

## 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

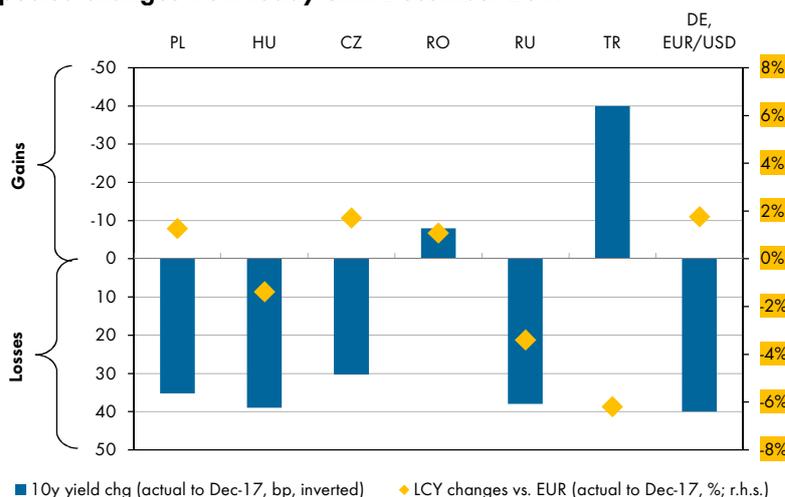
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

## 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%.

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## Expected changes from today until December 2017\*



\* under revision EUR/RON

Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

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## 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.

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**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.

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**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.

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**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.

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**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.

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**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.

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# Monetary policy and money markets overview

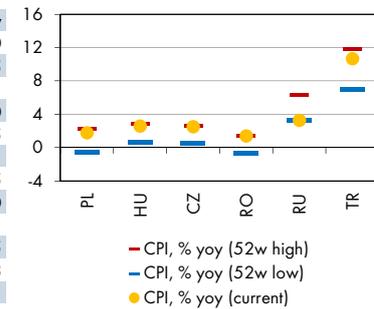
## CEE key interest and money markets outlook

|                            | current* | Dec-17 | Mar-18 | Jun-18 | 5y high | 5y low |
|----------------------------|----------|--------|--------|--------|---------|--------|
| <b>Poland</b>              |          |        |        |        |         |        |
| 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   |
| <b>Benchmark key rates</b> |          |        |        |        |         |        |
| 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

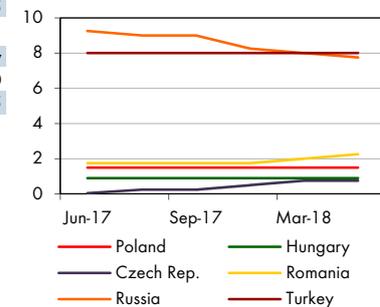
\* Bid rates (for Hungary ask rates) as of 07 September 2017, 11:59 p.m. CEST

## Inflation snapshot



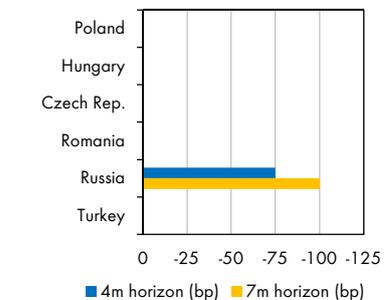
Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Key rate trends (%)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Key rate forecast (chg., bp)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

## Rate setting meetings

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

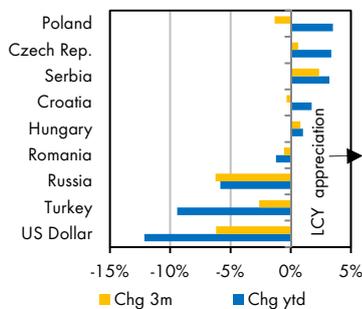
| EUR vs       | current* | Dec-17 | Mar-18 | Jun-18 | 5y high | 5y low | Comment   |
|--------------|----------|--------|--------|--------|---------|--------|---|
| <b>PLN</b>   | 4.253    | 4.20   | 4.15   | 4.15   | 4.40    | 4.08   | Probe into rule of law keep PLN at elevated levels, update by EU Commission on 25 September   |
| <b>HUF</b>   | 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 |
| <b>CZK</b>   | 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   |
| <b>RON**</b> | 4.599    | 4.55   | 4.50   | 4.50   | 4.55    | 4.45   | Increasing twin deficit and additional political risks to keep RON under pressure   |
| <b>HRK</b>   | 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                |
| <b>RSD</b>   | 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  |
| <b>RUB</b>   | 68.39    | 70.8   | 71.3   | 74.4   | 79.3    | 40.3   | see USD/RUB below   |
| <b>UAH</b>   | 31.27    | 33.0   | 32.8   | 33.6   | 33.0    | 10.6   | see USD/UAH below   |
| <b>BYN</b>   | 2.304    | 2.42   | 2.42   | 2.58   | 2.42    | 1.13   | see USD/BYN below   |
| <b>TRY</b>   | 4.096    | 4.37   | 4.37   | 4.56   | 4.37    | 2.35   | see USD/TRY below   |
| <b>USD</b>   | 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 |   |
|--------------|----------|--------|--------|--------|---------|--------|---|
| <b>RUB</b>   | 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 |
| <b>UAH</b>   | 26.04    | 28.0   | 28.5   | 28.0   | 28.0    | 8.05   | Recent favorable sentiment might cast our rather cautious UAH calls into doubt  |
| <b>BYN</b>   | 1.919    | 2.05   | 2.10   | 2.15   | 2.05    | 0.86   | BYN gained renewed stability after stronger setback in mid-July   |
| <b>TRY**</b> | 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   |

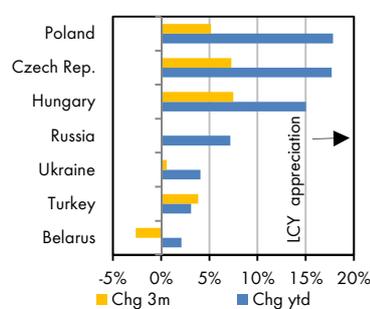
\* as of 07 September 2017, 11:59 p.m. CEST  
 \*\* under revision  
 Source: Bloomberg, RBI/Raiffeisen RESEARCH

### Change of LCY value to EUR (%)



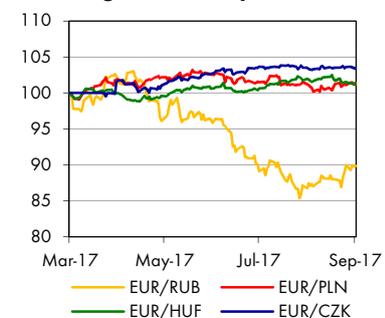
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

### Change of LCY value to USD (%)



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

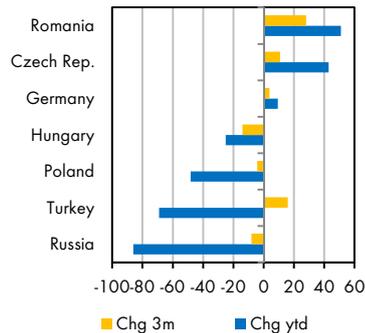
### Exchange rate comparison



Indexed 07 Mar-17 = 100  
 Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

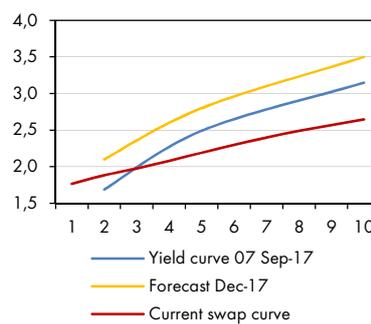
# Local currency bond market overview and forecasts

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



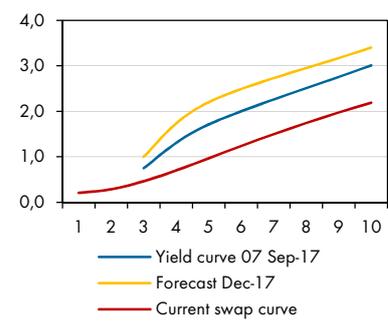
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

**PLN yield curve**



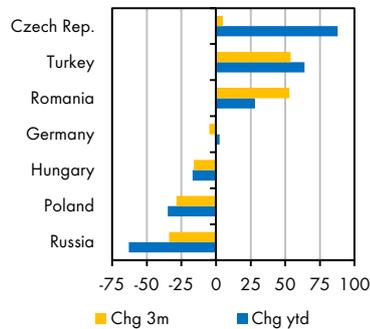
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

**HUF yield curve**



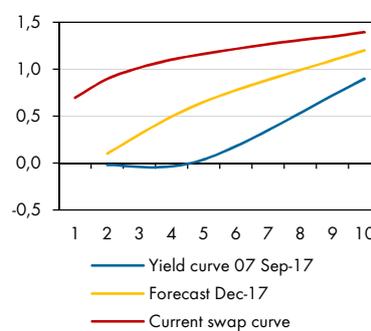
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

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



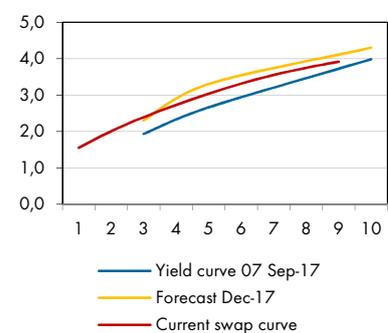
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

**CZK yield curve**



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

**RON yield curve**



Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

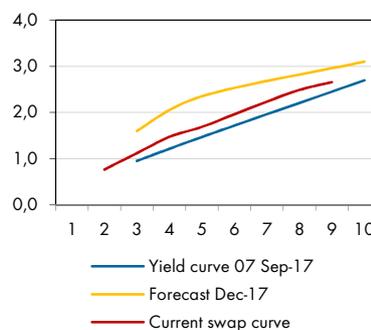
**5y USD CDS spreads**



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

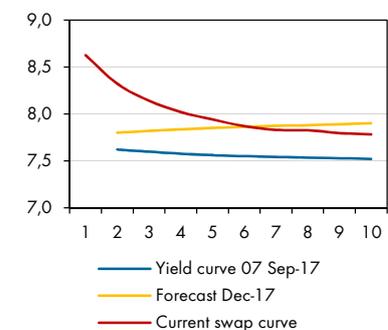
Source: Bloomberg, RBI/Raiffeisen RESEARCH

**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   |
|-----------------------|------------|------------|-----------|---------|----------------------|-------|---|
| <b>Poland</b>         |            |            |           |         |                      |       |   |
| 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   |   |
| <b>Hungary</b>        |            |            |           |         |                      |       |   |
| 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   |   |
| <b>Czech Republic</b> |            |            |           |         |                      |       |   |
| 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   |   |
| <b>Croatia</b>        |            |            |           |         |                      |       |   |
| 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   |   |
| <b>Romania</b>        |            |            |           |         |                      |       |   |
| 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   |   |
| <b>Russia</b>         |            |            |           |         |                      |       |   |
| 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   |   |
| <b>Turkey</b>         |            |            |           |         |                      |       |   |
| 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

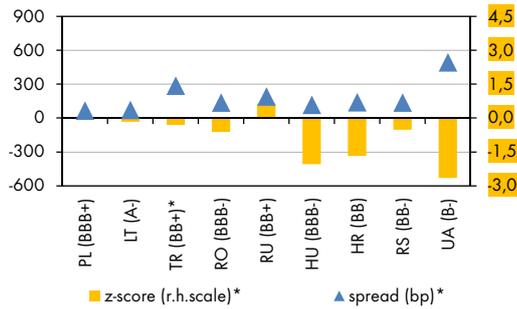
## Bond auctions

|                     | ISIN | Coupon      | Maturity     | Volume |            |               |
|---------------------|------|-------------|--------------|--------|------------|---------------|
| <b>11 September</b> |      |             |              |        |            |               |
| RO                  |      | 9.9y T-bond | RO1227DBN011 | 5.8%   | 26.07.2027 | RON 0.2 bn    |
| <b>12 September</b> |      |             |              |        |            |               |
| 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.          |
| <b>13 September</b> |      |             |              |        |            |               |
| 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.          |
| <b>14 September</b> |      |             |              |        |            |               |
| 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

| Issuer/rate/due       | Market Price |       |       | YTM mid. |        | Spread          | Mdur. | ISIN |              |
|-----------------------|--------------|-------|-------|----------|--------|-----------------|-------|------|--------------|
|                       | Bid          | Ask   | w/w % | 5y max   | 5y min | % p. a. Bmk, bp | years |      |              |
| <b>EUR</b>            |              |       |       |          |        |                 |       |      |              |
| 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 |
| <b>USD</b>            |              |       |       |          |        |                 |       |      |              |
| 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<br>FCY | Outlook  | LCY  | Moody's<br>FCY | Outlook  | LCY  | Fitch<br>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,<br>% avg.<br>yoy | CPI,<br>% avg.<br>yoy | Unem-<br>ployment,<br>% | Nominal<br>wages, EUR | Fiscal<br>balance, %<br>GDP | Public<br>debt, %<br>GDP | Export **, %<br>GDP | C/A, % GDP | Ext. Debt, %<br>GDP | FXR***%<br>ext. debt | Import<br>cover,<br>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

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## Bonds

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| 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 |                 |                 |                 |                 |

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