

Market snapshot

	curr.*	Sep-17	Dec-17	Mar-18
Poland				
EUR/PLN	4.249	4.30	4.20	4.15
Key rate	1.50	1.50	1.50	1.50
10y bond	3.4	3.3	3.5	3.7
Hungary				
EUR/HUF	303.9	310	310	310
Key rate	0.90	0.90	0.90	0.90
10y bond	3.2	3.3	3.4	3.5
Czech Republic				
EUR/CZK	26.03	26.5	25.9	25.6
Key rate	0.25	0.25	0.25	0.25
10y bond	0.9	1.0	1.2	1.4
Romania				
EUR/RON	4.563	4.50	4.55	4.50
Key rate	1.75	1.75	1.75	2.00
10y bond	3.9	3.9	4.3	4.4
Croatia				
EUR/HRK	7.406	7.45	7.50	7.45
Key rate	2.50	2.50	2.50	n.a.
10y bond	2.9	3.0	3.1	3.2
Russia				
USD/RUB**	60.19	58.0	60.0	62.0
Key rate	9.00	8.75	8.25	8.00
10y bond**	7.8	7.4	7.1	7.0
Turkey				
USD/TRY	3.539	3.60	3.70	3.80
Key rate	8.00	8.00	8.00	8.00
10y bond	10.4	10.5	10.0	9.5
EUR/USD**	1.188	1.09	1.07	1.09

* prices as of 03 August 2017, 11:59 p.m. CEST

** under revision

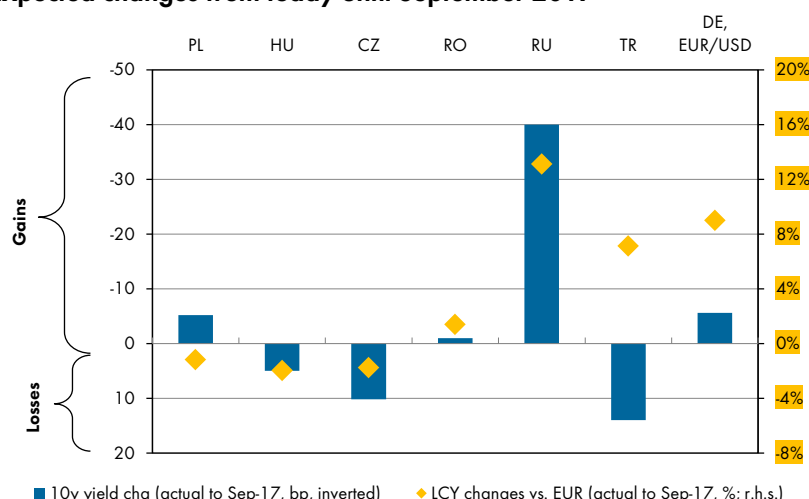
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Highlights

Czech National Bank (CNB) became a star of the week after delivering a 20bp rate increase which made it first national bank in CE and EU to hike rates. Although the Bloomberg poll of economists predicted a 54% chance of rate hike we believed that the regulator would be better off if delaying the rate hike. The discussion about slow tightening path likelihood because of ECB influence, which emerged on the market upon the hike decision, points to policy outlook uncertainty after CNB disembarked from the neutral stance. Interestingly, CNB itself tried to defuse such talk by alleging long pause with no more hikes this year, while next rate hike may come only in Q2 2018. CZGB naturally underperformed CE3 while the outlook for CZK slightly brightened. In Russia CBR left key rates flat in line with our view, while naming slightly elevated inflation outlook and geopolitical volatility (not saying word "sanctions") among reasons for its decision. RUB FX sustained a symbolic 1.5% loss vs USD so US sanctions impact appeared rather muted with S&P also seeing no need for change to rating or outlook. Meanwhile OFZ resilience to the sanction topic was a positive bonus for investors, including us, who keep long positions in this market. We put both RUB FX and rates/yields forecasts under a revision. In another story TURKGB market likely to suffer from worse inflation report emboldening hawkish TCMB policy, so we may recommend "tactical" hold despite positive medium-term outlook. In Poland the lessening of political pressure after the presidential veto of controversial laws on judicial reform helped to win back some stability, but PLN FX short-term outlook remains less upbeat ahead of the legislation vote in September. At the same time we continue to like POLGB for less material consequences from politics seen on debt market with 10y POLGB still offering +20bp over HGB. Flatish POLGB curve also makes 5y look cheap outright. Next week CEE macro calendar is full of industrial output and CPI reports, with Russia Q2 GDP will be a highlight here too. On rate policy front central banks in Romania and Serbia are expected to keep their key rates unchanged at 1.75% and 4% respectively.

Financial analyst: Gintaras Shlizhyus (+43 1 71707 1343), RBI Vienna

Expected changes from today until September 2017*



* under revision EUR/USD, EUR/RUB, 10y RU yield

Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Content

Highlight/Upcoming data	p. 1
Data releases, Country coverage	p. 2
Monetary policy, money markets	p. 5
FX markets	p. 6
Local currency bond markets	p. 7
Eurobond market	p. 8
Ratings, main macro forecasts	p. 9

Data highlights upcoming week

Date	Indicator	Period	Forecast	High	Mean	Low	Previous
04-Aug	RU: CPI, % yoy	Jul	n.a.	n.a.	n.a.	n.a.	4.4
08-Aug	HU: CPI, % yoy	Jul	1.9	2.1	2.0	1.9	1.9
09-Aug	CZ: CPI, % yoy	Jun	2.2	2.4	2.3	1.9	2.3
10-Aug	RS: Key rate, %	Aug	n.a.	n.a.	n.a.	n.a.	4.00
11-Aug	RU: GDP, % yoy	Q2	n.a.	2.7	1.5	0.6	0.5

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 July					Friday 04 August						
HR: Industrial output, % yoy	Jun	4.0	n.a.	3.3	RO: Key rate, %	Aug	1.75	1.75	1.75	1.75	1.75
HR: Retail sales, % yoy	Jun	7.8	n.a.	3.5	RU: CPI, % yoy	Jul	n.a.	n.a.	n.a.	n.a.	4.4
RU: Key rate, %	Jul	9.00	9.00	9.00	RU: CPI Core, % yoy	Jul	n.a.	n.a.	n.a.	n.a.	3.5
Monday 31 July					Monday 07 August						
RO: Unemployment rate, % yoy	Jun	5.3	n.a.	5.4	CZ: Industrial output, % yoy	Jun	6.5	8.2	7.0	4.1	8.1
SI: Retail sales, % yoy	Jun	10.2	n.a.	7.7	Tuesday 08 August						
SI: CPI, % yoy	Jul	1.0	n.a.	0.9	HU: Trade balance, EUR mn	Jun	1,119	1,200	1,118	300	959
HR: Real wages, % yoy	Mai	2.9	2.9	1.9	HU: CPI, % yoy	Jul	1.9	2.1	2.0	1.9	1.9
RS: Industrial output, % yoy	Jun	5.7	n.a.	6.2	TR: Industrial output, % yoy	Jun	n.a.	n.a.	n.a.	n.a.	3.5
RS: Retail sales, % yoy	Jun	5.3	n.a.	6.1	BG: Industrial output, % yoy	Jun	n.a.	n.a.	n.a.	n.a.	9.6
RS: GDP, % yoy	Q2	1.3	n.a.	1.2	BG: Retail sales, % yoy	Jun	n.a.	n.a.	n.a.	n.a.	6.2
BG: Key rate, %	Aug	0.00	n.a.	0.00	UA: CPI, % yoy	Jul	n.a.	15.5	15.1	14.9	15.6
Tuesday 01 August					Wednesday 09 August						
RU: PMI, points	Jul	52.7	n.a.	50.3	RO: Trade balance, EUR mn	Jun	n.a.	n.a.	n.a.	n.a.	-1,105
HU: PMI, points	Jun	54.2	n.a.	57.2	CZ: CPI, % yoy	Jun	2.2	2.4	2.3	1.9	2.3
PL: PMI, points	Jul	52.3	52.9	53.1	Thursday 10 August						
CZ: PMI, points	Jul	55.3	57.0	56.4	SI: Industrial output, % yoy	Jun	n.a.	n.a.	n.a.	n.a.	9.1
TR: PMI, points	Jul	53.6	n.a.	54.7	RS: Key rate, %	Aug	n.a.	n.a.	n.a.	n.a.	4.00
Thursday 03 August					Friday 11 August						
RO: Retail sales, % yoy	Jun	6.5	n.a.	12.3	RO: Industrial output, % yoy	Jun	n.a.	n.a.	n.a.	n.a.	15.3
RU: PMI services, points	Jul	52.6	n.a.	55.5	RO: CPI, % yoy	Jul	1.3	n.a.	n.a.	n.a.	0.9
RU: PMI composite, points	Jul	53.4	n.a.	54.8	SK: Industrial output, % yoy	Jun	n.a.	n.a.	n.a.	n.a.	5.1
HU: Retail sales, % yoy	Jun	6.0	5.0	5.5	RS: CPI, % yoy	Jul	n.a.	n.a.	n.a.	n.a.	3.6
SK: Retail sales, % yoy	Jun	8.1	n.a.	7.8	PL: C/A balance, EUR mn	Jun	-1,428	-90.0	-750	-1,584	-179
TR: CPI, % yoy	Jul	9.8	n.a.	10.9	PL: Trade balance, EUR mn	Jun	-84.0	367	181	-120	-200
CZ: Key rate, %	Aug	0.25	0.05	0.05	RU: GDP, % yoy	Q2	n.a.	2.7	1.5	0.6	0.5
UA: Key rate, %	Aug	12.50	n.a.	12.50	RU: Trade balance, USD bn	Jun	n.a.	8.5	7.6	4.7	8.5
Friday 04 August											
CZ: Retail sales, % yoy	Jun	4.5	5.5	5.3							
HU: Industrial output, % yoy	Jun	6.5	6.0	6.2							

Source: Bloomberg, RBI/Raiffeisen RESEARCH

Albania (AL) – Yesterday the Supervisory Council of the Bank of Albania approved the quarterly Monetary Policy Report. In conclusion to the discussions it was decided to keep unchanged the monetary policy rate at 1.25%. Updated forecasts were in line with the previous expectations. The policy stance will remain accommodative throughout the medium-term horizon. In BoA's baseline scenario, growth will be sufficient to place the economy on equilibrium and will be a determinant factor for the return of inflation to target within 2018. Overall, the performance of the economic activity followed the expected trend, but the growth rate was higher than BoA's initial projections. As a result, BoA's projections for economic growth in 2017 have been only slightly revised upward. Further improvement of the business climate, the reduction of the credit risk and the further improvement of the banking system balance sheets are expected to facilitate the credit supply. In this regard, the non-performing loans ratio was further lowered standing at 15.58% in June.

The Supervisory Council decided also to keep the interest rates on overnight deposit and overnight credit facilities, unchanged at 0.25% and 2.25%, respectively. Most importantly there has been a change in language since the last meeting. The Supervisory Council deems now that the intensity of the monetary stimulus will not be reduced before the second quarter of 2018 compared to the first quarter 2018 of the previous statement.

Financial analyst: Fjorent Rrushi (+355 4 238 1000 2894), Raiffeisen Bank Sh.a., Tirana

Belarus (BY) – According to H1 2017 data on public finances released at the end of July, the Belarusian government posted a fiscal surplus of around USD 0.8 bn or 3.2% of GDP. Slight underperformance of the revenue (as compared to the initial targets) was due to lower-than-expected collection of profit tax, social security contributions and VAT. On the contrary, the inflows from foreign economic activities and excise duties exceeded the budgeted volume. On the expenditure side, the government slashed budget spending, especially on domestic economy. This likely reflects, among other, lower compensation for subsidized lending rates amid less direct lending. Total public debt registered an increase of over 7% (in BYN terms) up to USD 20.5 bn in H1 2017. Domestic public debt saw a decline by USD 0.4 bn to USD 4.9 bn. Foreign public debt, on the other hand, rose by USD 1.9 bn up to USD 15.6 bn by July 2017. The increase is mostly attributable to USD 1.4 bn sovereign Eurobond placement, disbursement of two loan tranches worth USD 0.6 bn by the Eurasian Fund for Stabilization and Development and USD 0.25 bn in loans from the Russian government and banks. Foreign public debt repayments exceeded USD 0.5 bn in H1 2017.

Financial analyst: Natalya Chernogorova (+375 17 2899231), Priobank JSC, Minsk

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 June 2017 grew by 7.2% yoy (20.5% yoy in May 2017), up to BAM 901 mn. Exports of goods have now increased for 11

straight months. Imports of goods advanced 11.3% (15.9% yoy in May 2017) yoy - 8 consecutive months of % yoy increase. Industrial production revived sharply in June 2017 to 3.1% yoy from negative reading of 1.2% yoy in the month before. Positive reading came from mining and quarrying (15.3% yoy) and manufacturing (2.5% yoy) while electricity supply remained negative (3.2% yoy). Finally, CPI inflation moderated by posting 1.0% yoy increase in June 2017, the lowest CPI print since beginning of the year. The major boost to inflation print came from transport prices which increased 4.9% over the same month in 2016. All in all, the main macroeconomic indicators are showing dynamics in line with our expatiations and therefore we will stick to our overall target rates of 2.0% yoy for inflation, 4.6% yoy for industrial production and trade deficit of 23.7% (of estimated GDP for 2017).

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

Croatia (HR) – After the industrial production and retail trade data for June strongly surpassed the market expectations (growth of 7.8% yoy and 4.0% yoy, respectively), the week ahead should continue in a positive tone. Namely, the data release for final results of tourism and foreign trade for June will likely confirm a solid increase in exports of goods and services, thus suggesting that Q217 economic growth will be (once again), along with household consumption, driven by external demand. The PPI release for July on Thursday is also worth mentioning. We expect to see PPI inflation below 1% yoy, which would reflect a slowdown of inflationary pressure and suggest a potential revision of the initial PPI forecast for the whole year. The shortfall in expectations is achieved primarily in the prices of energy and utility services, partly because of the administrative set prices and partly due to developments in the global commodity markets. The improvement of fiscal metrics presented in the recent Economic and Fiscal Policy Guidelines for the next three-year spell is also boosting the macro outlook for Croatia while helping to offset Agrokor negative impact concerns.

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

Czech Republic (CZ) – At the August monetary policy meeting, the Czech National Bank increased the two-week repo rate by 0.2pp to 0.25%. After 4.5 years, the repo rate is back above technical zero. Thus, the CNB has become the first central bank in the EU to increase its interest rate. The interest rate hike was expected by 12 out of 22 analysts. After the announcement, the Czech koruna appreciated by 0.7% towards EUR/CZK 25.91 for a short time, its strongest level since 2013. The yields of 10-year Czech government bonds have increased by 20bp. According to the new forecast, the CNB expects the next hike to happen in Q4 2018. We agree with the CNB board that the first hike is rather isolated and the only one this year. According to our forecast, the CNB may hike as early as in Q2 2018 if the Czech Koruna appreciates less than 3 to 4% yoy. The CNB has also increased its GDP growth forecast for this and next year. The Czech economy should grow by 3.6% this year, 0.7pp more than May's forecast predicted. The higher growth will be caused mainly by higher consumer expenditures and reviving investment activity. Inflation will remain over 2% this year, but the inflation outlook for 2018 has been slightly revised downwards below the 2% inflation target.

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

Hungary (HU) – Next week's July CPI report may provide some increase from this year's lowest level of 1.9% in June. Our forecast is 2.1%. Meanwhile, BUBOR rates are still flat, while longer-term yields are ticking higher from last week's lows. EUR/HUF falls further and is now trading around 303. If it breaks then it might not find support until the 300 level. Although these levels are already well out of the central bank's comfort zone, we do not expect any kind of intervention before the end of the summer. All in all, we think that with a headline inflation rate around the lower bound of the target tolerance band, the monetary policy toolkit and the related dovish tone of the forward guidance will not change soon. First rate hikes may come in early 2019 while liquidity-boosting measures are likely to be phased out as the central bank shifts from passive to active-side operation sometime during the next year. Consequently, we are heading to a modest normalization in rate and yield environment.

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

Poland (PL) – President's Office submitted a new proposal on how to solve the problem of FX mortgage loans. The amendment includes setting up of a Restructuring Fund that would serve banks to cover part of losses resulting from voluntary conversion of FX loans into PLN. The Fund will be financed by contributions from banks, paid on a quarterly basis. The contribution rate would depend on the size of FX bank loans, however it cannot exceed 0.5% of the value of FX loans. As a result of the new bill yearly cost for banks would amount to a maximum of PLN 3.2 bn. One important mechanism in the new proposal is that the funds paid by each bank to the Restructuring Fund would be available for 6 months – after that period other banks would also be able to use them. In that way banks would be encouraged to accelerate the conversion of the loans. The proposal must now be considered in the parliament, which however is on holiday break until September.

Meanwhile flash CPI estimate for July surpassed the market expectations and reached 1.7% yoy (vs 1.5% in June). The increase most probably due to food prices growing by more than seasonal pattern would imply (the exact CPI breakdown will be known next Friday). Moreover rising food prices should buoy headline CPI also within the next months. Headline PMI amounted to 52.3 pts in July compared to 53.1 pts in June. The index showed only moderate growth of production and new orders while new export orders accelerated, signaling strong demand from abroad. Inflationary pressure in both CPI and PMI components remains moderate, being in line with the inflation projections and MPC's dovish rhetoric.

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

Romania (RO) – The reduction of taxes remains on the Government's agenda as confirmed by a statement made public recently by the Finance Ministry. The social security contributions are planned to be reduced by 4.25 percentage points in 2018, from 39.25% to 35%. While the liability for social security contributions is currently shared by employers and employees, the governing program intends to move the entire liability for social security contribution to the employee. Also, the personal income tax is intended to be reduced to 10% from 16%. If enforced, these tax cuts will generate substantial additional upside pressures on the public budget deficit in 2018.

We expect the Central Bank (NBR) to remain on hold at today's monetary policy meeting, as we highlighted in last week's report. In the next days, the NBR will release its new inflation forecast which is likely to be revised slightly upwards as compared to the forecast from May (1.6% in Dec-2017 and 3.1% yoy in Dec-2018), an action hinted by the NBR at the monetary policy meeting in July.

Next week's macroeconomic calendar is rather full, the inflation rate for July (to be published on 11 Aug) being the main data release. We expect consumer prices to have increased by around 0.2% mom, driven by the increase of energy tariffs. The annual inflation rate should have advanced further in July (1.3% yoy is our forecast), from 0.9% yoy in June.

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

Russia (RU) – We have revised our CBR key rate trajectory for 1Y horizon shifting it +50bp (8.25% by YE 2017). A longer period does not imply any changes (7.25% in 2018 and 6.75% in 2019). The main reasons for this are the unexpected price shock in June and the recent US sanctions tightening (although, still not articulated by the CBR). During the last couple of months we have noticed that the CBR's rhetoric and reaction to the food price acceleration have become more conservative. The June inflation figures surprised the CBR and, according to our calculation, disinflation will resume only in September (although, we keep our YE CPI forecast unchanged). We believe that July's monthly inflation print will be a little higher than the weekly figures, i.e. 4.2-4.3% yoy. This reflects ongoing price growth in some important goods (tobacco, alcohol, and other FMCG items). Nevertheless, the stabilization of inflation, and its gradual decline by YE (to 3.8% yoy) will help inflation expectations to moderate (after a pick-up in July) and will give the CBR room for further easing. The longer-term risks remain unchanged: 1/ gradual transition of households from saving to a consumption model; 2/ high sensitivity of inflation expectations to numerous shocks; 3/ possibility of a tax maneuver (possibly in 2019) which significantly limits the potential of monetary policy easing.

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

Serbia (RS) – Next week National Bank of Serbia (NBS) will hold its eight key-rate setting meeting this year. The market expects no rate change again as CPI inflation (June: 3.6% yoy) is remaining within the inflation corridor (3% +/- 1.5pp). Though NBS encountered growth in primary agricultural products prices on global markets and a spillover effect on agricultural product prices on domestic market, we see that the draught, amid very high temperatures, might add some intensity to the inflation growth. In this scenario, if the risk of inflation overshooting the corridor rises (not very realistic given stable inflationary expectations, weaker GDP growth and lower than expected oil prices growth), the planned state managed price hike (gas and electricity) might be postponed to the next year. We see the key rate remaining flat at 4% till the end of 2017 as inflation is staying in targeted range, especially since current low interest rate environment also supports the upside cycle in the loan supply which has started only last year.

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

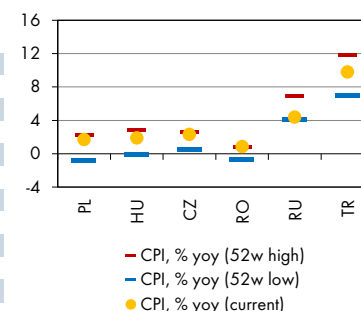
Poland	current*	Sep-17	Dec-17	Mar-18	5y high	5y low
Key interest rate	1.50	1.50	1.50	1.50	4.75	1.50
3m money market rate	1.73	1.73	1.73	1.73	5.12	1.65
Hungary						
Key interest rate	0.90	0.90	0.90	0.90	6.75	0.90
3m money market rate	0.15	0.15	0.15	0.15	7.16	0.15
Czech Republic						
Key interest rate	0.25	0.25	0.25	0.25	0.50	0.05
3m money market rate	0.31	0.40	0.50	0.60	1.03	0.00
Romania						
Key interest rate	1.75	1.75	1.75	2.00	5.25	1.75
3m money market rate	0.87	1.05	1.45	1.71	6.30	0.68
Russia						
Key interest rate	9.00	8.75	8.25	8.00	17.00	5.25
3m money market rate	9.23	9.35	8.85	8.60	29.93	6.74
Serbia						
Key interest rate	4.00	4.00	4.00	4.00	11.75	4.00
3m money market rate	3.56	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	13.07	12.30	11.50	10.80	13.07	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	0.75	0.00
Fed key interest rate	1.25	1.25	1.50	1.75	1.25	0.25

Source: Bloomberg, RBI/Raiffeisen RESEARCH

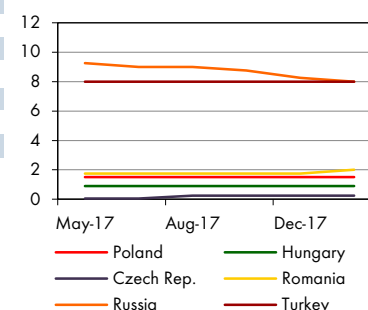
* Bid rates (for Hungary ask rates) as of 03 August 2017, 11:59 p.m. CEST

Inflation snapshot



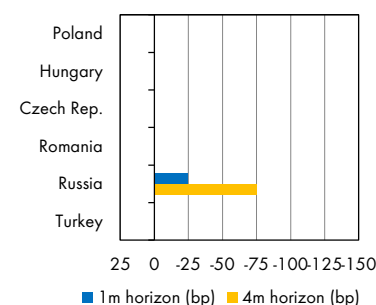
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Key rate trends (%)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Key rate forecast (chg., bp)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Rate setting meetings

	Aug	Sep
Poland (NBP)	/	6
Hungary (MNB)	22	19
Czech Republic (CNB)	3	27
Romania (BNR)	4	/
Serbia (NBS)	10	7
Russia (CBR)	/	15
Turkey (TCMB)	/	14

Source: National Central Banks, RBI/Raiffeisen RESEARCH

Central bank watch

Poland (NBP)	Limited inflationary pressure (visible in monthly data) supports dovish rhetoric of MPC. Although the MPC majority still sees no rate hike even in 2018 (lately E. ton said that he would even consider rate cuts if economic conditions deteriorate) we expect first rate hike in 2H 2018 due to a prolonged period of negative real rates.
Hungary (MNB)	In light of further moderating headline inflation in summer months MNB continued unorthodox easing via providing larger HUF liquidity via FX swaps. The medium-term outlook remains exceptionally dovish.
Czech Republic (CNB)	CNB finally hiked key rate from record low 0.05% to 0.25%, ending the era of one of the lowest in EU rates. Ironically the hike benefits CZK bulls while global policy onset favours very slow tightening which making next CNB hike a remote possibility.
Romania (BNR)	Today BNR likely to keep rates flat but will tighten its policy language. Risk of rising inflation and risk of fiscal slackening offer incentives for BNR to tighten monetary reign already in H2 2017. According to BNR, narrowing of interest corridor could be the first step in this direction with first rate hike possible already in H1 2018.
Serbia (NBS)	Drought impact on food prices should be moderate so inflation likely to remain within a 3%+/-1.5pp corridor, while NBS would be likely to keep rate flat at 4% in order to avoid negative impact on economy.
Russia (CBR)	Russia's CBR kept key rates unchanged due to elevated medium-term inflation expectations and geo-politics. However, with disinflation likely stronger in August and in September we expect rate cuts to resume latest in October.
Turkey (TCMB)	Quickening core inflation - up from 9.2% to 9.6% in July - emboldens TCMB hawkish policy stance and deals a serious blow to hopes about possible monetary easing in near future.

Source: RBI/Raiffeisen RESEARCH

Foreign exchange market overview

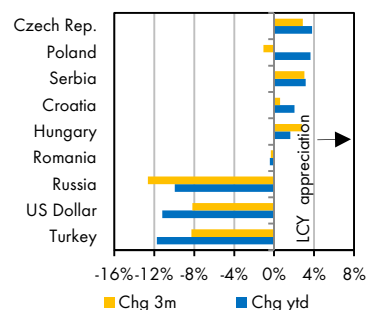
FX forecasts

EUR vs	current*	Sep-17	Dec-17	Mar-18	5y high	5y low	Comment
PLN	4.249	4.30	4.20	4.15	4.40	4.08	As political risk might remain elevated in the coming months we raised our EUR/PLN forecast to 4.30 and 4.20 at the end of Q3 and Q4 respectively.
HUF	303.9	310	310	310	316	291	Very dovish MNB counterbalances EUR/HUF appreciation, the bounce back from 303 back to 310 looks more likely.
CZK	26.03	26.5	25.9	25.6	27.7	25.1	A 20bp first rate hike in a long time by CNB boosted CZK FX bulls, hence CZK appreciation scenario remains intact.
RON	4.563	4.50	4.55	4.50	4.55	4.45	We expect EUR/RON to return back to the 4.50-4.55 range in near future on reduced political volatility and fewer negative headline news.
HRK	7.406	7.45	7.50	7.45	7.66	7.50	EUR/HRK to remain within a 7.40 - 7.42 trading range on calm markets, strong FX inflows from tourism.
RSD	119.6	122	123	124	123	112	NBS EUR-buying efforts to counter appreciation of RSD find little success, but price uptick may help to thwart this trend.
RUB**	71.50	63.2	64.2	67.6	79.3	40.3	see USD/RUB below
UAH	30.75	29.4	30.0	31.1	30.0	10.6	see USD/UAH below
BYN	2.316	2.13	2.19	2.29	2.19	1.13	see USD/BYN below
TRY	4.204	3.92	3.96	4.14	3.96	2.35	see USD/TRY below
USD**	1.188	1.09	1.07	1.09	1.38	1.05	Market likely underestimating rate hike potential in the US, thus we would still expect a phase of USD recovery; medium-term euro appreciation projected against USD

USD vs	current*	Sep-17	Dec-17	Mar-18	5y high	5y low	
RUB**	60.19	58.0	60.0	62.0	73.0	30.5	Despite short-term negative pressure on RUB from US Russia sanctions we see more stable USD/RUB in medium-term on higher oil price.
UAH	25.88	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	1.950	1.95	2.05	2.10	2.05	0.86	BYN setback over the past month after phase of stability; we project additional BYN weakening over the course of the coming quarters on low external liquidity
TRY	3.539	3.60	3.70	3.80	3.70	1.78	TRY might see short-term depreciation after breaking its 50SMAVG to the upside on inflation disappointment, but big losses unlikely.

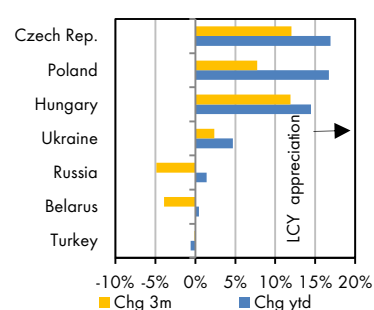
* as of 03 August 2017, 11:59 p.m. CEST; ** under revision
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Change of LCY value to EUR (%)



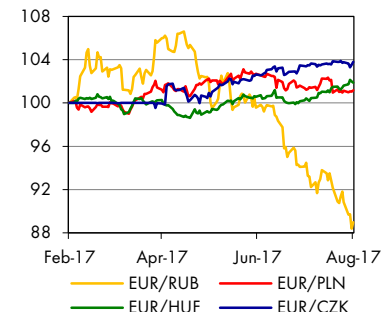
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY value to USD (%)



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

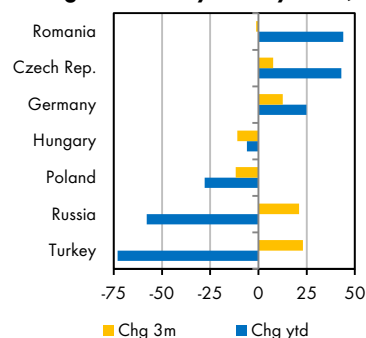
Exchange rate comparison



Indexed 03 Feb-17 = 100
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

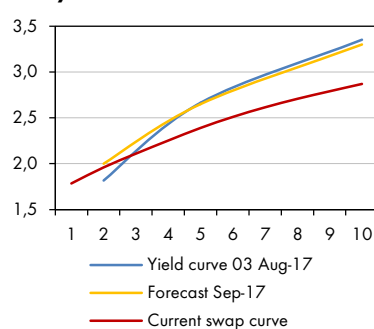
Local currency bond market overview and forecasts

Change of LCY 10y bond yields (bp)



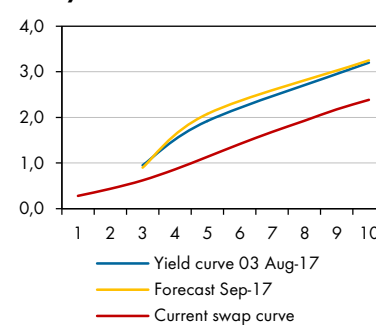
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

PLN yield curve



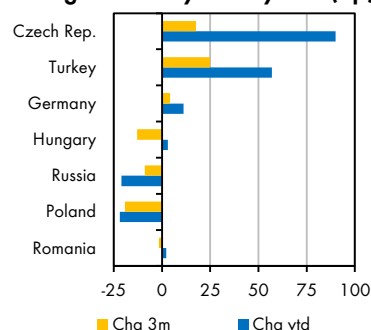
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

HUF yield curve



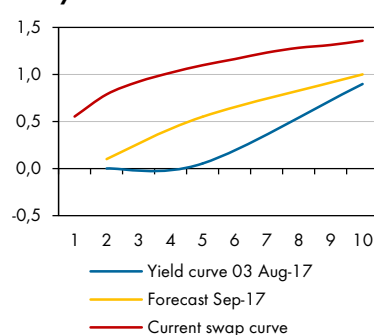
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY 2y bond yields (bp)



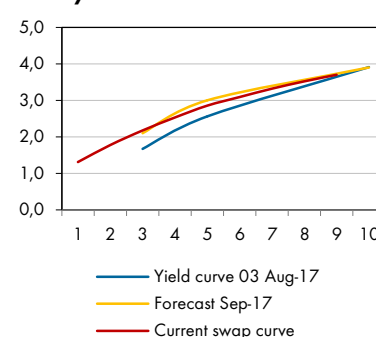
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

CZK yield curve



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

RON yield curve



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

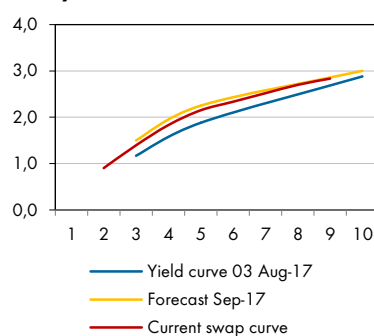
5y USD CDS spreads



Turkey 5y high 327.1, 5y low 111.7;
Russia 5y high 628.7, 5y low 119.4

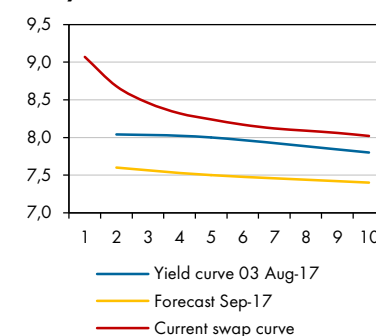
Source: Bloomberg, RBI/Raiffeisen RESEARCH

HRK yield curve



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

RUB yield curve*



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

Yield forecasts

2y T-bond yields (%)							10y T-bond yields (%)						
	current*	Sep-17	Dec-17	Mar-18	5y high	5y low		current*	Sep-17	Dec-17	Mar-18	5y high	5y low
Poland	1.82	2.0	2.1	2.3	3.1	1.6	Poland	3.35	3.3	3.5	3.7	4.3	2.5
Hungary **	0.95	0.9	1.0	1.1	5.7	0.9	Hungary	3.20	3.3	3.4	3.5	6.2	3.3
Czech Republic***	0.00	0.1	0.1	0.2	0.5	-0.9	Czech Republic***	0.90	1.0	1.2	1.4	2.5	0.5
Romania	1.67	1.6	1.8	2.2	6.4	1.5	Romania	3.91	3.9	4.3	4.4	6.9	3.5
Croatia	1.17	1.5	1.6	1.7	4.4	0.9	Croatia	2.88	3.0	3.1	3.2	5.2	3.1
Russia***	8.04	7.6	7.3	7.2	15.8	6.2	Russia***	7.80	7.4	7.1	7.0	14.1	6.9
Turkey	11.27	10.5	10.5	10.0	11.0	6.1	Turkey	10.36	10.5	10.0	9.5	11.1	6.6
Germany	-0.70	-0.7	-0.7	-0.6	0.2	-0.8	Germany	0.39	0.4	0.7	0.9	1.9	0.1
USA	1.34	1.5	1.7	1.8	1.7	0.2	USA	2.22	2.4	2.8	2.8	3.0	1.8

* Bid yields as of 03 August 2017, 11:59 p.m. CEST; ** 3y yield; *** under revision
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	102.74	1.81	250	1.9	Political news should have less impact on POLGB despite EC opening infringement procedure vs Poland. We continue to see +20bp value in 10y POLGB as opposed to comparable HGB and also like 5y POLGB now.
PLN 5y Gov. Bond	23/09/2022	5.75	114.50	2.68	292	4.4	
PLN 10y Gov. Bond	25/07/2027	2.50	92.98	3.34	289	8.9	
Hungary							
HUF 3y Gov. Bond	23/09/2020	1.00	100.31	0.90	147	3.1	Rather flattish performance expectations for HGB partly due to overly lax monetary policy aiming to keep HUF weaker on FX market.
HUF 5y Gov. Bond	26/10/2022	1.75	99.55	1.84	208	5.0	
HUF 10y Gov. Bond	27/10/2027	3.00	98.87	3.13	268	8.7	
Czech Republic*							
CZK 2y Gov. Bond	11/04/2019	5.00	108.99	-0.34	34	1.6	Despite surprising rate hike 10y CZGB yield was up only 5bp wow as market traded CZGB yield up by 20bp from end-May till end-July. Still, another 10bp widening cannot be excluded to bring CZGB closer to early July levels.
CZK 5y Gov. Bond	12/09/2022	4.70	123.44	0.09	32	4.5	
CZK 10y Gov. Bond	25/08/2028	2.50	114.87	1.07	61	9.9	
Croatia							
HRK 2y Gov. Bond	10/07/2018	5.25	104.44	0.42	65	0.9	Strong support for HRK FX from booming economy and tourism adds good stability to HRK bond market too.
HRK 10y Gov. Bond	14/12/2026	4.25	111.54	2.84	238	7.9	
Romania							
RON 2y Gov. Bond	29/04/2020	5.75	110.51	1.76	233	2.6	ROMGB may reap full advantage of calmer market and stable RON outlook amid no rate change this week boosting demand for 10y ROMGB which still offers a healthy 80bp yield pickup over HGB.
RON 5y Gov. Bond	08/03/2022	3.40	103.71	2.53	277	4.3	
RON 10y Gov. Bond	26/07/2027	5.80	115.00	3.95	350	0.0	
Russia*							
RUB 2y Gov. Bond	15/05/2019	6.70	98.07	8.04	872	1.7	Sadly RUB FX weakness partly compromises our bullish OFZ outlook, so we would opt for 2y OFZ in this situation while still believing in good carry trade. CBR likely to restart rate cutting cycle so dampening 10y OFZ may be still too premature.
RUB 5y Gov. Bond	20/07/2022	7.60	98.95	8.01	825	4.2	
RUB 10y Gov. Bond	03/02/2027	8.15	103.65	7.75	730	6.6	
Turkey							
TRY 2y Gov. Bond	15/05/2019	11.10	99.70	11.27	1195	1.6	Despite worse inflation report TURKGB was surprisingly stable with 10y benchmark yield up just 6bp from recent lows. Still, we take precautionary stance by moving to "tactical" Hold in TURKGB market in short-term while retaining positive medium-term outlook.
TRY 5y Gov. Bond	02/03/2022	11.00	101.40	10.60	1084	3.6	
TRY 10y Gov. Bond	24/02/2027	11.00	103.90	10.35	990	6.0	

Data as of 04 August 2017, 10:07 a.m. CEST

* under revision

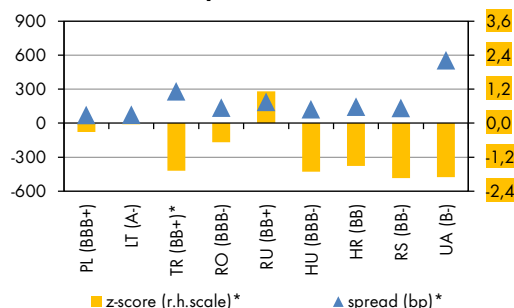
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Bond auctions

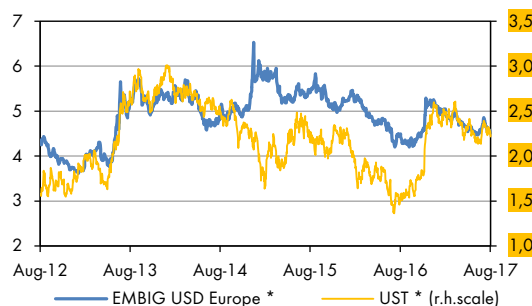
			ISIN	Coupon	Maturity	Volume
07 August						
RO	10y T-bond		RO1227DBN011	5.8%	26.07.2027	RON 200 mn
09 August						
RU	T-bond		n.a.	n.a.	n.a.	n.a.
10 August						
HU	T-bond		n.a.	n.a.	FRN	n.a.

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									
CROATI 5 7/8 07/09/18	105.2	105.5	-0.09	112.1	102.5	0.04	61	0.9	XS0645940288
REPHUN 3 7/8 02/24/20	109.7	110.0	-0.02	113.1	83.3	0.02	65	2.4	XS0212993678
REPHUN 5 3/4 06/11/18	105.1	105.3	-0.08	115.1	94.7	-0.35	22	0.8	XS0369470397
REPHUN 6 01/11/19	108.8	109.0	-0.08	118.4	93.6	-0.20	43	1.4	XS0625388136
LITHUN 4.85 02/07/18	102.7	102.9	-0.06	114.3	102.8	-0.68	-7	0.5	XS0327304001
POLAND 5 5/8 06/20/18	105.0	105.8	-0.06	122.6	102.1	-0.55	2	0.9	XS0371500611
POLAND 1 5/8 01/15/19	102.1	102.6	0.12	105.5	98.0	-0.03	61	1.4	XS0874841066
POLAND 3 3/4 01/19/23	117.9	117.9	0.21	125.5	105.3	0.42	63	5.0	XS0794399674
POLAND 3 3/8 07/09/24	117.4	117.6	0.20	125.6	99.6	0.77	78	6.3	XS0841073793
ROMANI 4 7/8 11/07/19	110.8	111.3	-0.15	117.8	99.3	-0.02	63	2.1	XS0852474336
TURKEY 5 7/8 04/02/19	108.5	108.7	0.00	118.9	107.5	0.63	129	1.6	XS0285127329
TURKEY 5 1/8 05/18/20	110.0	110.3	0.27	115.9	102.5	1.37	198	2.6	XS0503454166
USD									
BELRUS 8.95 01/26/18	102.5	103.1	0.01	111.2	78.0	3.10	197	0.5	XS0583616239
CROATI 6 3/8 03/24/21	111.3	111.7	0.03	117.8	101.6	3.01	138	3.2	XS0607904264
CROATI 5 1/2 04/04/23	110.9	111.4	0.02	111.7	94.4	3.32	138	4.8	XS0908769887
REPHUN 5 3/8 02/21/23	112.2	112.4	0.19	115.4	93.1	2.96	104	4.7	US445545AH91
REPHUN 7 5/8 03/29/41	151.3	152.1	0.0	157.5	99.1	4.17	144	13.0	US445545AF36
LITHUN 7 3/8 02/11/20	112.7	113.0	-0.03	130.7	112.7	2.12	67	2.3	XS0485991417
LITHUN 6 5/8 02/01/22	117.2	117.6	-0.03	128.6	113.9	2.50	73	4.0	XS0739988086
LATVIA 2 3/4 01/12/20	101.2	101.6	-0.10	104.5	91.4	2.16	73	2.4	XS0863522149
LATVIA 5 1/4 06/16/21	110.6	111.1	-0.06	117.2	103.5	2.31	64	3.5	XS0638326263
POLAND 6 3/8 07/15/19	108.8	108.8	-0.11	125.9	108.6	1.76	41	1.9	US731011AR30
POLAND 3 03/17/23	101.7	101.8	0.0	105.1	87.6	2.66	73	5.1	US731011AT95
ROMANI 6 3/4 02/07/22	116.1	116.4	-0.11	124.4	105.5	2.88	112	3.8	US77586TAA43
ROMANI 4 3/8 08/22/23	107.0	107.3	0.07	111.1	90.8	3.07	109	5.2	US77586TAC09
RUSSIA 4 1/2 04/04/22	106.1	106.5	0.06	114.7	82.0	3.05	125	4.2	XS0767472458
RUSSIA 7 1/2 03/31/30	120.0	120.3	-0.10	128.6	99.6	2.17	-22	3.6	XS0114288789
RUSSIA 5 5/8 04/04/42	109.7	110.4	-0.56	124.9	76.0	4.92	215	13.6	XS0767473852
SERBIA 5 1/4 11/21/17	101.0	101.3	0.01	107.1	96.8	1.53	43	0.3	XS0856951263
SERBIA 4 7/8 02/25/20	104.8	105.2	0.04	105.4	89.6	2.84	138	2.4	XS0893103852
TURKEY 6 1/4 09/26/22	109.6	110.1	-0.11	127.0	102.5	4.10	224	4.3	US900123BZ27
TURKEY 6 7/8 03/17/36	113.4	113.9	-0.41	139.6	99.2	5.68	311	10.7	US900123AY60
TURKEY 6 3/4 05/30/40	112.3	113.0	-0.64	139.4	97.3	5.75	304	12.1	US900123BG46
UKRAIN 7 3/4 09/01/19	103.9	104.2	0.02	104.2	88.0	5.65	427	1.9	XS1303918269
UKRAIN 7 3/4 09/01/23	101.2	101.7	0.31	101.4	84.6	7.45	545	4.6	XS1303921487
UKRAIN 7 3/4 09/01/27	98.1	98.6	-0.77	99.1	81.2	7.99	567	6.7	XS1303927179

Source: Bloomberg, RBI/Raiffeisen RESEARCH

Summary: Ratings & macro data

Country ratings: CE, SEE, EE

	LCY	S&P FCY	Outlook	LCY	Moody's FCY	Outlook	LCY	Fitch FCY	Outlook
CE									
Poland	A-	BBB+	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+	stable	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-	positive
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	n.a.	-1.1	13.1	1029	-0.8	83.7	23.0	2.6	90.9	32.4	9.1
	2017e	2.9	1.5	12.2	1056	-1.9	82.9	23.8	3.7	86.7	n.a.	8.7
	2018f	2.3	1.7	11.2	1074	-2.0	81.3	24.5	2.2	85.2	n.a.	8.6
Czech Rep.	2016	2.3	0.7	5.5	1020	0.6	37.9	70.3	1.1	73.2	63.8	8.4
	2017e	2.7	2.3	4.4	1086	-0.2	36.8	69.2	1.1	76.3	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	5.4	98.3	22.2	3.5
	2017e	3.8	2.6	4.3	937	-2.5	73.2	80.5	3.2	88.3	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	2.7	-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	981	-2.8	54.0	40.0	-0.2	73.6	32.6	7.2
	2018f	3.1	2.4	6.4	1047	-3.0	54.1	38.2	-0.9	72.4	31.1	6.9
Romania	2016	4.8	-1.5	5.9	642	-3.0	37.6	30.7	-2.4	54.6	41.0	7.4
	2017e	4.9	0.9	5.2	718	-3.6	38.4	31.9	-3.6	53.0	39.9	6.6
	2018f	3.8	2.9	5.0	781	-3.8	39.7	32.6	-3.8	52.3	38.3	6.1
Russia	2016	-0.2	7.1	5.5	495	-3.7	13.5	22.1	1.7	29.0	79.1	25.2
	2017e	1.0	4.0	5.3	619	-2.5	14.0	22.2	4.7	29.5	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	35.9	-4.1	114.5	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	47.8	27.1	7.0
	2017e	4.0	10.0	10.3	n.a.	-2.5	33.0	18.9	-4.6	50.1	25.8	6.5
	2018f	3.0	8.0	10.0	n.a.	-2.0	32.0	18.6	-4.8	48.8	23.0	5.7

* only for countries included in CEE Weekly; ** Export of goods only; *** FXR - Foreign exchange reserves
Source: Thomson Reuters, National Statistics, RBI/Raiffeisen RESEARCH

Risk notifications and explanations

Warnings:

- Figures on performance refer to the past. Past performance is not a reliable indicator for future results and the development of a financial instrument, a financial index or a securities service. This is particularly true in cases when the financial instrument, financial index or securities service has been offered for less than 12 months. In particular, this very short comparison period is not a reliable indicator for future results.
- Performance of a financial instrument, a financial index or a securities service is reduced by commissions, fees and other charges, which depend on the individual circumstances of the investor.
- The return on an investment in a financial instrument, a financial or securities service can rise or fall due to exchange rate fluctuations.
- Forecasts of future performance are based purely on estimates and assumptions. Actual future performance may deviate from the forecast. Consequently, forecasts are not a reliable indicator for future results and the development of a financial instrument, a financial index or a securities service.

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

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

Detailed information on sensitivity analyses (procedure for checking the stability of potential assumptions made in the context of financial analyses) is available under:

www.raiffeisenresearch.com/sensitivity_analysis.

Disclosure of circumstances and interests which may jeopardise the objectivity of RBI (as per Sec 48f [5] and [6] of the Stock Exchange Act): www.raiffeisenresearch.com/disclosuresobjectivity

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

Bonds

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

Recommendation	Basis: all analysed Government bonds
Buy	34%
Hold	52%
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
20/06/2017	Hold	Hold	Buy	Sell	Buy	Hold
08/06/2017						
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

Date	2Y Czech. Rep.	2Y Hungary	2Y Poland	2Y Romania	2Y Russia	2Y Turkey
20/06/2017	Hold	Hold	Hold	Sell	Buy	Buy
08/06/2017	Hold					
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

Date	BG EUROBOND EUR	BY EUROBOND USD	HR EUROBOND EUR	HR EUROBOND USD	HU EUROBOND USD	KZ EUROBOND USD
20/06/2017				Hold		
08/06/2017						
06/06/2017	Buy	Hold		Buy	Hold	
28/04/2017						
27/04/2017		Buy	Hold		Buy	
24/03/2017						
15/03/2017						
24/02/2017			Buy			
25/01/2017						
24/01/2017		Hold				Hold
15/12/2016				Hold		
28/11/2016	Hold		Hold			Buy
24/11/2016						
21/10/2016		Sell				
26/09/2016	Buy		Buy	Sell		
23/09/2016						
26/08/2016						Hold
25/08/2016						

Date	LT EUROBOND EUR	LT EUROBOND USD	MK EUROBOND EUR	PL EUROBOND EUR	PL EUROBOND USD	RO EUROBOND EUR
20/06/2017				Buy		
08/06/2017						
06/06/2017	Hold		Buy	Hold		
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	

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

Date	SK EUROBOND EUR	TR EUROBOND EUR	TR EUROBOND USD	UA EUROBOND USD
20/06/2017		Buy	Buy	
08/06/2017				
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
24/11/2016				
21/10/2016		Buy	Buy	Buy
26/09/2016		Hold	Hold	
23/09/2016				
26/08/2016	Hold			
25/08/2016				

Disclaimer Financial Analysis

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

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

Raiffeisen RESEARCH is an organisational unit of RBI.

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

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

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

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

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

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

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

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

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

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

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

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

SPECIFIC INFORMATION FOR THE UNITED STATES OF AMERICA AND CANADA: This research document is intended only for institutional investors and is not subject to all of the independence and disclosure standards that may be applicable to research documents prepared for retail investors. This report was provided to you by RB International Markets (USA) LLC (RBIM), a U.S. registered broker-dealer, but was prepared by our non-U.S. affiliate Raiffeisen Bank International AG (RBI). Any order for the purchase or sale of securities covered by this report must be placed with RBIM. You can reach RBIM at 1177, Avenue of the Americas, 5th Floor, New York, NY 10036, phone +1 212-600-2588. This document was prepared outside the United States by one or more analysts who may not have been subject to rules regarding the preparation of reports and the independence of research analysts comparable to those in effect in the United States. The analyst or analysts who prepared this research (i) are not registered or qualified as research analysts with the Financial Industry Regulatory Authority (“FINRA”) in the United States, and (ii) are not allowed to be associated persons of RBIM and are therefore not subject to FINRA regulations, including regulations related to the conduct or independence of research analysts.

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

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

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

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

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

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

Imprint

Information requirements pursuant to the Austrian E-Commerce Act

Raiffeisen Bank International AG

Registered Office:

Am Stadtpark 9, 1030 Vienna

Postal address:

1010 Vienna, POB 50

Phone: +43-1-71707-0

Fax: + 43-1-71707-1848

Company Register Number:

FN 122119m at the Commercial Court of Vienna

VAT Identification Number:

UID ATU 57531200

Austrian Data Processing Register:

Data processing register number (DVR): 4002771

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

RZBA AT WW

Supervisory Authorities:

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

Membership:

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

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

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

Media Owner of this publication

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

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

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

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

Basic tendency of the content of this publication

- Presentation of activities of Raiffeisen Bank International AG and its subsidiaries in the area of conducting analysis related to the Austrian and international economy as well as the financial markets.
- Publishing of analysis according to various methods of analyses covering economics, interest rates and currencies, government and corporate bonds, equities as well as commodities with a regional focus on the euro area and Central and Eastern Europe under consideration of the global markets.

Editor: Gintaras SHLIZHYUS, RBI Vienna

Producer of this publication

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

Creation time of this publication: 04/08/2017 11:30 AM (CEST)

First Dissemination of this publication: 04/08/2017 11:31 AM (CEST)



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

AO Raiffeisenbank (RU)	RAIFFEISEN BANK S.A. (RO)	Raiffeisen Bank Zrt. (HU)	Raiffeisenbank Austria d.d. (HR)
Anastasia BAYKOVA Sergey GARAMITA Stanislav MURASHOV Anton PLETENEV Irina ALIZAROVSKAYA Natalia KOLUPAEVA Fedor KORNACHEV Sergey LIBIN Andrey POLISCHUK Denis PORYVAY Rita TSOVYAN Konstantin YUMINOV	Catalin DIACONU Ionut DUMITRU Silvia ROSCA Nicolae COVRIG	Gergely PALFFY Zoltán TÖRÖK Levente BLAHÓ	Nada HARAMBASIC-NEREAU Elizabeta SABOLEK-RESANOVIC Ana TURUDIC Zrinka ZIVKOVIC-MATJJEVIC
	Raiffeisen Bank Aval (UA)	Ivona ZAMETICA Srebrenko FATUSIC	Raiffeisenbank Bulgaria (BG)
	Sergii DROBOT		Emil KALCHEV
	Raiffeisen Bank Kosovo (KS)	Raiffeisen POLBANK (PL)	Raiffeisenbank a.s. (CZ)
		Mateusz Namysl Aleksandra PIKALA Pawel RADWANSKI Wojciech STEPIEN Dorota STRAUCH	Milan FRYDRYCH Helena HORSKA Monika JUNICKE Lenka KALIVODOVA
	Raiffeisen Bank Sh.A. (AL)		Tatra banka, a.s. (SK)
	Dritan BAHOLLI Valbona GJEKA		Tibor LORINCZ Robert PREGA Boris FOJTIK Juraj VALACHY
Priorbank (BY)			
Natalya CHERNOGOROVA Vasily PIROGOVSKY			