

## Market snapshot

	curr.*	Dec-17	Mar-18	Jun-18
<b>Poland</b>				
EUR/PLN	4.253	4.20	4.15	4.15
Key rate	1.50	1.50	1.50	1.50
10y bond	3.1	3.5	3.7	3.5
<b>Hungary</b>				
EUR/HUF	305.7	310	310	310
Key rate	0.90	0.90	0.90	0.90
10y bond	3.0	3.4	3.5	3.6
<b>Czech Republic</b>				
EUR/CZK	26.14	25.7	25.3	25.4
Key rate	0.25	0.50	0.75	0.75
10y bond	0.9	1.2	1.4	1.5
<b>Romania</b>				
EUR/RON**	4.599	4.55	4.50	4.50
Key rate	1.75	1.75	2.00	2.25
10y bond	4.0	4.3	4.4	4.5
<b>Croatia</b>				
EUR/HRK	7.429	7.50	7.45	7.40
Key rate	2.50	2.50	n.a.	n.a.
10y bond	2.7	3.1	3.2	3.2
<b>Russia</b>				
USD/RUB	56.96	60.0	62.0	62.0
Key rate	9.00	8.25	8.00	7.75
10y bond	7.5	7.9	7.8	7.8
<b>Turkey</b>				
USD/TRY**	3.411	3.70	3.80	3.80
Key rate	8.00	8.00	8.00	8.00
10y bond	10.4	10.0	9.5	9.0
EUR/USD	1.201	1.18	1.15	1.20

\* prices as of 07 September 2017, 11:59 p.m. CEST

\*\* under revision

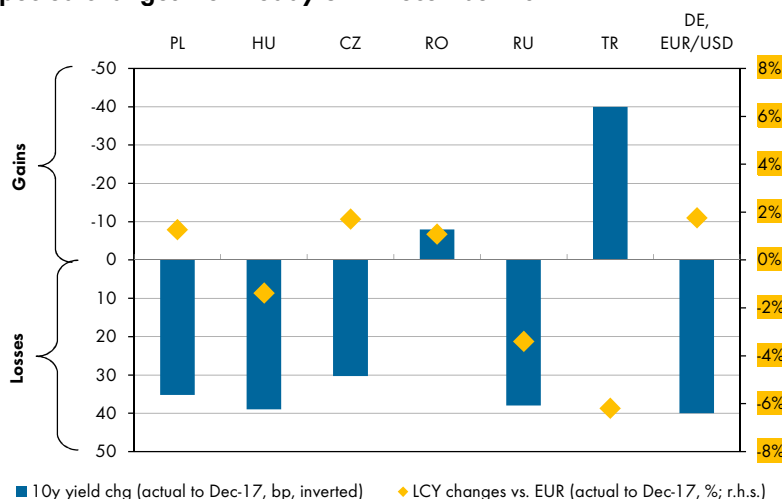
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

## Highlights

Shadowed by the ECB monetary council meeting there were rate setting meetings both in Poland and Serbia this week. The Polish meeting did not lead to any surprising results, central bank chairman Glapinski repeated that he does not expect interest rate hikes before 2019, but at the same time not ruling out that discussions on this issue could take place toward end of 2018. We argue, however, that rate increases could come earlier on decreasing tolerance for negative real rates (weighing on savings/deposits etc). In the case of the Serbian rate setting meeting the market expectation for no change to the monetary policy proved to be wrong. The Serbian Central Bank decided to cut its 1-week repurchase rate by 25bp (to a record low of 3.75%), while also lowering the deposit and lending facility rates by 25bp (to 2.25% and 5.25% respectively). Consensus was looking for no change in the monetary policy, but a strengthening RSD over the past months (with ongoing FX intervention by the NBS) and signs of an economic slowdown contributed to the decision. A better calculability of global monetary policy making might have also picked-up coverage amongst Serbian rate setters. The upcoming week's highlight in CEE should be the Russian monetary council meeting on Friday (15 September). Recently Russian Central Bank (CBR) governor Nabiullina stated that the CBR would be discussing a 25bp or 50bp cut. Given the consumer price inflation below the CBR target of 4% yoy (3.3% yoy in August, a record-low), ongoing economic recovery and the strong RUB, a cut seems certain and we would see rising chances for even a 50bp move. What might argue against such a bold step are still highly elevated household inflation expectations, although a certain moderation could be also observed here recently. One day earlier, our other high-yielding CEE market Turkey will also decide on rates (14 September). Here we (and consensus) are not expecting any move in the monetary policy on inflationary concerns, despite a strengthening Turkish lira over the past month. We would expect the TCMB to remain on hold until the consumer price inflation comes down as early as Q1 2018. The Ukrainian rate setting meeting on the same day (14 September) should likewise bring no change to its key rate of 12.5%.

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

## Expected changes from today until December 2017\*



\* under revision EUR/RON

Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

## Content

Highlight/Upcoming data	p. 1
Data releases, Country coverage	p. 2
Monetary policy, money markets	p. 4
FX markets	p. 5
Local currency bond markets	p. 6
Eurobond market	p. 8
Ratings, main macro forecasts	p. 9

## Data highlights upcoming week

Date	Indicator	Period	Forecast	High	Mean	Low	Previous
11-Sep	TR: GDP, % yoy	Q2	n.a.	6.3	5.2	4.8	5.0
11-Sep	PL: CPI, % yoy	Aug	1.8	n.a.	n.a.	n.a.	1.8
14-Sep	TR: Key rate, %	Sep	8.00	8.00	8.00	8.00	8.00
15-Sep	RU: Key rate, %	Sep	8.50	8.75	8.50	8.50	9.00

Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Data calendar and country coverage

This week, previous week: key data releases

Indicator	Period	Actual	Forecast	Previous	Indicator	Period	Forecast	High	Mean	Low	Previous
<b>Monday 04 September</b>					<b>Friday 08 September</b>						
RO: Retail sales, % yoy	Jul	8.2	n.a	6.5	UA: CPI, % yoy	Aug	15.8	16.5	16.0	15.0	15.9
<b>Tuesday 05 September</b>					<b>Monday 11 September</b>						
RU: PMI Services, points	Aug	54.2	n.a	52.6	CZ: CPI, % yoy	Aug	2.5	2.8	2.6	2.5	2.5
RU: PMI Composite, points	Aug	54.2	n.a	53.4	SK: Industrial output, % yoy	Jul	5.2	n.a.	n.a.	n.a.	1.8
CZ: Retail sales, % yoy	Jul	2.5	5.0	4.5	TR: GDP, % yoy	Q2	n.a.	6.3	5.2	4.8	5.0
CZ: Real wages, % yoy	Q2	5.3	n.a	2.8	PL: CPI, % yoy	Aug	1.8	n.a.	n.a.	n.a.	1.8
HU: Retail sales, % yoy	Jul	4.1	5.5	5.7	RU: Trade balance, USD bn	Jul	n.a.	8.8	6.7	2.1	8.7
SK: Retail sales, % yoy	Jul	4.9	n.a	8.1	<b>Tuesday 12 September</b>						
TR: CPI, % yoy	Aug	10.7	n.a	9.8	RO: Industrial Output, % yoy	Jul	n.a.	n.a.	n.a.	n.a.	11.1
TR: PMI, points	Aug	55.3	n.a	53.6	RO: CPI, % yoy	Aug	1.2	n.a.	n.a.	n.a.	1.4
RU: CPI, % yoy	Aug	3.3	n.a	3.9	RS: CPI, % yoy	Aug	n.a.	n.a.	n.a.	n.a.	3.2
RU: CPI core, % yoy	Aug	3.0	n.a	3.3	PL: CPI core, % yoy	Aug	0.8	1.0	0.8	0.7	0.8
<b>Wednesday 06 September</b>					<b>Wednesday 13 September</b>						
CZ: Industrial output, % yoy	Jul	3.0	6.9	6.2	CZ: C/A balance, CZK bn	Jul	-17.0	-15.5	-18.0	-25.0	-14.5
CZ: Trade balance, CZK bn	Jul	3.3	2.6	18.8	PL: C/A balance, EUR mn	Jul	-820	-210	-870	-1,301	-932
HU: Industrial output, % yoy	Jul	0.2	n.a	6.5	<b>Thursday 14 September</b>						
PL: Key rate, %	Sep	1.50	1.50	1.50	SK: CPI, % yoy	Aug	1.4	1.6	1.6	1.4	1.4
<b>Thursday 07 September</b>					UA: Key rate, %	Sep	n.a.	12.50	12.50	12.00	12.50
RU: Official Reserve Assets, USD bn	Aug	424	n.a	418	TR: Key rate, %	Sep	8.00	8.00	8.00	8.00	8.00
RS: Key rate, % yoy	Sep	3.75	4.00	4.00	<b>Friday 15 September</b>						
<b>Friday 08 September</b>					TR: Unemployment rate, %	Jun	n.a.	n.a.	n.a.	n.a.	10.2
HU: CPI, % yoy	Aug	2.6	2.5	2.1	TR: C/A balance, USD bn	Jul	n.a.	-5.0	-5.5	-6.0	-3.8
TR: Industrial output, % yoy	Jul	14.5	n.a	3.4	HR: CPI, % yoy	Aug	0.9	n.a.	n.a.	n.a.	0.8
BG: Industrial output, % yoy	Jul	4.2	n.a	3.6	RU: Key rate, %	Sep	8.50	8.75	8.50	8.50	9.00
BG: Retail sales, % yoy	Jul	2.4	n.a	2.6	RU: Industrial output, % yoy	Aug	n.a.	2.3	1.5	0.6	1.1
SI: Industrial output, % yoy	Jul	6.4	n.a	6.7							

Source: Bloomberg, RBI/Raiffeisen RESEARCH

**Bosnia a. H. (BA)** – In terms of heavyweight economic indicators, banking-sector figures took central stage during the week under review. Developments in the first month of the second semester show gaining growth momentum as total loans placed to all sectors of the economy peaked at 6.4% yoy in July, the strongest gain since November 2011. Encouraging is the fact that dynamics of the corporate loans advanced by the highest growth rate since end of 2011, or 7.1% yoy, showing rising demand for financing and intensifying business and investment activity in the corporate sector. Loans directed toward the retail sector also accelerated in July 2017 with growth rate of 6.5% yoy - which is the highest since beginning of 2012. On the other side of the balance sheet, the deposit growth in the banking sector continued with its robust rising dynamics in July - or 10.3% yoy. Hence, total loans and deposits reached an amount of BAM 18.12 bn and BAM 18.61 bn, bringing down loan to deposit ratio (L/D) to 97.4% which is 12th month in row of L/D ratio being below 100% - a sign of improving liquidity and local funding base in the banking sector.

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

**Croatia (HR)** – In line with expectations the July tourism figures reported a double digit growth. Nights' stays rose by 10.8% yoy, while arrivals reported a 11.8% yoy increase. Besides a positive impact on the current account surplus the spillover on domestic demand through the increasing available households' income raises the positive risks for overall GDP growth. However, the high import dependency implies strengthening of imports so the risk of any growth above 3% yoy is somewhat mitigated. The upcoming week will bring the August CPI data. Annual inflation growth is expected to remain below 1%. Although wages and employment have been rising since the begging of the year, there is no evidence of demand-pull inflation. On the contrary, inflationary pressures are mainly driven by the supply side, especially by food prices. As the government-supported administrative reimbursement of renewable energy sources increases (starting from 01 September), the electricity prices will definitely rise. Still, the average inflation rate for 2017 is expected to remain slightly above 1% yoy. Eventually the financial market, e.g. the narrowing of the Croatian sovereign spread, clearly reflects the perception of lower risk towards Croatia but also potential short term improvement in the credit rating at least in outlook.

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

**Czech Republic (CZ)** – According to the second estimate, the Czech GDP grew by 2.5% qoq and 4.7% yoy, which was 20bp above the flash estimate. The main driver of the Czech economy remains domestic and foreign demand; however, investment activity has also revived, with investment growing by 7.7% yoy. Due to the good economic situation and tight labor market, the average gross monthly nominal wages increased in Q2 by 7.6% yoy and by 5.3% yoy in real terms. On the other hand, industrial production for July disappointed the market. It increased by 3.3% yoy, corresponding to a drop of 9.8% mom, seasonally adjusted. However, the Czech koruna did not react significantly to this news and is currently floating above EUR/CZK 26.0. The consumer inflation statistics will be released next Monday. We expect the CPI index to decrease slightly on a mom basis, but on a yoy basis the CPI will remain above the inflation target. Thus,

we expect another hike to happen in Q4 2017, assuming that the Czech koruna appreciates towards EUR/CZK 25.70 at the end of the year.

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

**Poland (PL)** – PMI in August came below market expectations at 52.5 pts (consensus: 53 pts). Current output index and new orders increased while employment noted its lowest level since June (when it was at its 34 month low). Moreover firms indicated delays in order completion, justifying it with lack of sufficient labor force. All together the PMI suggests that the shrinking labor supply may limit the manufacturing sector growth and trigger rising wage pressure. Meanwhile the first MPC meeting after the summer holiday took place this week. Both the decision to keep rates on hold and the “dovish” tone of MPC members during the conference did not surprise. The chairman Glapinski again repeated that he does not expect interest rate hikes before 2019, however he did not rule out that discussions on this issue could take place toward end of 2018. A rating revision is scheduled for tomorrow, Moody’s released on Monday new forecasts for Poland with GDP growth for 2017 revised upward to 4.3% from 3.2% yoy. This reduces the probability of any rating or outlook downgrade. On the other hand the possibility of outlook upgrade is still limited given the increased political risk and the negative budget impact of lower retirement age, kicking into force in October. Next week data includes August headline and core inflation, we expect it respectively at 1.8% yoy (higher food prices) and 0.8% yoy.

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

**Romania (RO)** – The new estimates released recently confirmed the strong GDP advance in Q2 (1.6% qoq and 5.9% yoy) as reported in mid-August. On the demand side, private consumption remained the main engine of GDP growth (2.7% qoq and 8.0% yoy). At the same time, gross fixed capital investments increased by 4.6% qoq and 2.4% yoy, for the second quarter in a row. Still, the contraction of investments in H2 2016 set a low starting base. Net exports had a negative contribution to GDP growth in Q2. On the supply side the economic growth was broad based, as we expected. Except for the constructions sector (-6.2% qoq), gross value added improved in all sectors of activity. Solid gains were recorded by services (2.5% qoq), industry (1.8% qoq) and agriculture (1.1% qoq). In H1, real GDP advanced by 5.8% yoy, and in this context our forecast that puts the economic advance at 4.9% in 2017 has become pessimistic and we will have to revise it upwards in the following period. The inflation data for August is the main release of the next week. We expect consumer prices to have remained almost flat in monthly terms, benefiting from the negative contribution stemming from the seasonal decrease of volatile food prices. In annual terms we expect an inflation rate of 1.2% in August, declining slightly from 1.4% in July.

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

**Slovakia (SK)** – In the past months Slovak companies were complaining of an overheating labor market with record high vacancies and demands for easier employment of immigrants, without any evidence from rising wages. According to the Statistical Office of the Slovak Republic, unemployment in Slovakia reached 8.1% in Q2 2017 – an all-time low – and wages grew significantly: by 4.8% yoy in nominal terms, and 5.7% in companies with 20 or more employees. The wage growth was long awaited evidence possibly indicating an economy closing the output gap. This however presents new problems. With unemployment at 7% or 8% (depending on the methodology), there seems to be a structural gap between supply and demand on the labor market. The following quarters will reveal whether this is in fact the case, or if there is still slack in the economy. The Statistical Office of Slovakia will release inflation data next week, with the expectation of inflation being around 1.5% yoy, significantly below the 2% target. The lack of inflation could still mean that the current wage growth is more a case of wages catching up with productivity increases than an overheating economy.

*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

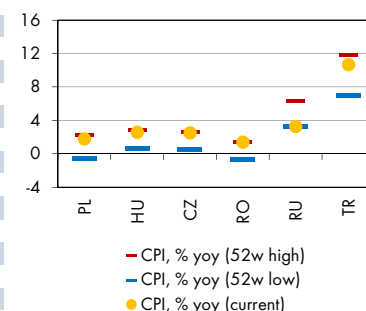
Poland	current*	Dec-17	Mar-18	Jun-18	5y high	5y low
Key interest rate	1.50	1.50	1.50	1.50	4.75	1.50
3m money market rate	1.73	1.73	1.73	1.80	4.96	1.65
<b>Hungary</b>						
Key interest rate	0.90	0.90	0.90	0.90	6.50	0.90
3m money market rate	0.15	0.15	0.15	0.20	6.90	0.15
<b>Czech Republic</b>						
Key interest rate	0.25	0.50	0.75	0.75	0.50	0.05
3m money market rate	0.46	0.50	0.60	0.70	0.88	0.00
<b>Romania</b>						
Key interest rate	1.75	1.75	2.00	2.25	5.25	1.75
3m money market rate	0.95	1.45	1.71	2.08	6.30	0.68
<b>Russia</b>						
Key interest rate	9.00	8.25	8.00	7.75	17.00	5.50
3m money market rate	9.06	8.85	8.60	8.35	29.93	6.74
<b>Serbia</b>						
Key interest rate	4.00	4.00	4.00	4.00	11.75	4.00
3m money market rate	3.53	3.60	3.75	3.85	12.61	3.26
<b>Turkey</b>						
Key interest rate	8.00	8.00	8.00	8.00	10.00	4.50
3m money market rate	13.12	11.50	10.80	10.30	13.12	4.85

Benchmark key rates	current	Dec-17	Mar-18	Jun-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	1.50	1.75	2.00	1.25	0.25

Source: Bloomberg, RBI/Raiffeisen RESEARCH

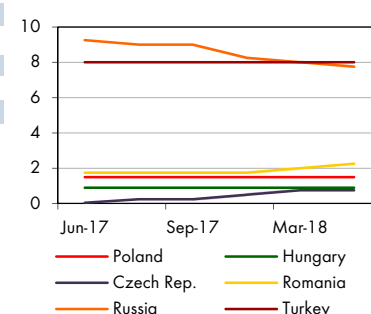
\* Bid rates (for Hungary ask rates) as of 07 September 2017, 11:59 p.m. CEST

## Inflation snapshot



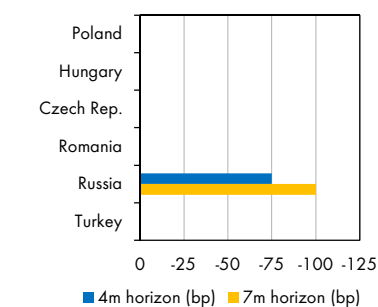
Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Key rate trends (%)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Key rate forecast (chg., bp)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Rate setting meetings

	Sep	Oct
Poland (NBP)	6	4
Hungary (MNB)	19	24
Czech Republic (CNB)	27	/
Romania (BNR)	/	3
Serbia (NBS)	7	9
Russia (CBR)	15	27
Turkey (TCMB)	14	26

Source: National Central Banks, RBI/Raiffeisen RESEARCH

## Central bank watch

<b>Poland (NBP)</b>	MPC is maintaining neutral policy stance, playing down solid economic activity performance as investments remain with catch-up potential. Indeed, favorable growth-inflation mix doesn't challenge inflation target, but decreasing tolerance for negative real rates to finally prompt NBP to start discussing tightening more intensely in 2018.
<b>Hungary (MNB)</b>	We expect MNB to walk the talk and ease monetary conditions further in order to cement HUF on the weaker side and bring rates down further. With the 3m depo rate to get phased-out likely by the end of this year, o/n rate could be targeted next after the successful depression of BUBOR rates. However, MNB is running out of means and is expected to maintain dovish policy as long as possible.
<b>Czech Republic (CNB)</b>	In line with CNB governor Rusnok's statement this week, we expect next rate hike in November when the bank has new staff projections at its disposal. Two further hikes are likely afterwards in 2018 within the current mini tightening cycle.
<b>Romania (BNR)</b>	Increasing macro imbalances amidst growing overheating risks (including growing CPI dynamics) would offer incentives to the BNR to tighten monetary conditions already in the upcoming period. Indeed, the bank showed a sign of life following the regular August MP meeting. Gradual liquidity tightening could be accompanied by the narrowing of interest corridor, followed by a first rate hike possible in H1 2018.
<b>Serbia (NBS)</b>	Serbian rate setters surprised the market by cutting the base rate by 25 bp this week. The recent appreciation bias of the dinar coupled with disappointing activity data in an environment of better calculability of the global monetary policy backdrop were the major arguments to deliver the cut. We are revisiting our forecasts currently.
<b>Russia (CBR)</b>	Following record-low CPI headline inflation one can expect the continuation of rate cuts at next week's MPC meeting. Medium-term inflation expectations, albeit falling somewhat, remain elevated and are likely to hold the CBR from bigger steps.
<b>Turkey (TCMB)</b>	Bad inflation surprise in August pushed back any policy easing hope with TCMB hawkish stance meaning no compromises this time. Still, we expect lower average funding costs as the year progresses as CPI inflation is likely to sustainably fall to single-digit territory.

Source: RBI/Raiffeisen RESEARCH

# Foreign exchange market overview

## FX forecasts

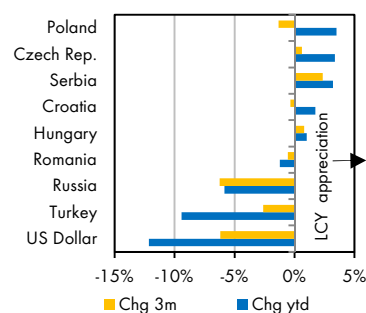
EUR vs	current*	Dec-17	Mar-18	Jun-18	5y high	5y low	Comment
PLN	4.253	4.20	4.15	4.15	4.40	4.08	Probe into rule of law keep PLN at elevated levels, update by EU Commission on 25 September
HUF	305.7	310	310	310	316	291	More unconventional easing flagged by MNB as EUR/HUF closed in on 305; we would expect MNB action to drive EUR/HUF back towards 310 as a next relevant move
CZK	26.14	25.7	25.3	25.4	27.7	25.1	Despite possible short-lived setbacks in the near-term we expect ongoing CZK strengthening over the coming quarters
RON**	4.599	4.55	4.50	4.50	4.55	4.45	Increasing twin deficit and additional political risks to keep RON under pressure
HRK	7.429	7.50	7.45	7.40	7.66	7.50	In line with seasonal movements EUR/HRK has been moving upward supported by stronger FCY demand as the tourist season is approaching its end
RSD	119.6	123	124	124	123	112	After possible FX interventions the Serbian Central Bank decided to cut its key rate as RSD remains strong
RUB	68.39	70.8	71.3	74.4	79.3	40.3	see USD/RUB below
UAH	31.27	33.0	32.8	33.6	33.0	10.6	see USD/UAH below
BYN	2.304	2.42	2.42	2.58	2.42	1.13	see USD/BYN below
TRY	4.096	4.37	4.37	4.56	4.37	2.35	see USD/TRY below
USD	1.201	1.18	1.15	1.20	1.38	1.05	Market underestimating rate hike potential in the US, so short-term weakening of EUR vs USD possible; medium-term EUR outlook remains bullish
USD vs	current*	Dec-17	Mar-18	Jun-18	5y high	5y low	
RUB	56.96	60.0	62.0	62.0	73.0	30.5	CBR rate cut expected with question only on the size of the cut; still RUB remains well supported by real yield, oil price and economic improvement
UAH	26.04	28.0	28.5	28.0	28.0	8.05	Recent favorable sentiment might cast our rather cautious UAH calls into doubt
BYN	1.919	2.05	2.10	2.15	2.05	0.86	BYN gained renewed stability after stronger setback in mid-July
TRY**	3.411	3.70	3.80	3.80	3.70	1.78	Lira at 3.40 to the USD due to weaker USD, improving sentiment and ongoing prudent central bank

\* as of 07 September 2017, 11:59 p.m. CEST

\*\* under revision

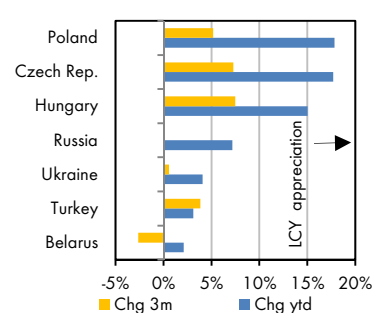
Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Change of LCY value to EUR (%)



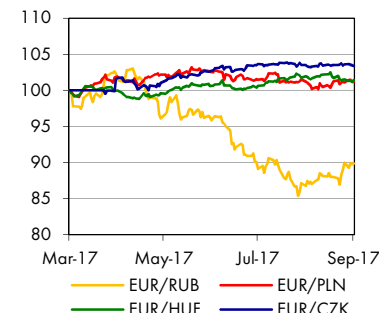
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

## Change of LCY value to USD (%)



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

## Exchange rate comparison



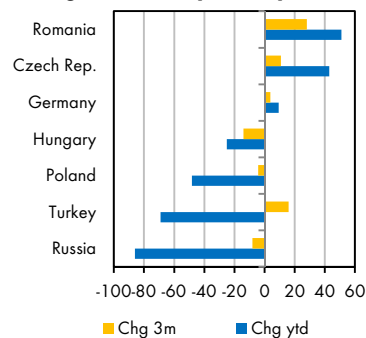
Indexed 07 Mar-17 = 100

Source: Thomson Reuters, RBI/Raiffeisen RESEARCH



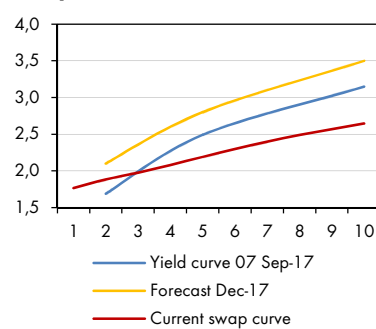
# Local currency bond market overview and forecasts

## Change of LCY 10y bond yields (bp)



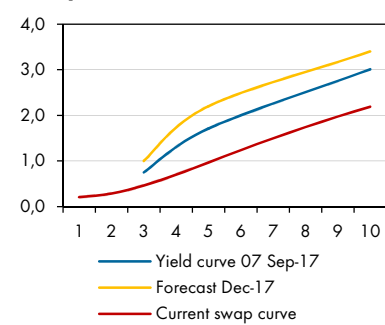
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

## PLN yield curve



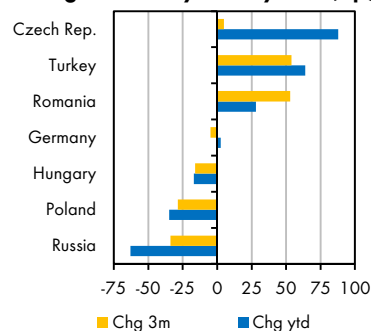
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

## HUF yield curve



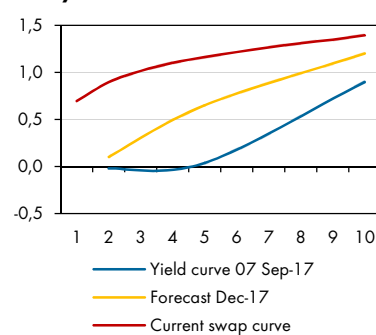
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

## Change of LCY 2y bond yields (bp)



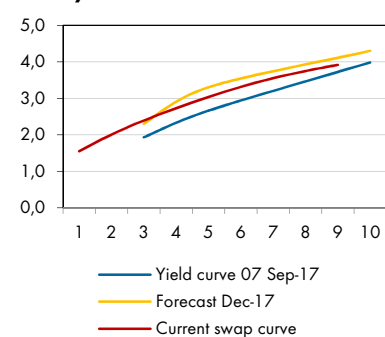
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

## CZK yield curve



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

## RON yield curve



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

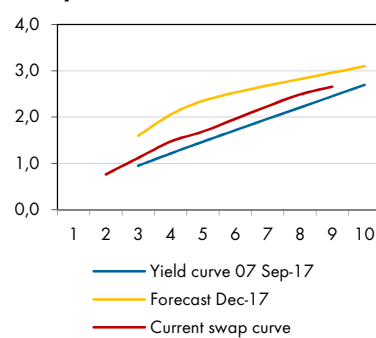
## 5y USD CDS spreads



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

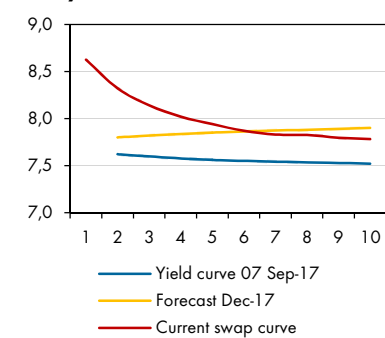
Source: Bloomberg, RBI/Raiffeisen RESEARCH

## HRK yield curve



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

## RUB yield curve



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

## Yield forecasts

2y T-bond yields (%)							10y T-bond yields (%)						
	current*	Dec-17	Mar-18	Jun-18	5y high	5y low		current*	Dec-17	Mar-18	Jun-18	5y high	5y low
Poland	1.69	2.1	2.3	2.4	3.1	1.6	Poland	3.15	3.5	3.7	3.5	4.3	2.5
Hungary **	0.75	1.0	1.1	1.2	5.7	0.9	Hungary	3.01	3.4	3.5	3.6	6.2	3.3
Czech Republic	-0.02	0.1	0.2	0.7	0.5	-0.9	Czech Republic	0.90	1.2	1.4	1.5	2.5	0.5
Romania	1.93	1.8	2.2	2.5	6.4	1.5	Romania	3.98	4.3	4.4	4.5	6.9	3.5
Croatia	0.95	1.6	1.7	1.8	4.4	0.9	Croatia	2.70	3.1	3.2	3.2	5.2	3.1
Russia	7.62	7.8	7.6	7.6	15.8	6.2	Russia	7.52	7.9	7.8	7.8	14.1	6.9
Turkey	11.34	10.5	10.0	9.5	11.0	6.1	Turkey	10.40	10.0	9.5	9.0	11.1	6.6
Germany	-0.80	-0.7	-0.6	-0.4	0.2	-0.8	Germany	0.30	0.7	0.9	1.1	1.9	0.1
USA	1.28	1.7	1.8	1.9	1.7	0.2	USA	2.06	2.8	2.8	2.9	3.0	1.8

\* Bid yields as of 07 September 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	102.91	1.65	240	1.8	Tensions with the EC still lock the value, although there should be potential left especially in 10y POLGBs, both price and FX-wise.
PLN 5y Gov. Bond	23/09/2022	5.75	115.22	2.49	287	4.3	
PLN 10y Gov. Bond	25/07/2027	2.50	94.70	3.13	282	8.8	
Hungary							
HUF 3y Gov. Bond	23/09/2020	1.00	100.87	0.71	139	3.0	HGBs remain firmly anchored with additional unorthodox policy measures expected. HGB curve possibly the most insulated from ECB spillover risks in the CEE universe.
HUF 5y Gov. Bond	26/10/2022	1.75	100.68	1.61	199	4.9	
HUF 10y Gov. Bond	27/10/2027	3.00	100.69	2.92	260	8.7	
Czech Republic							
CZK 2y Gov. Bond	11/04/2019	5.00	108.60	-0.45	30	1.5	Despite strong CZK FX, also helped by CNB comments, no meaningful profit taking yet, neither by non-residents. We would consider taking (parts of) profits on growing CZK correction risks in September as there are many T-bills maturing amidst zero supply in September.
CZK 5y Gov. Bond	12/09/2022	4.70	123.09	0.07	45	4.6	
CZK 10y Gov. Bond	25/08/2028	2.50	115.31	1.02	70	9.8	
Croatia							
HRK 2y Gov. Bond	05/03/2020	6.75	114.20	0.94	132	2.3	HRK yields are supposed to reach a new record lows supported by ample liquidity and the hunger for higher returns.
HRK 10y Gov. Bond	07/02/2028	2.88	99.73	2.90	259	9.0	
Romania							
RON 2y Gov. Bond	29/04/2020	5.75	109.87	1.86	254	2.5	Possible fiscal amendment as joker for the government to improve RON market sentiment. While some of our CEE yield forecast might be a tad too bearish, for the time being we are comfortable with the ones for ROMGBs.
RON 5y Gov. Bond	08/03/2022	3.40	103.05	2.67	304	4.2	
RON 10y Gov. Bond	26/07/2027	5.80	114.78	3.96	364	0.0	
Russia							
RUB 2y Gov. Bond	15/05/2019	6.70	98.73	7.65	840	1.6	RUB FX moved in line with our bullish expectations recently, underscoring the potential for OFZs. We opt for 2y OFZ short-term while still believing in RUB carry trade as yield pick-up remains huge despite ongoing rate cuts.
RUB 5y Gov. Bond	20/07/2022	7.60	100.62	7.58	796	4.1	
RUB 10y Gov. Bond	03/02/2027	8.15	105.17	7.51	719	6.8	
Turkey							
TRY 2y Gov. Bond	15/05/2019	11.10	99.60	11.33	1208	1.5	We maintain our speculative Buy recommendation for TURKGBs due to improved sentiment amongst international yield hunters towards TRY markets.
TRY 5y Gov. Bond	17/08/2022	10.70	100.16	10.57	1095	4.0	
TRY 10y Gov. Bond	11/08/2027	10.50	100.70	10.35	1003	6.4	

Data as of 08 September 2017, 11:22 p.m. CEST  
Source: Bloomberg, RBI/Raiffeisen RESEARCH

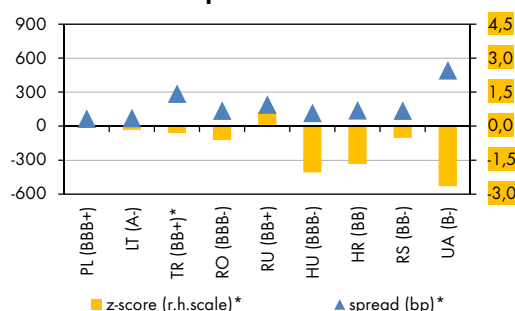
## Bond auctions

		ISIN	Coupon	Maturity	Volume
11 September					
RO	9.9y T-bond	RO1227DBN011	5.8%	26.07.2027	RON 0.2 bn
12 September					
TR	5y T-bond	n.a.	n.a.	17.08.2022	n.a.
TR	10y T-bond	n.a.	n.a.	07.07.2027	n.a.
13 September					
CZ	10y T-bond	CZ0001005037	0.25%	10.02.2027	max. CZK 3 bn
CZ	30y T-bond	CZ0001001796	4.20%	04.12.2036	max. CZK 1 bn
RU	T-bond	n.a.	n.a.	n.a.	n.a.
14 September					
RO	6.6y T-bond	RO1624DBN027	3.25%	29.04.2024	RON 0.5 bn
HU	T-bond	n.a.	n.a.	n.a.	n.a.
RS	2y T-bond	n.a.	n.a.	n.a.	n.a.
RS	15y T-bond	n.a.	n.a.	n.a.	n.a.

Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

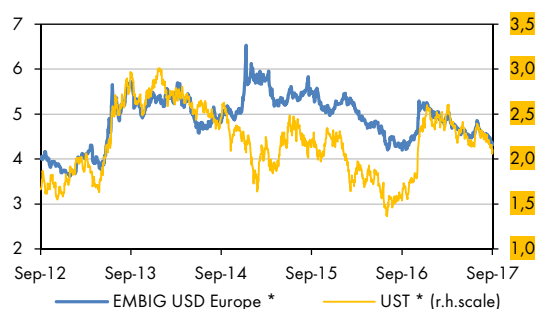
## Eurobond market overview

### 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									
CROATI 5 7/8 07/09/18	104.8	105.0	-0.08	112.1	104.9	-0.04	56	0.8	XS0645940288
REPHUN 3 7/8 02/24/20	109.4	109.7	-0.10	113.1	87.6	-0.01	72	2.3	XS0212993678
REPHUN 5 3/4 06/11/18	104.5	104.7	-0.12	114.9	99.0	-0.36	25	0.7	XS0369470397
REPHUN 6 01/11/19	108.3	108.5	-0.10	118.2	99.4	-0.29	36	1.3	XS0625388136
LITHUN 4.85 02/07/18	102.0	102.2	-0.03	114.3	102.1	-0.37	27	0.4	XS0327304001
POLAND 5 5/8 06/20/18	104.7	104.9	-0.06	122.6	104.7	-0.52	8	0.8	XS0371500611
POLAND 1 5/8 01/15/19	102.4	102.6	0.01	105.4	98.5	-0.23	42	1.3	XS0874841066
POLAND 3 3/4 01/19/23	118.3	118.8	0.08	124.6	105.4	0.26	61	4.9	XS0794399674
POLAND 3 3/8 07/09/24	118.2	118.7	0.14	124.6	99.6	0.61	78	6.2	XS0841073793
ROMANI 4 7/8 11/07/19	110.7	111.0	-0.02	117.7	99.1	-0.14	61	2.0	XS0852474336
TURKEY 5 7/8 04/02/19	108.3	108.5	-0.02	118.9	107.5	0.44	113	1.5	XS0285127329
TURKEY 5 1/8 05/18/20	110.2	110.5	0.09	115.9	102.5	1.18	190	2.5	XS0503454166
USD									
BELRUS 8.95 01/26/18	102.2	102.6	-0.16	111.2	78.0	2.47	137	0.4	XS0583616239
CROATI 6 3/8 03/24/21	111.8	112.2	0.26	117.8	101.6	2.79	135	3.1	XS0607904264
CROATI 5 1/2 04/04/23	112.1	112.6	0.84	112.4	94.4	3.07	137	4.7	XS0908769887
REPHUN 5 3/8 02/21/23	114.3	114.6	0.68	115.4	93.1	2.52	84	4.8	US445545AH91
REPHUN 7 5/8 03/29/41	156.3	157.0	1.2	157.5	99.1	3.92	146	13.1	US445545AF36
LITHUN 7 3/8 02/11/20	112.5	112.8	0.11	130.7	112.4	1.98	67	2.2	XS0485991417
LITHUN 6 5/8 02/01/22	117.8	118.2	0.22	128.6	113.9	2.29	73	3.9	XS0739988086
LATVIA 2 3/4 01/12/20	101.4	101.8	0.21	104.5	91.4	2.03	73	2.2	XS0863522149
LATVIA 5 1/4 06/16/21	110.8	111.2	0.14	117.2	105.3	2.19	72	3.4	XS0638326263
POLAND 6 3/8 07/15/19	108.7	108.9	0.05	125.9	108.6	1.53	28	1.7	US731011AR30
POLAND 3 03/17/23	103.1	103.5	0.2	105.1	87.6	2.36	67	5.0	US731011AT95
ROMANI 6 3/4 02/07/22	117.0	117.3	0.23	124.4	108.9	2.60	105	3.9	US77586TAA43
ROMANI 4 3/8 08/22/23	108.7	108.9	0.48	111.1	90.8	2.76	101	5.2	US77586TAC09
RUSSIA 4 1/2 04/04/22	107.1	107.5	0.35	114.7	82.0	2.78	121	4.1	XS0767472458
RUSSIA 7 1/2 03/31/30	119.9	120.1	0.00	128.6	99.6	2.07	-5	3.5	XS0114288789
RUSSIA 5 5/8 04/04/42	114.1	114.6	0.93	124.9	76.0	4.64	215	13.7	XS0767473852
SERBIA 5 1/4 11/21/17	100.5	100.8	-0.05	107.1	96.8	1.71	67	0.2	XS0856951263
SERBIA 4 7/8 02/25/20	105.2	105.6	0.14	105.4	89.6	2.60	128	2.3	XS0893103852
TURKEY 6 1/4 09/26/22	110.6	111.1	0.03	127.0	102.5	3.86	222	4.2	US900123BZ27
TURKEY 6 7/8 03/17/36	116.6	117.1	0.30	139.6	99.2	5.42	312	10.7	US900123AY60
TURKEY 6 3/4 05/30/40	115.5	116.2	0.41	139.4	97.3	5.52	308	12.1	US900123BG46
UKRAIN 7 3/4 09/01/19	105.6	106.0	1.40	105.8	88.0	4.64	337	1.8	XS1303918269
UKRAIN 7 3/4 09/01/23	106.1	106.6	2.10	106.4	84.6	6.45	470	4.8	XS1303921487
UKRAIN 7 3/4 09/01/27	105.0	105.4	2.64	105.2	81.2	7.02	498	6.9	XS1303927179

YTM mid - yield to maturity based on mid market price, bmk - benchmark, Mdur - modified duration, ISIN - international security identification number; prices as of 08 Sep 2017, 11:14 AM CET  
Source: Bloomberg, RBI/Raiffeisen RESEARCH



## Summary: Ratings & macro data

### Country ratings: CE, SEE, EE

	LCY	S&P FCY	Outlook	LCY	Moody's FCY	Outlook	LCY	Fitch FCY	Outlook
<b>CE</b>									
Poland	A-	BBB+	stable	A2	A2	stable	A	A-	stable
Hungary	BBB-	BBB-	positive	Baa3	Baa3	stable	BBB-	BBB-	stable
Czech Republic	AA	AA-	stable	A1	A1	stable	AA-	A+	positive
Slovakia *	A+	A+	stable	A2	A2	positive	A+	A+	stable
Slovenia *	A+	A+	stable	Baa3	Baa3	positive	A-	A-	stable
<b>SEE</b>									
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
<b>EE</b>									
Russia	BBB-	BB+	positive	Ba1	Ba1	stable	BBB-	BBB-	stable
Ukraine	B-	B-	stable	Caa2	Caa2	positive	B-	B-	stable
Belarus	B-	B-	stable	Caa1	Caa1	stable	B-	B-	positive
Kazakhstan	BBB-	BBB-	negative	Baa3	Baa3	stable	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	3.0	-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	1092	-0.2	36.8	68.9	1.1	75.9	85.7	12.0
	2018f	2.5	2.1	4.5	1187	0.0	35.8	69.0	1.2	73.3	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	39.0	79.1	25.2
	2017e	1.0	4.0	5.3	587	-2.5	14.0	22.2	4.7	29.5	84.7	22.0
	2018f	1.5	4.5	5.3	563	-2.0	14.5	22.6	5.5	25.8	100.0	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	16.2	5.1
	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	24.7	6.2
	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](http://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](http://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](http://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](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	35%
Hold	45%
Sell	20%
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	2Y Czech. Rep.	2Y Hungary	2Y Poland
20/06/2017	Hold	Hold	Buy	Sell	Buy	Hold	Hold	Hold	Hold
08/06/2017							Hold		
06/06/2017	Hold	Buy	Buy	Hold	Buy	Hold	Hold	Hold	Hold
28/04/2017	Buy	Hold	Hold	Hold	Buy	Hold	Hold	Hold	Hold
27/04/2017									
24/03/2017	Buy	Hold	Hold	Hold	Hold	Sell	Hold	Hold	Hold
15/03/2017									
24/02/2017			Hold		Sell				
25/01/2017	Hold	Buy	Buy	Hold	Hold	Hold	Hold	Hold	Hold
24/01/2017									
15/12/2016	Hold	Buy	Buy	Hold	Hold	Sell	Hold	Hold	Hold
28/11/2016									
24/11/2016					Hold				
21/10/2016									
26/09/2016									
23/09/2016	Hold	Hold	Hold	Hold	Buy	Sell	Hold	Hold	Hold

Date	2Y Romania	2Y Russia	2Y Turkey	BG EUROBOND EUR	BY EUROBOND USD	HR EUROBOND EUR	HR EUROBOND USD	HU EUROBOND USD	KZ EUROBOND USD
20/06/2017	Sell	Buy	Buy				Hold		
08/06/2017									
06/06/2017	Hold	Buy	Buy	Buy	Hold		Buy	Hold	
28/04/2017	Hold	Buy	Hold						
27/04/2017					Buy	Hold		Buy	
24/03/2017	Hold	Hold	Hold						
15/03/2017									
24/02/2017		Sell				Buy			
25/01/2017	Hold	Hold	Hold						
24/01/2017					Hold				Hold
15/12/2016	Hold	Buy	Sell				Hold		
28/11/2016				Hold		Hold			Buy
24/11/2016		Hold							
21/10/2016					Sell				
26/09/2016				Buy		Buy	Sell		
23/09/2016	Hold	Buy	Sell						

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

Date	SI EUROBOND USD	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	Hold
24/11/2016				
21/10/2016		Buy	Buy	Buy
26/09/2016		Hold	Hold	
23/09/2016				

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

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

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

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

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

**SPECIFIC INFORMATION FOR THE UNITED STATES OF AMERICA AND CANADA:** This research document is intended only for institutional investors and is not subject to all of the independence and disclosure standards that may be applicable to research documents prepared for retail investors. This report was provided to you by RB International Markets (USA) LLC (RBIM), a U.S. registered broker-dealer, but was prepared by our non-U.S. affiliate Raiffeisen Bank International AG (RBI). Any order for the purchase or sale of securities covered by this report must be placed with RBIM. You can reach RBIM at 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: Wolfgang ERNST, RBI Vienna

**Producer of this publication**

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

Creation time of this publication: 08/09/2017 12:08 PM (CEST)

First Dissemination of this publication: 08/09/2017 12:10 PM (CEST)



<b>Raiffeisen Bank International AG (Raiffeisen RESEARCH Team)</b> <b>Global Head of Research: Peter BREZINSCHKE</b>			
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-MATIJEVIC
	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			