7.45	7.50	7.45
Key rate	2.50	2.50	2.50	2.50
10y bond	2.9	3.0	3.1	3.2
Russia				
USD/RUB	57.79	58.0	60.0	62.0
Key rate	9.25	8.25	7.75	7.50
10y bond	7.7	7.4	7.1	7.0
Turkey				
USD/TRY	3.519	3.60	3.70	3.80
Key rate	8.00	8.00	8.00	8.00
10y bond	10.3	10.5	10.0	9.5
EUR/USD	1.115	1.09	1.07	1.09

** prices as of 15 June 2017, 11:59 p.m. CEST*
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

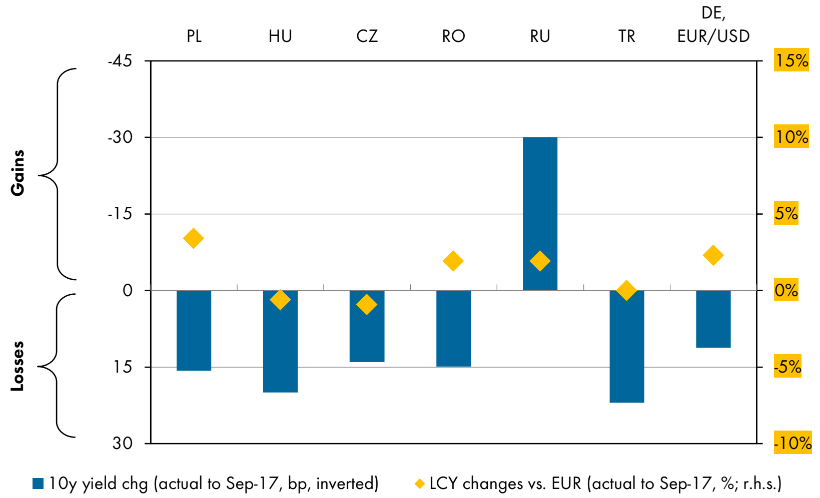
Highlights

Following the key rate decisions in the US, where we have seen the expected 25bp rate hike, as well as the Turkish key rate setting meeting, where rates were kept unchanged, the Russian Central Bank (CBR) will follow today with its key rate setting meeting. We would expect the CBR to continue cutting its key rate more aggressively with another 50bp cut - while consensus is looking for only 25bp.Thereby we have also revised our expectation of the overall cutting cycle for Russia, where we would now project a much deeper cycle than previously estimated. With our revision of the RUB and yield outlook we thereby remain constructive on OFZ bonds. Apart from this rate setting meeting Russia has also gotten into focus due to the new US sanctions that were approved by the US Senate yesterday (implementation will require the consent of the House of Representatives and the President). Whereas in our view the overall economic impact on Russia should remain moderate, the changes indicate that the sanctions against Russia could remain for longer than previously estimated. Moreover, the position of the US and EU on Russian sanctions may become more divergent going forward (something that could be of interest for Russia). For more information on the issue see our "Focus on" on page 2-3. In addition to the changes on Russian yields and the rouble, we have also revised a number of CEE FX and yield projections, indicating continued support for the bond market with ongoing stability on the exchange rate side throughout CEE. In this context the recent Turkish rate setting meeting is likely to offer stability to Turkish markets. The Turkish central bank has clearly indicated that tightening of monetary conditions is largely over, while the overall wording remained rather hawkish. Therefore, we would not expect (overly) aggressive rate cuts this year, a scenario that should bode well for Turkish markets.

Next week will feature the key rate setting meeting in Hungary (20 June), where we expect to see a continuation of the expansionary monetary policy of the MNB with a further cut in the volume of 3m deposits by around HUF 150-200 bn for end-Q3 to encourage lending and to make banks buy more government debt.

Financial analyst: Wolfgang Ernst (+43 1 71707 1500), CEFA, RBI Vienna

Expected changes from today until September 2017



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Content

Data highlights upcoming week

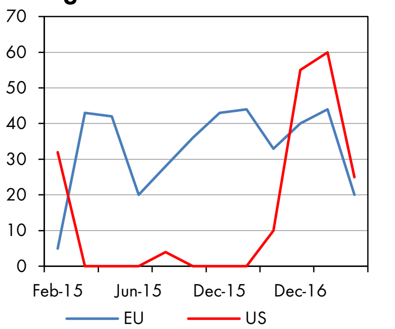
Date	Indicator	Period	Forecast	High	Mean	Low	Previous
16-Jun	RU: Key rate, %	Jun	8.75	9.25	9.00	8.75	9.25
20-Jun	HU: Key rate, %	Jun	0.90	0.90	0.90	0.90	0.90
20-Jun	PL: Industrial output, % yoy	May	8.5	9.6	8.3	4.0	-0.6
20-Jun	PL: Retail sales, % yoy	May	9.0	10.7	9.4	6.0	8.1

Source: Bloomberg, RBI/Raiffeisen RESEARCH

Focus on: US sanctions against Russia

- **Going forward Congress approval is likely to be needed to change US sanction policy against Russia**
- **Limited impact on Russian economy, but possibly increasing divergence between US and EU regarding Russian sanctions**
- **US sanctions against Russia could now be enshrined for longer, EU may still discuss gradual sanction easing in 2018**

Easing of sanctions next 12m?*



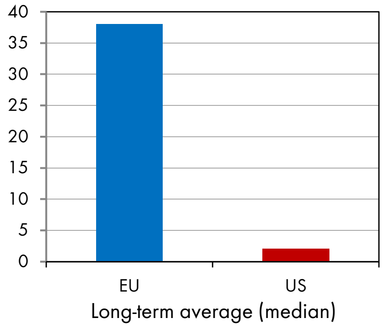
** Bloomberg Special Survey Russia, latest survey March 2016*
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Yesterday the US Senate has approved a bill that will increase the sanction pressure on Russia and Iran going forward (Senators voted 97 to 2 in favor of the bill targeting Russia). Following the Senate approval the bill now has to pass the House of Representatives and will then be submitted for signing to the US President. As things stand swift approval and implementation of the bill in its current form cannot be taken for granted. The House of Representatives (where Republicans have a large majority) may still ask for some changes and softening, which could make an implementation before the summer break less likely. Nevertheless, a final approval (possibly after some modifications) in the House of Representatives seems still highly likely. Secondly, approval by the US President seems to be a reasonable scenario given that the tightening of sanctions against Russia is tied to additional sanctioning of Iran. Regarding the latter the US President seems to have a strong preference to act. Moreover, the new round of sanctions against Russia includes some mercantilist "America First" elements in the energy sector (i.e. the new sanctions favour US gas exporters), which could be recognised by Mr. Trump.
The tightening of US sanctions against Russia is a reflection of deep-rooted mistrust against Russia in larger parts of the political establishment in Washington DC, increasing frustration with regards to Russian meddling in US policymaking (incl. contact to Mr. Trump and his inner circle) and unresolved geopolitical rivalries between the US and Russia.

Key aspects of the proposed sanction tightening by the US Senate:

- Congress approval is needed before easing/termination of any sanctions on Russia (that were introduced via Presidential Executive Orders in the first place), i.e. sanctions will be put into law
- The US can impose sanctions on (Western) companies investing in energy export pipelines (which are mostly to Europe); previously US sanctions were targeting high-tech energy projects only (Artic and offshore drilling); sanctions can be introduced against companies that are investing or selling goods or services in the amount of EUR 1 mn or EUR 5 mn annually that are connected to Russian export pipelines and to export-oriented companies
- The US can also impose sanctions on Russian state shipping and railway companies and companies that are engaged in privatisation deals
- The maturity of lending by US firms to already sanctioned Russian entities will become more restrictive; i.e. it will be reduced from 30 to 14 days for banks, lending to energy firms will be possible for 30 days only (previously 90 days)

Easing of sanctions next 12m?*

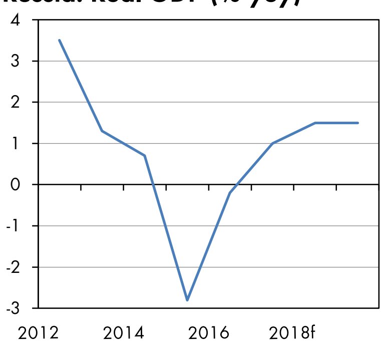


** Bloomberg Special Survey Russia, latest survey March 2016, average of 12 surveys since Feb 2015*
Source: Bloomberg, RBI/Raiffeisen RESEARCH

US sanction easing becomes increasingly unlikely, enlarging conflict with EU

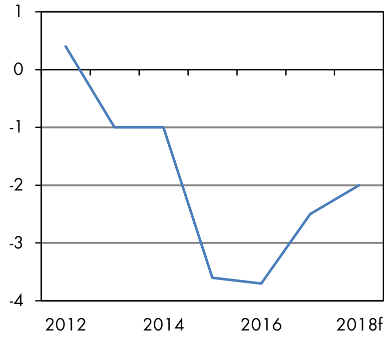
By and large the bill increases the scope of US sanctions, while it also decreases the power of the President/White House in easing sanctions going forward. The latter aspect is a crucial element of the recent round of sanction tightening as a near and mid-term sanction easing (conditions in Ukraine, Syria unchanged) seems to be highly unlikely now. Most sanction easing speculations were based on the assumption that Donald Trump as US President would act unilaterally on this front, while the political establishment in the major US parties are taking a more hawkish view on Russia. The personal element sketched previously explains the large jump in US sanction easing speculations following the election of Mr. Trump. That said sanction easing speculations have already moderated in recent months. Now we would expect that they will drop close to zero for the US. On an interesting note it seems that the EU will not follow the US in tightening sanctions this time as indicated by an opposing statement of the Austrian Chancellor Mr. Christian Kern and the German Foreign Minister Mr. Sigmar Gabriel issued yesterday. In fact representatives from European countries are clearly expressing their concerns that the new round of sanctions is clearly supporting U.S. economic interests (i.e. political sanctions are linked to economic interests) and constitutes an unacceptable intervention in the broader European energy sector. Therefore the option remains on the table that the EU may want to discuss a very gradual sanction easing in 2018 (conditional on at least a marginal improvement in Eastern Ukraine), e.g.

Russia: Real GDP (% yoy)



Source: national sources, RBI/Raiffeisen RESEARCH during the Austrian EU Presidency in H2 2018. Most recent developments may even slightly increase the chance that the EU will not fully coordinate its sanction policy with the US going forward, while it has to be stressed that in the past a lot of opportunities with regards to a potential rapprochement between Russia and the EU and major EU countries (e.g. during the German and Austrian OSCE Presidencies, in the context of the German G-20 or during the Italian G7 presidency) had been missed (possibly also due to the by then still prevailing European interest to align with the West). In contrast US sanctions seem to be more enshrined following the latest developments. Therefore, there is a certain chance for an increasing divergence between the US and EU sanction regimes, a situation that will increase the complexity for companies. Moreover, the extraterritorial reach of US sanctions has to be taken into account. Therefore, US sanctions may still impact on European companies and hence concerns that had been already voiced that the new US sanctions could expose European companies currently involved in (financing) large-scale (energy) projects in Russia to fines (e.g. companies involved in the Nord Stream 2 pipeline project).

Russia: Budget balance (% of GDP)

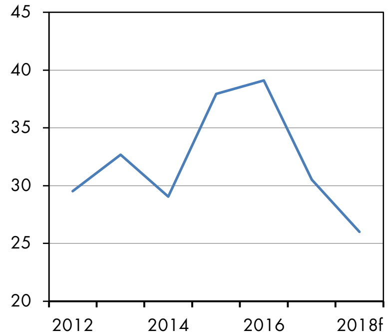


Source: national sources, RBI/Raiffeisen RESEARCH

Limited economic impact on Russia

We do not see any material impact from the looming tightening of US sanctions on the Russian economy. Firstly, the country and its major companies are already operating under sanctions since 2-3 years. Secondly, newly affected companies and projects are either small or could be easily financed by Russian means alone. Thirdly, from a near- and mid-term perspective the budget does not really require any substantial contributions from privatisations. Fourthly, we see that the Russian economy is much less dependent on external financing given the external debt deleveraging seen in recent years. Therefore, we do not see any risks to our economic outlook for Russia (GDP call of +1% yoy in 2017, +1.5% in 2018), which had been anyways on the cautious side and that is still more prone to marginal upside rather than potential downside revisions. From our understanding the recent sanction tightening is also not having any material impact on the Russian ambition to float some USD 3 bn in sovereign Eurobonds soon (possibly next week). In fact such a deal seems even highly likely in order to show that Russia cannot be isolated easily.

Russia: External debt (% of GDP)



Source: national sources, RBI/Raiffeisen RESEARCH

Financial analyst: Gunter Deuber (+43 1 71707 5707), RBI Vienna

Data calendar and country coverage

This week, previous week: key data releases

Indicator	Period	Actual	Forecast	Previous
Friday 09 June				
RU: Trade balance, USD bn	Apr	8.0	n.a.	12.6
BY: CPI, % yoy	May	6.1	6.0	6.3
Monday 12 June				
RO: CPI, % yoy	May	0.6	0.7	0.6
TR: GDP, % yoy	Q1	5.0	n.a.	3.5
TR: GDP, % qoq	Q1	1.4	n.a.	3.8
RS: CPI, % yoy	May	3.5	n.a.	4.0
Tuesday 13 June				
RO: Net wages, % yoy	Apr	13.4	n.a.	14.2
CZ: C/A balance, CZK bn	Apr	14.4	-5.2	31.2
PL: Trade balance, EUR mn	Apr	86	-184	-218
PL: C/A balance, EUR mn	Apr	-275	234	-738
RO: C/A balance, EUR mn	Apr	-1416	n.a.	-690
Wednesday 14 June				
RO: Industrial output, % yoy	Apr	5.5	n.a.	8.2
SK: CPI, % yoy	May	1.1	n.a.	0.8
BG: CPI, % yoy	May	2.3	n.a.	2.6
Thursday 15 June				
TR: Unemployment rate, % yoy	Mar	12	n.a.	13
TR: Key rate, %	Jun	8.00	n.a.	8.00
BG: Unemployment rate, % yoy	May	7.1	n.a.	7.6
Friday 16 June				
SK: HICP, % yoy	May	1.1	1.0	0.8

Indicator	Period	Forecast	High	Mean	Low	Previous
Friday 16 June						
RU: Key rate, %	Jun	8.75	9.25	9.00	8.75	9.25
RU: Industrial output, % yoy	May	n.a.	4.1	2.4	0.8	2.3
RU: GDP, % yoy	Q1	n.a.	1.0	0.5	0.4	0.5
Monday 19 June						
BG: C/A balance, EUR mn	Apr	n.a.	n.a.	n.a.	n.a.	-253.6
Tuesday 20 June						
HU: Key rate, %	Jun	0.90	0.90	0.90	0.90	0.90
PL: Industrial output, % yoy	May	8.5	9.6	8.3	4.0	-0.6
PL: Retail sales, % yoy	May	9.0	10.7	9.4	6.0	8.1
RU: Retail sales, % yoy	May	n.a.	3.0	0.5	-0.6	0.0
RS: C/A balance, EUR mn	Apr	n.a.	n.a.	n.a.	n.a.	-359
Wednesday 21 June						
HU: C/A balance, EUR mn	Q1	n.a.	1400	1325	1300	688
UA: Industrial output, % yoy	May	n.a.	-1.5	-3.2	-5.0	-6.1
Friday 23 June						
HR: Unemployment rate, %	May	11.8	n.a.	n.a.	n.a.	13.2

Source: Bloomberg, RBI/Raiffeisen RESEARCH

Bosnia a. H. (BA) – During this week a set of positive macroeconomic data has been released by the State Agency for Statistics. Exports of goods in April 2017 grew 14.1% yoy (22.9% yoy in March 2017), up to BAM 914.3 mn. Exports of goods have now increased for 9 straight months. Imports of goods advanced 4.8% yoy for 6 consecutive yoy increases and its weakest gain in the same period. Industrial production revived sharply in April 2017 to 4.4% yoy from almost flat reading of 0.1% yoy in the month before. Positive reading came from all three industrial categories: mining and quarrying (7.8% yoy), manufacturing (1.7% yoy), and electricity supply (5.5% yoy). Consumer spending continues at solid pace being up for the 35 straight month in April 2017. More precisely, retail sales in April 2017 increased by 5.1% over the same month in 2016 (10.2% yoy in March 2017). Finally, CPI inflation moderated by posting 1.4% yoy increase in April 2017, the same reading as in March 2017 mostly thanks to stabilization of the oil prices. All in all, the second quarter is off to a firm start for B&H economy, as the majority of the leading economic indicators point to an improving economic outlook in H1 2017.

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

Croatia (HR) – After Croatia avoided the snap elections with successful government reshuffling (but with a really thin majority) and Agrokor satisfied its (re)financing needs by receiving a credit line from local and international financial institutions, it could be said that the situation calmed down (at least for now). Still it seems that we have to grow accustomed to a new political environment in Croatia that could be described as political volatility/instability. Now it remains to be seen how much and to what extent the government stability will affect the strengthening of institutions and the implementation of all the crucial reforms needed for sustainable growth, development and smooth business.

As for macroeconomic data, the upcoming week is reserved for the labor market figures. In line with the usual seasonal movements, we expect the declining trend in unemployment and the increasing one in wages to be confirmed. Wage growth in April particularly applies to net salary, which predominantly resulted from changes in the taxation of income, and it will be somewhat offset by the positive inflation rate. The registered unemployment rate is projected to have fallen below 12% in May.

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

Czech Republic (CZ) – As the most recently released macroeconomic data suggest, the Czech economy is continuing to perform well. Consumer inflation accelerated to 2.4% yoy in May from the previous 2.0%. According to our calculations core inflation exceeded 2% for the first time since 2008. After the data release the Czech koruna appreciated below EUR/CZK 26.20. The Czech National Bank foresees the first key rate hike as coming in Q3 2017, based on a moderate appreciation of the Czech koruna. This looks to be slightly excessive to us. The risk of overly indebted households is worrying the CNB most at the moment. According to the Financial Stability Report, the domestic financial sector remains stable and is still highly resilient to potential adverse shocks. However, there is a risk of the continuation of a spiral between property prices and property purchase loans. Thus, the CNB has reacted by increasing the countercyclical capital buffer rate for domestic exposures from 0.5% to 1% from 1 July 2017. On Wednesday, the Czech PM, B. Sobotka, announced his resignation as the leader of the Social Democrat party being replaced by M. Chovanec. However, Mr. Sobotka remains as the Czech PM.

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

Hungary (HU) – Hungary's central bank is scheduled to hold a rate decision next Tuesday, and our expectation is that they will cut further the volume of 3m deposits by around HUF 150-200 bn for end-Q3 to encourage lending or to make banks buy more government debt. We think that any further limitation of deposits won't automatically send money market rates even lower, although yields could certainly decline more. It is also worth mentioning that lending activity is picking up in the meantime, and it can somehow offset the effects of the liquidity boost. Overall, we think that BUBOR rates have no further downside but the yield curve can flatten even further before the beginning of a gradual normalisation sometime next year.

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

Poland (PL) – The final CPI reading confirmed the flash estimate and amounted to 1.9% yoy (compared to 2.0% in March and April). The CPI breakdown confirmed declines in fuel prices (-2.0% mom) while the food prices increased, driven by the strong fruit price increases (by 5.8% mom). Core inflation followed the same trend, decreasing by 0.1 pp and amounting to 0.8% yoy. Inflation readings are in line with the MPC stance on the CPI stabilization, with the fading effects of commodity prices and only gradually increasing domestic pressure. Therefore, we assess, that the lately published data will remain neutral from the central bank's point of view. The current account confirmed expectations for export and import slowdown in April (which is mainly due to the negative calendar effect), while the positive trade balance (first time since January) allows for the positive assessment of the overall outcome. The coming week will bring data on labor market and industrial output. Employment dynamics, indicating the high labor demand, should amount to 4.6% yoy. Taking into consideration weaker than expected analogous PMI component, the industrial output may be burdened (our forecast is 8.5% yoy). However, we do not expect a slowdown in retail sales (forecast is 9.0% yoy).

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

Romania (RO) – Politics returned in limelight in past days. The ruling coalition consisting of the Social Democratic Party (PSD) and the Alliance of Liberals and Democrats (ALDE) withdrew the political support for the Cabinet led by Mr Grindeanu. The reasoning of this action was the Government's underperformance during the first six months, as assessed compared to PSD governing program. Despite losing the political support, PM Grindeanu has not resigned. On the other hand, the ministers in his Cabinet resigned. In order to be effective, the Prime Minister has to send the resignation letters to the President. If the PM refuses to resign, the only way he could be removed is through a no confidence vote. According to local media, PSD decided to file a no-confidence motion against its own Cabinet as early as on Monday. Moreover, it was announced that Mr Grindeanu was excluded from PSD. We recall that the alliance of PSD and ALDE has a majority of around 53% of total MPs in the Parliament. Some upside pressure on the exchange rate was already recorded on Thursday, and additional volatility on RON assets (FX and Government Securities) should not be excluded in the following days as long as the uncertainty stemming from the political developments is not over.

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

Russia (RU) – Recent developments in economic trends have allowed us to revise some macroeconomic forecasts, including the outlook for inflation and the key rate. We do not see domestic demand as the key growth driver anymore as its revival is going rather slowly, given the conservative social spending (there are no plans for a sound increase of pre-election social expenditure this year) and a more sluggish recovery of consumer sentiment. We now expect a private consumption increase of only 1.5% yoy this year (+2.5% yoy previously). Together with a stronger RUB (revised from USD/RUB 60 to 58 for eop Q3 and from 62 to 60 by eop 2017) this leads us to believe that CPI will hit the CBR's target and be around 3.8% at year-end. Although the CBR's policy is most likely to remain rather cautious and data-dependent, favorable CPI dynamics allow for more considerable monetary easing. We now expect the key rate at 7.75% by the year-end.

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

Serbia (RS) – Public and Local Government Minister Ana Brnabic, a non-partisan member of the government, will be the new Prime Minister. Before taking the engagement within the government, Ms Brnabic was a director of Continental Wind Serbia and managing board chairperson of the National Alliance for Local Economic Development (NALED) and was engaged with some US consultancy firms which implemented programs financed by USAID in Serbia. According to Mr Vucic, the prime focus of the new PM will be digitalization, IT sector and cooperation with the International Monetary Fund (IMF) and the World Bank, whereas the Socialist Party of Serbia leader Mr Ivica Dacic will be in charge of the political function in the government. We do not expect that there will be significant (if any) changes in the new government in terms of personnel, though Mr Vucic announced there might be one or two new ministries. We see that new PM will work on two fronts, firstly the acceleration in the privatisation/restructuring of the state owned companies (SOEs) that has been going on with a delay and the secondly, further improvement/modernisation of the economic environment.

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

Slovakia (SK) – The Statistical office of the Slovak Republic released industrial production data for April and consumer inflation data for May. Industrial production decreased in April by 3.2% yoy, mostly due to there being less workdays in April because of Easter holidays. Construction on the other hand increased by 2.3% yoy despite the calendar effect, possibly signaling strong growth in 2017 after a weak 2016.

CPI inflation rebounded in May reaching 1.1% yoy, up from 0.8% yoy in April. The main driver of the increase were food prices which rose by 3.5% yoy (up from 1.9% in April). Food prices contributed +65bp to inflation. Energy prices are the main drag on inflation, decreasing it by -45bp. Despite falling short of the 2% target, inflation data does provide some reasons for optimism. The effect of lower energy prices should disappear in 2018, and despite goods inflation being anemic, inflation in services is already close to 2%.

Financial analyst: Tibor Lorincz (+421 259 19 2079), Tatra bank a.s., Bratislava

Monetary policy and money markets overview

CEE key interest and money markets outlook

Poland	current*	Sep-17	Dec-17	Mar-18	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	0.15	0.15	0.15	0.15	7.21	0.15
Czech Republic						
Key interest rate	0.05	0.05	0.25	0.50	0.50	0.05
3m money market rate	0.30	0.40	0.50	0.60	1.22	0.00
Romania						
Key interest rate	1.75	1.75	1.75	2.00	5.25	1.75
3m money market rate	0.82	1.05	1.45	1.71	6.30	0.68
Russia						
Key interest rate	9.25	8.25	7.75	7.50	17.00	5.25
3m money market rate	9.24	8.85	8.35	8.10	29.93	6.74
Serbia						
Key interest rate	4.00	4.00	4.00	4.00	11.75	4.00
3m money market rate	3.55	3.60	3.60	3.75	13.13	3.26
Turkey						
Key interest rate	8.00	8.00	8.00	8.00	10.00	4.50
3m money market rate	13.01	12.30	11.50	10.80	13.01	4.85

Benchmark key rates	current	Sep-17	Dec-17	Mar-18	5y high	5y low
ECB key interest rate	0.00	0.00	0.00	0.00	1.00	0.00
Fed key interest rate	1.25	1.50	1.75	1.75	1.25	0.25

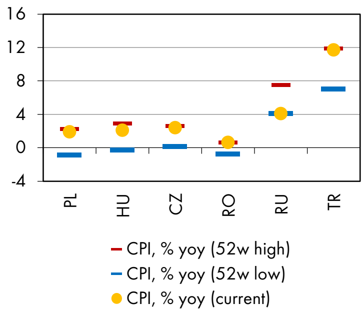
Source: Bloomberg, RBI/Raiffeisen RESEARCH
** Bid rates (for Hungary ask rates) as of 15 June 2017, 11:59 p.m. CEST*

Central bank watch

Poland (NBP)	In line with our long-held view Polish MPC members see headline CPI inflation rate at moderate levels in the quarters ahead. While stronger than currently expected wage inflation could lead to earlier hikes, we are comfortable with our call of rate hikes starting only in H2 2018.
Hungary (MNB)	MNB depresses BUBOR rates via ongoing liquidity injections, while remaining relaxed in terms of reflation dynamics. A renewal of the MP toolkit is on the cards as the reduction of the amounts that are allowed to be placed in the 3m deposit facility will further get cut. Therefore, 3m deposit rate becomes increasingly a "communication tool".
Czech Republic (CNB)	CNB managed smooth CZKexit without FX market interventions so far. The bank's own forecast of a first base rate hike in Q3 2017 is only imaginable for us in case of upside surprises in CPI inflation and/or weaker CZK levels compared to current ones. We assume that rate hikes are only an option at levels above CZK 26/EUR as FX rate is the most crucial decision variable for the CNB.
Romania (BNR)	Elevated fiscal risks should force the BNR to finally end procyclical policies in H2 2017. According to the BNR, narrowing of the interest corridor could be the first step in this direction. Only after liquidity tightening happens, base rate hikes could start as early as 2018.
Serbia (NBS)	April's overshooting of CPI inflation was only temporary after falling headline inflation in May. We are therefore much more comfortable with our stable base rate outlook for 2017.
Russia (CBR)	CBR expected to deliver another 50bp cut today. As room for further falling inflation appears more and more limited, the pace of further rate cuts could be slowed going forward. According to our new, more dovish forecasts, another 100bp in cuts is anticipated by us until end-2017.
Turkey (TCMB)	TCMB kept all rates steady this week. The weighted average costs of funding are still close to 12% (since early-April), but could get eased somewhat going forward after CPI inflation might have reached its inflexion point in May. We assume that the TCMB will muddle through with its multi-interest rate strategy (1w repo: 8.00%, o/n lending rate: 9.25%, late liquidity window: 12.25%).

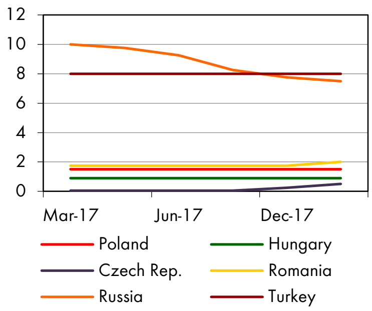
Source: RBI/Raiffeisen RESEARCH

Inflation snapshot



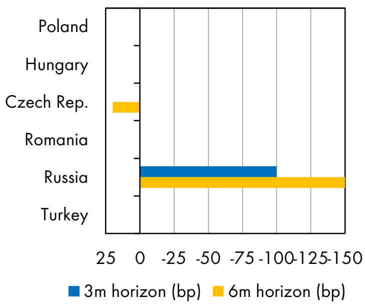
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Key rate trends (%)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Key rate forecast (chg., bp)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Rate setting meetings

	Jun	Jul
Poland (NBP)	7	5
Hungary (MNB)	20	18
Czech Republic (CNB)	29	/
Romania (BNR)	/	3
Serbia (NBS)	8	10
Russia (CBR)	16	28
Turkey (TCMB)	15	27

Source: National Central Banks, RBI/Raiffeisen RESEARCH

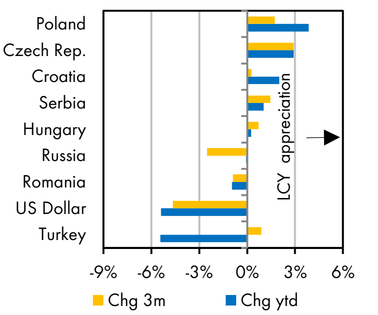
Foreign exchange market overview

FX forecasts

EUR vs	current*	Sep-17	Dec-17	Mar-18	5y high	5y low	Comment
PLN	4.239	4.10	4.15	4.10	4.40	4.08	PLN retreated back well above 4.20 to the euro following the US key rate hike and rate outlook, but benign economics and reoccurring rate hike speculation to support PLN going forward
HUF	308.1	310	310	310	316	291	MNB to remaining very dovish at its next monetary policy meeting on 20 June, EUR/HUF expected to remain within its 305-315 trading range
CZK	26.25	26.5	25.9	25.6	27.7	25.1	Koruna seeing continued slow appreciation, normalization process (strengthening CZK) after FX regime likely to remain a lengthy process
RON	4.586	4.50	4.55	4.50	4.55	4.45	RON with renewed depreciation pressure due to political conflict and ongoing fiscal risks
HRK	7.409	7.45	7.50	7.45	7.66	7.50	In the upcoming week, we expect a weaker trading volume due to holiday on Thursday while record high liquidity surplus might push HRK yields toward lower levels
RSD	122.1	124	125	125	125	112	RSD with continuous appreciation against the euro over the past months, supported by political development
RUB	64.43	63.2	64.2	67.6	79.3	40.3	see USD/RUB below
UAH	29.01	29.4	30.0	31.1	30.0	10.6	see USD/UAH below
BYN	2.108	2.13	2.19	2.29	2.19	1.13	see USD/BYN below
TRY	3.923	3.92	3.96	4.14	3.96	2.35	see USD/TRY below
USD	1.115	1.09	1.07	1.09	1.38	1.05	With continued US Fed rate hike expectations we project USD strengthening that could put some pressure on CEE currencies
USD vs	**current***	**Sep-17**	**Dec-17**	**Mar-18**	**5y high**	**5y low**	
RUB	57.79	58.0	60.0	62.0	73.0	30.5	USD strengthening, low oil prices, new US sanctions and continued key rate cuts in Russia to weigh on still very strong RUB
UAH	26.02	27.0	28.0	28.5	28.0	8.05	Uncertainties over IMF program and the situation in Donbas to weigh on UAH, but administrative measures keep UAH stable
BYN	1.891	1.95	2.05	2.10	2.05	0.86	Despite BYN stability over recent months we remain with our cautious outlook given fundamental weaknesses
TRY	3.519	3.60	3.70	3.80	3.70	1.78	After having profited from USD weakness and falling oil prices the Turkish lira has in our view reached stronger resistance; we see ongoing elevated risk for TRY, supported by our assumption of short-term USD recovery and rebound in oil prices

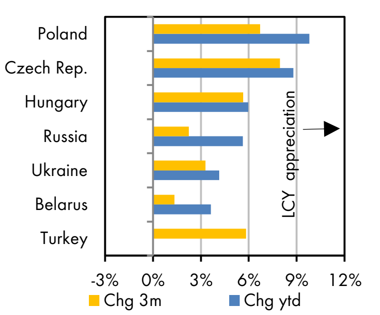
** as of 15 June 2017, 11:59 p.m. CEST*
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Change of LCY value to EUR (%)



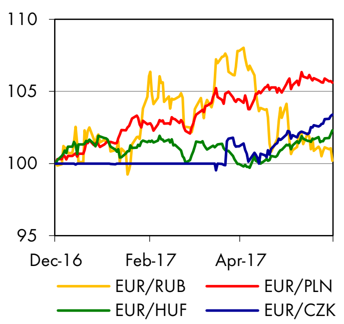
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY value to USD (%)



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

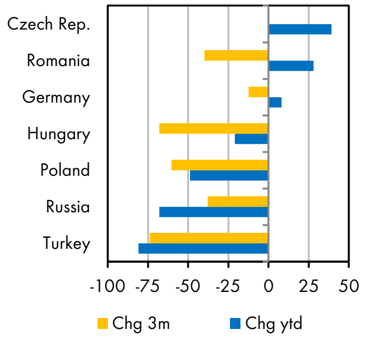
Exchange rate comparison



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

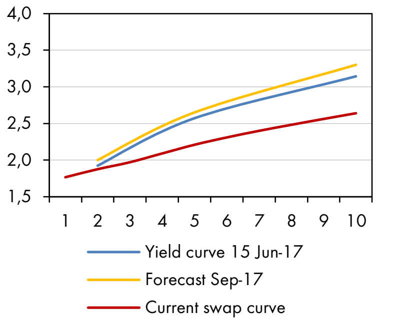
Local currency bond market overview and forecasts

Change of LCY 10y bond yields (bp)



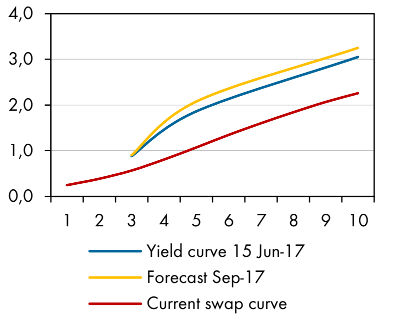
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

PLN yield curve



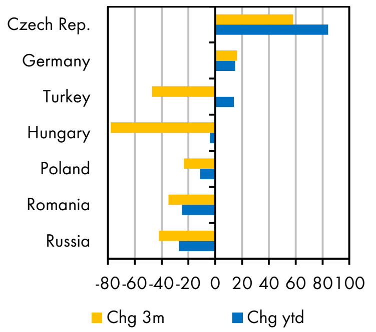
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

HUF yield curve



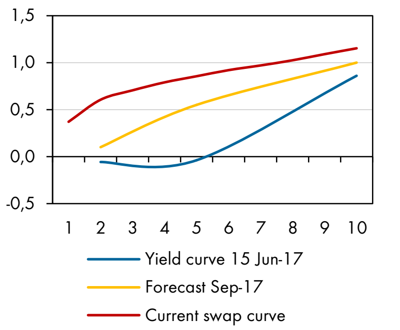
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY 2y bond yields (bp)



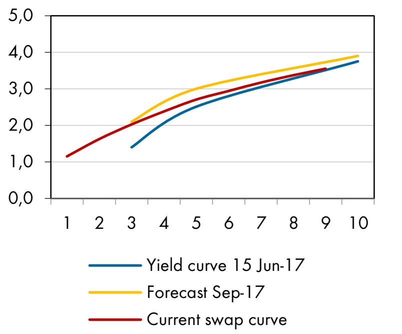
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

CZK yield curve



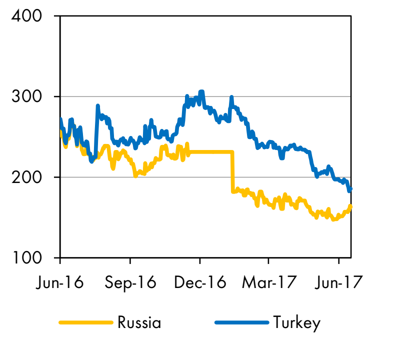
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

RON yield curve



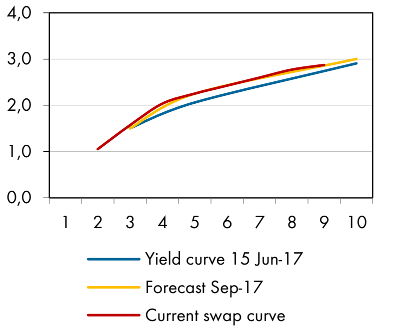
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

5y USD CDS spreads



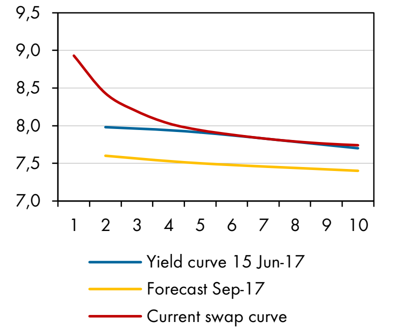
Turkey 5y high 327.1, 5y low 111.7; Russia 5y high 628.7, 5y low 119.4
Source: Bloomberg, RBI/Raiffeisen RESEARCH

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*	Sep-17	Dec-17	Mar-18	5y high	5y low
Poland	1.92	2.0	2.1	2.3	3.1	1.6
Hungary **	0.88	0.9	1.0	1.1	5.7	0.9
Czech Republic	-0.06	0.1	0.1	0.2	0.5	-0.9
Romania	1.40	1.6	1.8	2.2	6.4	1.5
Croatia **	1.50	1.5	1.6	1.7	4.4	0.9
Russia	7.98	7.6	7.3	7.2	15.8	6.2
Turkey	10.84	10.5	10.5	10.0	11.0	6.1
Germany	-0.68	-0.7	-0.7	-0.6	0.2	-0.8
USA	1.36	1.6	1.7	1.8	1.7	0.2

10y T-bond yields (%)	current*	Sep-17	Dec-17	Mar-18	5y high	5y low
Poland	3.14	3.3	3.5	3.7	4.3	2.5
Hungary	3.05	3.3	3.4	3.5	6.2	3.3
Czech Republic	0.86	1.0	1.2	1.4	2.5	0.5
Romania	3.75	3.9	4.3	4.4	6.9	3.5
Croatia	2.91	3.0	3.1	3.2	5.2	3.1
Russia	7.70	7.4	7.1	7.0	14.1	6.9
Turkey	10.28	10.5	10.0	9.5	11.1	6.6
Germany	0.29	0.4	0.7	0.9	1.9	0.1
USA	2.16	2.7	2.8	2.8	3.0	1.8

** Bid yields as of 15 June 2017, 11:59 p.m. CEST; ** 3y yield*
Source: Bloomberg, 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	25/07/2019	3.25	102.64	1.95	258	2.0	POLGBs continue to benefit from benign external backdrop and favourable supply dynamics. Although longer-term outlook remains mildly bearish due to reflation, risks of substantially rising LCY bond yields appear contained in the short run.
PLN 5y Gov. Bond	25/04/2022	2.25	98.44	2.60	296	4.6	
PLN 10y Gov. Bond	25/07/2027	2.50	94.33	3.16	286	8.8	
Hungary							
HUF 3y Gov. Bond	23/09/2020	1.00	100.55	0.83	144	3.2	Demand for HGBs remains strong against the favorable external backdrop and the ongoing bond-market-supportive climate on the local scene. Although this should continue in the short run, we project moderately higher HGB yields in the course of this year as current inflation premia are currently too low.
HUF 5y Gov. Bond	26/10/2022	1.75	99.64	1.82	219	5.1	
HUF 10y Gov. Bond	27/10/2027	3.00	99.73	3.03	272	8.9	
Czech Republic							
CZK 2y Gov. Bond	11/04/2019	5.00	109.37	-0.17	47	1.8	We took profits in CZGBs after the recent rally, but maintain a Hold recommendation due to CZK appreciation potential.
CZK 5y Gov. Bond	12/09/2022	4.70	124.68	-0.02	35	4.7	
CZK 10y Gov. Bond	25/08/2028	2.50	115.90	0.99	68	9.8	
Croatia							
HRK 2y Gov. Bond	10/07/2018	5.25	104.84	0.64	101	1.0	Beginning of the tourist season will support strengthening of the domestic currency.
HRK 10y Gov. Bond	14/12/2026	4.25	111.11	2.90	260	7.9	
Romania							
RON 2y Gov. Bond	29/04/2019	2.50	102.04	1.39	200	1.8	LCY debt market continues shrugging-off elevated fiscal risks which were increasing as of late due to another law on wage hikes. Political risks are also looming. We therefore expect a rise in ROMGB credit risk premium in the medium term, but maintain our Hold recommendation for the short-term.
RON 5y Gov. Bond	08/03/2022	3.40	103.72	2.55	292	4.4	
RON 10y Gov. Bond	26/07/2027	5.80	116.78	3.78	347	7.8	
Russia							
RUB 2y Gov. Bond	27/02/2019	7.50	99.55	7.93	856	1.6	We expect the OFZ yield curve to start dis-inverting on deeper than initially expected rate cuts. We nevertheless expect also favorable performance at the long-end of the curve.
RUB 5y Gov. Bond	18/08/2021	7.50	99.20	7.87	824	3.5	
RUB 10y Gov. Bond	03/02/2027	8.15	104.10	7.68	737	6.9	
Turkey							
TRY 2y Gov. Bond	15/05/2019	11.10	n.a.	n.a.	n.a.	n.a.	With the inflation likely to have peaked in May, related expectations for MP easing could support TURKGB. We entered the TURKGB market after this week's Fed meeting. Major risk is the potential overreaction to ongoing US MP tightening and (geo)political risks.
TRY 5y Gov. Bond	02/03/2022	11.00	101.79	10.48	1085	3.8	
TRY 10y Gov. Bond	24/02/2027	11.00	104.33	10.24	993	6.3	

Data as of 16 June 2017, 11:19 a.m. CEST
Source: Bloomberg, RBI/Raiffeisen RESEARCH

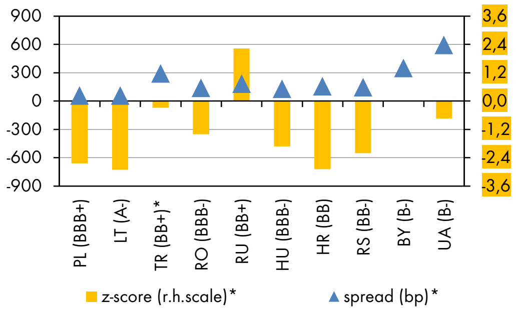
Bond auctions

		ISIN	Coupon	Maturity	Volume
19 June					
RO	3.3y T-bond	RO1624DBN027	3.25%	29 Apr-24	RON 500 mn
22 June					
RO	1.4y T-bond	RO1619DBN035	1.35%	25 Feb-19	RON 800 mn
HU	T-bonds	n.a.	n.a.	n.a.	n.a.

Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

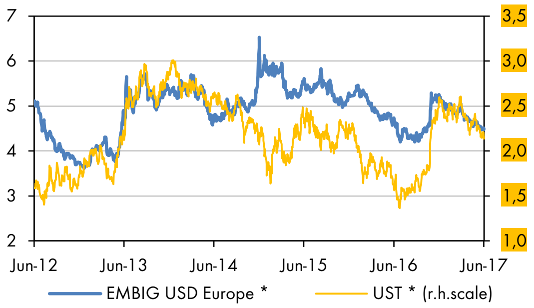
Eurobond market overview

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	100.2	100.5	0.00	111.8	100.3	-2.34	-176	0.1	XS0802005289
CROATI 5 7/8 07/09/18	106.0	106.2	-0.07	112.1	99.5	0.08	70	1.0	XS0645940288
REPHUN 3 7/8 02/24/20	110.0	110.6	-0.03	113.1	75.5	0.04	68	2.6	XS0212993678
REPHUN 4 3/8 07/04/17	100.1	100.4	-0.21	108.0	84.4	-1.73	-113	0.0	XS0284810719
REPHUN 5 3/4 06/11/18	105.9	106.2	-0.12	115.1	86.9	-0.43	19	1.0	XS0369470397
REPHUN 6 01/11/19	109.0	111.0	0.17	118.4	87.5	-0.37	27	1.5	XS0625388136
LITHUN 4.85 02/07/18	103.2	103.4	0.00	114.3	102.9	-0.36	25	0.6	XS0327304001
POLAND 5 5/8 06/20/18	105.8	106.1	-0.36	122.6	102.1	-0.28	33	1.0	XS0371500611
POLAND 1 5/8 01/15/19	102.7	102.9	-0.01	105.5	98.0	-0.15	49	1.6	XS0874841066
POLAND 3 3/4 01/19/23	118.4	119.0	0.26	125.5	100.3	0.36	65	5.1	XS0794399674
POLAND 3 3/8 07/09/24	117.8	118.4	0.67	125.6	99.6	0.74	85	6.2	XS0841073793
ROMANI 4 7/8 11/07/19	111.4	111.8	-0.04	117.8	99.3	0.01	66	2.3	XS0852474336
TURKEY 5 7/8 04/02/19	108.9	109.2	0.06	118.9	107.5	0.73	138	1.7	XS0285127329
TURKEY 5 1/8 05/18/20	109.8	110.2	0.05	115.9	102.5	1.59	221	2.7	XS0503454166
USD									
BELRUS 8.95 01/26/18	102.4	103.0	-0.16	111.2	78.0	4.34	320	0.6	XS0583616239
CROATI 6 3/8 03/24/21	111.8	112.1	0.01	117.8	96.4	2.99	139	3.3	XS0607904264
CROATI 5 1/2 04/04/23	110.3	110.8	0.19	111.7	94.4	3.47	161	4.9	XS0908769887
REPHUN 5 3/8 02/21/23	112.1	112.6	0.00	115.6	93.5	2.98	113	4.9	US445545AH91
REPHUN 7 5/8 03/29/41	151.3	151.9	-0.2	158.1	95.1	4.18	158	13.1	US445545AF36
LITHUN 7 3/8 02/11/20	113.7	114.0	-0.14	130.7	113.4	1.98	53	2.4	XS0485991417
LITHUN 6 5/8 02/01/22	118.3	118.7	0.04	128.6	111.4	2.37	65	4.0	XS0739988086
LATVIA 2 3/4 01/12/20	101.4	101.8	0.04	104.5	91.4	2.09	65	2.4	XS0863522149
LATVIA 5 1/4 06/16/21	111.2	111.6	-0.04	117.2	97.6	2.25	62	3.6	XS0638326263
POLAND 6 3/8 07/15/19	109.8	110.0	0.00	125.9	109.7	1.50	13	1.9	US731011AR30
POLAND 3 03/17/23	102.5	103.0	-0.4	105.4	87.9	2.48	62	5.2	US731011AT95
ROMANI 6 3/4 02/07/22	116.8	117.2	0.21	123.7	101.4	2.81	108	4.0	US77586TAA43
ROMANI 4 3/8 08/22/23	107.3	107.7	0.58	111.2	90.6	3.03	112	5.4	US77586TAC09
RUSSIA 4 1/2 04/04/22	106.1	106.5	-0.39	114.7	82.0	3.07	132	4.3	XS0767472458
RUSSIA 7 1/2 03/31/30	120.0	120.5	-0.21	128.6	99.6	2.27	2	3.7	XS0114288789
RUSSIA 5 5/8 04/04/42	112.1	112.8	-0.52	124.9	76.0	4.77	214	13.8	XS0767473852
SERBIA 5 1/4 11/21/17	101.4	101.6	-0.02	107.1	96.8	1.64	55	0.4	XS0856951263
SERBIA 4 7/8 02/25/20	104.8	105.2	0.08	105.4	89.6	2.93	148	2.5	XS0893103852
TURKEY 6 1/4 09/26/22	109.3	109.8	0.33	127.0	102.5	4.20	239	4.5	US900123BZ27
TURKEY 6 7/8 03/17/36	114.3	114.8	0.64	139.6	99.2	5.61	316	10.9	US900123AY60
TURKEY 6 3/4 05/30/40	113.4	114.1	0.84	139.4	97.3	5.67	310	12.3	US900123BG46
UKRAIN 7 3/4 09/01/19	102.9	103.3	0.05	103.8	90.4	6.21	482	2.0	XS1303918269
UKRAIN 7 3/4 09/01/23	99.7	100.1	0.15	100.6	90.9	7.78	587	4.7	XS1303921487
UKRAIN 7 3/4 09/01/27	97.5	98.0	0.15	98.8	88.7	8.08	590	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 16 Jun 2017, 11:21 AM CET
Source: Bloomberg, RBI/Raiffeisen RESEARCH

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

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	stable	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+	positive	Baa2	Baa2	stable	BBB	BBB-	positive
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	Unemployment, %	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	2.9	1.5	12.2	1056	-1.9	82.9	23.8	3.7	86.7	33.0	8.7
	2018f	2.3	1.7	11.2	1074	-2.0	81.3	24.5	2.2	85.2	33.0	8.6
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	2.3	4.4	1088	-0.2	36.8	69.1	1.1	76.2	85.7	12.0
	2018f	2.5	2.1	4.5	1176	0.0	35.8	69.6	1.2	74.0	80.9	10.9
Hungary	2016	2.0	0.2	5.3	847	-2.0	73.9	82.8	3.5	98.3	22.2	3.5
	2017e	3.8	2.6	4.3	937	-2.5	73.2	81.0	3.2	88.7	22.2	3.2
	2018f	3.6	3.3	4.0	1008	-3.0	72.4	79.5	2.9	81.8	20.3	2.8
Poland	2016	2.8	-0.6	9.0	927	-2.6	52.8	41.5	-0.5	74.4	34.3	7.4
	2017e	3.8	2.2	7.3	992	-2.8	54.0	39.5	-0.2	72.8	32.6	7.2
	2018f	3.1	2.4	6.4	1062	-3.0	54.1	37.7	-0.9	71.3	31.1	6.9
Romania	2016	4.8	-1.5	5.9	642	-3.0	38.0	30.7	-2.4	54.9	40.8	7.5
	2017e	4.9	0.9	5.2	718	-4.0	38.0	32.0	-3.9	53.0	39.6	6.5
	2018f	3.8	2.9	5.0	780	-4.0	40.0	32.8	-3.6	52.3	38.2	6.1
Russia	2016	-0.2	7.1	5.5	495	-3.7	13.5	22.1	1.7	39.0	79.1	25.2
	2017e	1.0	4.0	5.3	614	-2.5	14.0	22.4	4.8	29.7	88.5	23.0
	2018f	1.5	4.5	5.3	609	-2.0	14.5	22.6	5.5	25.8	99.8	21.7
Ukraine	2016	2.3	13.9	9.3	n.a.	-2.9	76.1	36.0	-4.1	121.7	14.4	4.8
	2017e	1.5	12.0	9.0	n.a.	-3.2	78.4	36.2	-4.2	115.4	16.9	5.3
	2018f	3.0	7.4	8.5	n.a.	-2.7	73.0	37.2	-3.6	108.8	17.7	5.4
Turkey	2016	2.9	7.8	10.0	n.a.	-1.4	32.0	17.5	-3.8	47.9	27.1	7.0
	2017e	4.0	10.0	10.3	n.a.	-1.5	33.0	17.1	-5.3	51.4	26.4	7.2
	2018f	3.0	8.0	10.0	n.a.	-1.8	32.0	17.5	-4.4	52.4	22.5	6.2

** 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	23%
Hold	63%
Sell	14%
Not rated	0%

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

Date	10Y Czech Rep.	10Y Hungary	10Y Poland	10Y Romania	10Y Russia	10Y Turkey
06/06/2017	Hold	Buy	Buy	Hold	Buy	Hold
28/04/2017	Buy	Hold	Hold	Hold	Buy	Hold
27/04/2017	|	|	|	|	|	|
24/03/2017	Buy	Hold	Hold	Hold	Hold	Sell
15/03/2017	|	|	|	|	|	|
24/02/2017	|	|	Hold	|	Sell	|
25/01/2017	Hold	Buy	Buy	Hold	Hold	Hold
24/01/2017	|	|	|	|	|	|
15/12/2016	Hold	Buy	Buy	Hold	Hold	Sell
28/11/2016	|	|	|	|	|	|
24/11/2016	|	|	|	|	Hold	|
21/10/2016	|	|	|	|	|	|
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
27/07/2016	|	|	|	|	|	|
21/07/2016	|	|	|	|	|	Sell
20/06/2016	Hold	Buy	Hold	Hold	Buy	Buy

Date	2Y Czech. Rep.	2Y Hungary	2Y Poland	2Y Romania	2Y Russia	2Y Turkey
06/06/2017	Hold	Hold	Hold	Hold	Buy	Buy
28/04/2017	Hold	Hold	Hold	Hold	Buy	Hold
27/04/2017	|	|	|	|	|	|
24/03/2017	Hold	Hold	Hold	Hold	Hold	Hold
15/03/2017	|	|	|	|	|	|
24/02/2017	|	|	|	|	Sell	|
25/01/2017	Hold	Hold	Hold	Hold	Hold	Hold
24/01/2017	|	|	|	|	|	|
15/12/2016	Hold	Hold	Hold	Hold	Buy	Sell
28/11/2016	|	|	|	|	|	|
24/11/2016	|	|	|	|	Hold	|
21/10/2016	|	|	|	|	|	|
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
27/07/2016	|	|	|	|	|	|
21/07/2016	|	|	|	|	|	Sell
20/06/2016	Hold	Hold	Hold	Hold	Buy	Buy

Date	BG EUROBOND EUR	BY EUROBOND USD	CZ EUROBOND EUR	HR EUROBOND EUR	HR EUROBOND USD	HU EUROBOND EUR
06/06/2017	Buy	Hold	|	|	Buy	|
28/04/2017	|	|	|	|	|	|
27/04/2017	|	Buy	|	Hold	|	|
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	|	|	Hold	|	|
24/11/2016	|	|	|	|	|	|
21/10/2016	|	Sell	|	|	|	|
26/09/2016	Buy	|	|	Buy	Sell	|
23/09/2016	|	|	|	|	|	|
26/08/2016	|	|	|	|	|	|
25/08/2016	|	|	|	|	|	|
29/07/2016	Hold	|	|	|	|	Hold
27/07/2016	|	|	|	|	|	|
21/07/2016	|	|	|	|	|	|
20/06/2016	Buy	Hold	Hold	Sell	Sell	Buy

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

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

Date	SI EUROBOND EUR	SI EUROBOND USD	SK EUROBOND EUR	TR EUROBOND EUR	TR EUROBOND USD	UA EUROBOND USD
06/06/2017						Hold
28/04/2017						
27/04/2017						
24/03/2017						
15/03/2017						
24/02/2017						
25/01/2017						
24/01/2017						
15/12/2016						Sell
28/11/2016		Hold		Hold	Hold	Hold
24/11/2016						
21/10/2016				Buy	Buy	Buy
26/09/2016				Hold	Hold	
23/09/2016						
26/08/2016	Hold		Hold			
25/08/2016						
29/07/2016			Sell			
27/07/2016						
21/07/2016				Sell	Sell	
20/06/2016	Buy	Buy	Hold	Buy	Hold	Hold

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