CEE Weekly

Issue 09/2017 | 3 March 2017

Raiffeisen RESEARCH

Market snapshot

	curr.*	Jun-17	Sep-17	Dec-17
Poland				
EUR/PLN**	4.299	4.45	4.40	4.35
Key rate	1.50	1.50	1.50	1.50
10y bond	3.8	3.9	4.0	4.0
Hungary				
EUR/HUF	309.1	315	310	315
Key rate	0.90	0.90	0.90	0.90
10y bond	3.6	3.5	3.6	3.7
Czech Republic				
EUR/CZK**	27.02	27.0	27.0	25.9
Key rate	0.05	0.05	0.05	0.05
10y bond**	0.6	0.6	0.5	1.1
Romania				
EUR/RON	4.521	4.50	4.45	4.45
Key rate	1.75	1.75	1.75	1.75
10y bond	3.8	3.9	3.8	4.0
Croatia				
EUR/HRK	7.421	7.40	7.45	7.50
Key rate	2.50	2.50	2.50	2.50
10y bond	2.8	2.7	2.7	2.7
Russia				
USD/RUB	58.64	62.0	60.0	62.0
Key rate	10.00	9.50	9.00	9.00
10y bond	8.2	8.7	8.5	8.4
Turkey				
USD/TRY**	3.704	3.80	3.70	3.70
Key rate	8.00	8.00	8.00	10.00
10y bond	10.8	11.2	10.7	10.2
EUR/USD**	1.053	1.02	1.02	1.05

** prices as of 02 March 2017, 11:59 p.m. CET*
*** under revision*
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

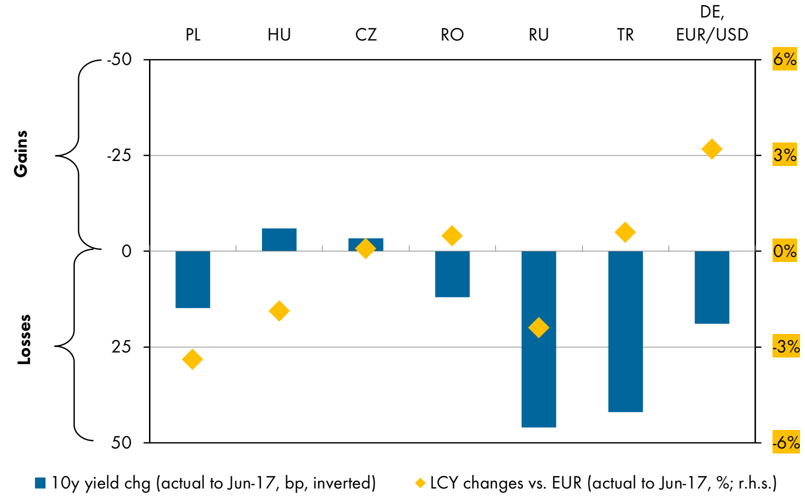
Highlights

With speculation intensifying about a possible next US interest rate hike already in March, the strengthening USD showed its effect on CEE exchange rates as well as bond markets. Especially the USD-sensitive TRY, but likewise the RUB witnessed some depreciation over the past week. The USD/RUB weakening from 58 to 59 might have been influenced by the oil price movement as well as the interventions the CBR is conducting for the Ministry of Finance (about USD 100 mn per day) since early February. For March the Ministry of Finance has now said it would halve this daily CBR intervention to about USD 50 mn.

With CPI rates increasing throughout the CE region the consumer price inflation data in the Czech Republic will be closely watched in the coming week. As it is expected to show another increase well above the 2% yoy inflation target of the Czech Central Bank (CNB), the risks for an early end to the FX regime already in mid-2017 continue to increase. We keep our CZK and yield projections under revision while waiting for the mentioned February CPI data release next Thursday. The key rate setting meeting in Poland next week should, however, not bring any change to the wait and see stance of the Polish Central Bank despite the increasing inflation. That said we would not expect any response by Polish rate setters in their monetary policy throughout 2017. In the meantime the situation in Ukraine once again deteriorated, not only due to the unfolding situation around the economic blockade of the separatist territories by Ukrainian hardline activists, but also due to the announcement by central bank governor Gontareva that she may soon resign from her post. These additional uncertainties are bound to bring pressure on the hryvnia as well as Eurobond spreads. For Russia the recently seen intensification of the conflict in Donbas has had very limited impact, whereas some hopes for a speedy lifting of US sanctions against Russia from the new US administration seems to have been premature. For more on our outlook regarding the Western sanctions against Russia and its implications also see our Focus on in this CEE weekly report.

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

Expected changes from today until June 2017



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

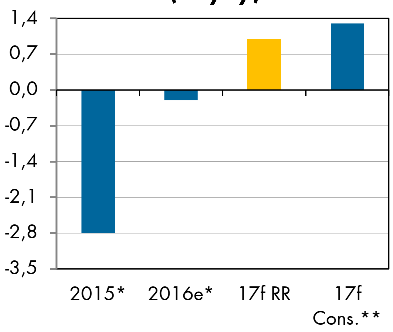
Content

Data highlights upcoming week

Date	Indicator	Period	Forecast	High	Mean	Low	Previous
08-Mar	HU: CPI, yoy	Feb	2.9	2.9	2.7	2.4	2.3
08-Mar	PL: Key rate, %	Mar	1.50	1.50	1.50	1.50	1.50
09-Mar	CZ: CPI, % yoy	Feb	2.5	2.5	2.4	2.3	2.2
10-Mar	RU: Industrial output, % yoy	Jan	n.a.	n.a.	n.a.	n.a.	14.9

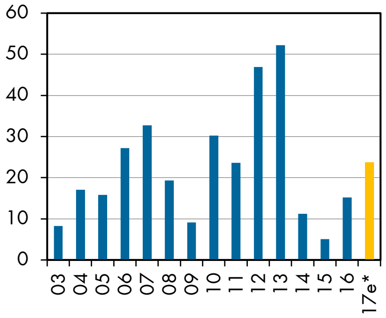
Source: Bloomberg, RBI/Raiffeisen RESEARCH

RU: Real GDP (% yoy)



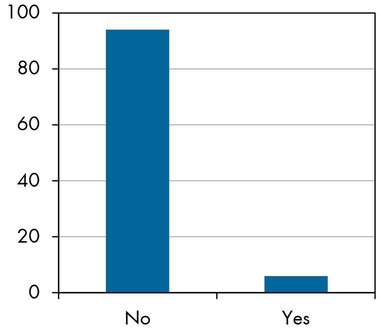
** including latest official GDP data revisions*
*** Latest Consensus Economics survey as of Feb 2017*
Source: national sources, Consensus Economics, Raiffeisen RESEARCH

RU: Int. issuance (USD bn)



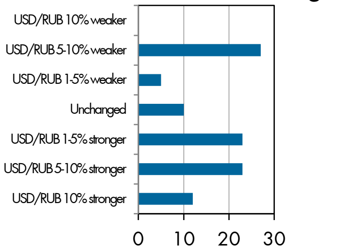
** estimate based on current market trends and factoring in 3-7 USD bn sovereign issuance/debt swap*
Source: Bloomberg, Raiffeisen RESEARCH

Sanction impact on sovereign Eurobond issuance*



** % of respondents to the question whether "Russia will wait with issuance on international markets for a Western sanction easing"; Bloomberg Russia Special Survey, Feb 2017*
Source: Bloomberg, Raiffeisen RESEARCH-

Potential effect sanction easing*



** of respondents, Bloomberg Special Survey Russia Dec 2016*
Source: Bloomberg, Raiffeisen RESEARCH

Focus on: Western sanctions against Russia – any progress?

- No indications that a review of US/EU sanctions is imminent, bumpy start of US government limits options for "deal making"
- Adjustment of upbeat expectations for swift sanction easing probable; nevertheless, some progress still feasible later in 2017
- Russian markets supported by other factors like tight CBR stance and scarcity value of international paper
- However, some profit taking could be in the cards while international bonds are priced tight

In contrast to very upbeat expectations, eyeing at a Trump-led swift re-set in US-Russian relations, there had been limited to non-existent progress up to now. In recent weeks key US foreign policy actors have started to take a tougher stance on Russia, while some reshuffling within the administration already brought more Russia-hawks into key positions. Officials on both sides continue to stress that there are no talks about conditions/criteria for a sanction relief. In fact it looks like the US administration has rolled-over previous US positioning (e.g. "reunification" of Crimea is unacceptable, Minsk-II implementation will be key for a sanction relief). Moreover, supporters for a thorough investigation of Russian efforts to influence the last presidential election round are gaining the upper hand in Washington. Due to the very limited progress in US-Russian relations pressure on the EU to rethink its stance towards Russia (including sanctions) has eased over the last few weeks. Meanwhile, it seems that EU/European leaders are also demonstrating no straightforward readiness to lift anti-Russian sanctions soon. Some weeks ago it looked like the trans-Atlantic unity regarding the US sanctions was faltering. We think that the EU, mainly driven by Germany, will try to preserve its "value-based" policy towards Russia for longer. This means that sanctions could be rolled-over once again.

As things stand no formal meeting between the Russian and US president has been fixed. Nevertheless, diplomats continue to stress that practical preparations are under way for a meeting between Mr. Putin and Mr. Trump. The sketched developments do show that a "deal making" between the US and Russia (e.g. an arrangement that trades Ukraine-related sanctions for Russian cooperation on other issues) is not such an easy thing. Going forward we think that a dialogue between the US and Russia will be mostly covering the conflict in Syria, international terrorism and potentially some limited military cooperation in those fields. However, such limited cooperation between the US and Russia is unlikely to have a positive impact on sanctions that are related to the Ukraine conflict. Within the broader sanctions context it has to be stressed that there are not news with regards to the politically motivated EBRD choice to freeze its engagement in Russia and that this decision could be unwound in 2017. Moreover, UK parliamentarians are already looking into the issue of Brexit and sanctions against Russia (i.e. to what extent UK could and should preserve sanctions, while not being a member of the bloc anymore).

All in all, we do not expect material near-term progress (i.e. over the next 3-6 months) with regards to the Western sanctions against Russia. Nevertheless, there remains a fair chance that we may see some cosmetic easing over the next 12 months. However, it has to be stressed that we have already seen too much of optimism with regards to a potential easing of EU sanctions over the last 1-2 years (that was not followed by concrete action) as well. That said, we would expect the sanction relief optimism that has been built up over the last few months (i.e. since the election of Donald Trump) among the Western analyst community to moderate going forward. In this context it has to be stressed that most local (Russian) observers had been more cautious anyways. With regard to the official position the Kremlin continues to stress that it is looking for some signals and actions from the Trump administration so that it could understand how the future relations may look like. From a policymaking perspective we do not see a strong aspiration of the Kremlin to get rid of sanctions swiftly. There are several indications that the recession in the Russian economy is currently bottoming out, with 2016 full year headline GDP growth released at -0.2% yoy. Hence for the next few months policymakers can take credit for stabilising the economy in a rough external environment. We also see Russia likely issuing USD Eurobonds in Q1/Q2 demonstrating that there are no meaningful constraints from current Western sanctions.

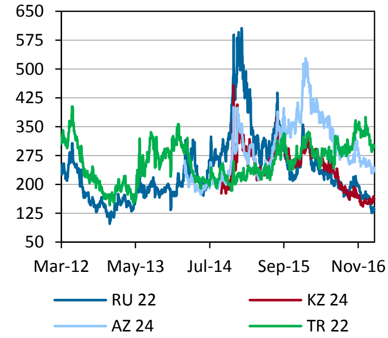
Are Russian markets in need for "sanction relief" boost? Possibly not.

Although the sanction relief optimism (among Western analyst) may falter somewhat we would see a limited market impact from such a sentiment change. We think that from an investor perspective it is key that there are currently limited risks that relations between the West and Russia will worsen materially going forward (i.e. that de facto or je jure sanctions will be tightened). Moreover, for 2017 there are even some upside risks with regards to the growth outlook. For the time being we stick to our conservative 1% GDP growth call for 2017, while the consensus is now looking for a 1.3% GDP growth in 2017 according to most recent surveys (up from 1.1% previously). Furthermore, we see Russian markets well supported by several factors. Firstly, a combination of bottoming out domestically, oil market stabilisation and the focus on orthodox economic policies was rewarded by an earlier-than-expected sovereign rating stabilisation. Already in September 2016 S&P changed the sovereign rating outlook on its BB+ rating from negative to stable. In February 2017 Moody's, rather unexpectedly, improved the rating outlook on Russia (Ba1) from negative to stable. That said we see Russian macro-financial indicators still in very solid territory compared to the overall EM competition. We see the gradual external deleveraging in the Russian economy continuing (external debt may inch below 30% of GDP in 2017/2018), while fiscal deficits are likely to come in below 3% of GDP in 2017 and 2018. Secondly, a rather hawkish CBR stance is supporting the RUB. We are expecting only 100bp in rate cuts for 2017. Thirdly, Russian international bonds are still carrying some sort of scarcity value, while gradually picking up issuance activity in 2016 and 2017 shows that there is decent investor appetite for Russia-related transactions.

All in all, we therefore see no imminent downside for Russian markets in case sanction relief bets will be scaled back. However, we are cautiously positioned in our recommendations anyways. For international investors we see limited upside on the OFZ market due to profit-taking considerations and the exhaustion of further RUB gains. In recent weeks RUB appreciation versus EUR amounted to around 4%, over-compensating the slight price losses on the OFZ market. From a near-term perspective we expect this constellation to be less supporting for EUR-based investors. For sovereign Eurobonds we see limited upside as well due to tight valuations from a peer/rating perspective. This more cautious positioning is also supported by increasing uncertainty with regards to the near- and mid-term US monetary policy outlook.

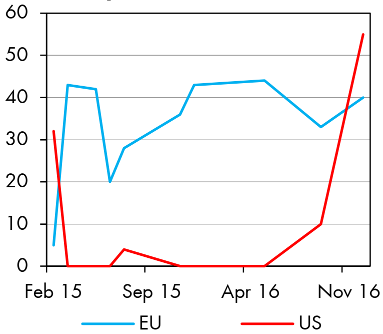
Financial analyst: Gunter Deuber (+43 1 71707 5707), RBI Vienna

Russia vs. peers (spread, bp)*



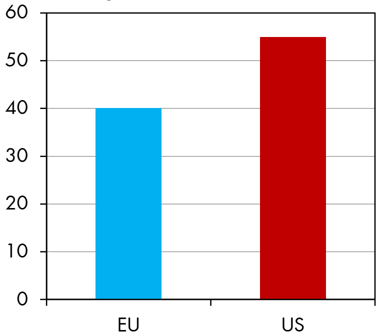
** USD Eurobond (maturity year in bracket, i.e. 22 = 2022) spread in basis points, maximum available history*
Source: Bloomberg, Raiffeisen RESEARCH

Easing of sanctions (% of respondents)*



** "Do you expect an easing of sanctions over the next 12 months?", Bloomberg Special Survey Russia, latest value Dec 16*
Source: Bloomberg, Raiffeisen RESEARCH

Easing of sanctions (% of respondents)*



** "Do you expect an easing of sanctions over the next 12 months?", Bloomberg Special Survey Russia, latest value Dec 16*
Source: Bloomberg, Raiffeisen RESEARCH-

RUB appreciation trend

Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Data calendar and country coverage

This week, previous week: key data releases

Indicator	Period	Actual	Forecast	Previous
Friday 24 February				
HR: CPI, % yoy	Jan	0.9	n.a.	0.2
Tuesday 28 February				
SI: Retail sales, % yoy	Jan	15.4	n.a.	10.1
SI: GDP, % yoy	Q4	2.6	n.a.	2.7
SI: CPI, % yoy	Feb	2.2	n.a.	1.3
RS: Industrial output, % yoy	Jan	2.8	n.a.	3.9
RS: Retail sales, % yoy	Jan	4.1	n.a.	6.8
HU: Key rate, %	Mar	0.90	0.90	0.90
HR: GDP, % yoy	Q4	3.4	3.4	2.9
Wednesday 01 March				
RU: PMI, points	Feb	52.5	n.a.	54.7
TR: PMI, points	Feb	49.7	n.a.	48.7
HU: PMI, points	Feb	59.5	n.a.	56.5
PL: PMI, points	Feb	54.2	54.9	54.8
CZ: PMI, points	Feb	57.6	n.a.	55.7
Thursday 02 March				
RO: Unemployment rate, % yoy	Jan	5.4	n.a.	5.5
UA: Key rate, %	Mar	14.00	14.00	14.00
Friday 03 March				
RO: Retail sales, % yoy	Jan	6.2	n.a.	8.4
TR: CPI, % yoy	Feb	10.1	n.a.	9.2
RU: PMI Services, points	Feb	55.5	n.a.	58.4
RU: PMI Composite, points	Feb	55.4	n.a.	58.3
HU: Retail sales, % yoy	Jan	3.7	5.0	3.2
HU: Trade balance, EUR mn	Dec	579	556	556
SK: Retail sales, % yoy	Jan	7.4	n.a.	4.3

Indicator	Period	Forecast	High	Mean	Low	Previous
Tuesday 07 March						
HU: Industrial output, % yoy	Jan	n.a.	n.a.	n.a.	n.a.	1.9
RU: CPI, % yoy	Feb	n.a.	4.9	4.6	4.5	5.0
Wednesday 08 March						
TR: Industrial output, % yoy	Jan	n.a.	n.a.	n.a.	n.a.	1.3
HU: CPI, yoy	Feb	2.9	2.9	2.7	2.4	2.3
PL: Key rate, %	Mar	1.50	1.50	1.50	1.50	1.50
Thursday 09 March						
CZ: Trade balance, CZK bn	Jan	n.a.	25.0	20.4	14.6	-5.0
CZ: CPI, % yoy	Feb	2.5	2.5	2.4	2.3	2.2
BG: Industrial output, % yoy	Jan	n.a.	n.a.	n.a.	n.a.	6.9
BG: Retail sales, % yoy	Jan	n.a.	n.a.	n.a.	n.a.	3.5
UA: CPI, % yoy	Feb	n.a.	14.6	14.2	12.5	12.6
Friday 10 March						
RO: CPI, % yoy	Feb	n.a.	n.a.	n.a.	n.a.	0.1
RU: Industrial output, % yoy	Jan	n.a.	n.a.	n.a.	n.a.	14.9
BY: CPI, % yoy	Feb	n.a.	n.a.	n.a.	n.a.	9.5

Source: Bloomberg, RBI/Raiffeisen RESEARCH

Bosnia a. H. (BA) – Politics once again took centre stage in B&H, as the request for a review of the ICJ judgment in the B&H lawsuit against Serbia for genocide is still in the spotlight. After B&H officially submitted a request for a review of the ICJ judgment, an extraordinary session of the RS entity National Assembly was held, where it was decided that RS parties would seek legal ways to challenge the decision about reviewing the verdict and that they would not block state institutions. One decision made by the RS National Assembly is to continue fulfilling the conditions cited in the Letter of Intent and in the Reform Agenda, and urging state and federal institutions to fulfil the remaining conditions for the disbursement of the second tranche from the IMF. So in our baseline scenario we still bank on the continuation of the IMF arrangement through the Extended Fund Facility (EFF) and EU accession processes, which are the major pillars and drivers of reform processes in the country. The authorities should remain occupied with preparing materials for the EC's questionnaire, which should be submitted by mid-2017 and will evaluate the country's fitness for joining the EU, eventually triggering candidate country status by the end of the year. However, we believe that the speed the questionnaire is filled in could slow down due to heightened political tensions, nationalistic rhetoric and a lower willingness to cooperate at state level.
As for macroeconomic data, the State Agency for Statistics published the first heavyweight indicators for January 2017, which showed that this year started off on the right foot. More precisely, according to the published data, goods exports went up by 14.3% yoy, goods imports advanced by 9.6%, while the retail trade index increased by 4.5% yoy. It should also be underlined that the Consumer Price Index (CPI) finally snapped back into positive figures (0.7% yoy in January 2017) after 25 months in deflation territory.

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

Croatia (HR) – The forthcoming week will see a few important macroeconomic releases. The first is industrial production for January, which could continue with solid growth rates thanks to stable foreign demand, but also supported by a recovery in domestic demand. So after double-digit growth in December (almost 15% yoy) we anticipate industrial production may increase by 7.5% yoy in January.
Next Thursday, the PPI data for February is set to be released. As January's PPI recorded a positive growth rate (for the first time since July 2013) we reckon that February's PPI figure could accelerate to +3.0% yoy, thus confirming the return of inflation rates to positive territory.
Despite the recent initial GDP estimate for Q4 2016 showing that the biggest positive contribution to GDP growth came from goods exports, the contribution by net foreign demand was ultimately negative (-0.3pp), sending a warning about persistent import dependence. This means the upcoming foreign trade data for December is expected to bring about a deterioration in the merchandise deficit in Q4 2016. However, thanks to all the components of domestic demand (primarily personal consumption which grew by 3.6% yoy in Q4 2016) we expect the forthcoming final GDP data for Q4 2016 will confirm the strongest growth rate since Q1 2008 (+3.4% yoy). Consequently, for the whole of 2016, real GDP is expected to confirm growth at 2.9% yoy.

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

Czech Republic (CZ) – Today the Czech Statistical Office will publish its second estimate of GDP for Q4 2016, detailing the components. According to the preliminary estimate, the Czech economy grew by 1.7% yoy in Q4, which was quite disappointing. The result was 0.6pp below market expectations and 0.4pp below the CNB forecast. However, data released on a monthly basis confirms the good health of the Czech economy; Czech PMI for February reached its highest level since April 2011. We expect the second estimate of GDP will confirm that lower private and public investment activity is the main reason behind the weaker GDP growth, and that Czech economic growth in Q4 was mainly supported by higher household consumption. In our opinion, investment activity for 2017 should pick up again. We expect the Czech economy will grow by 2.7% yoy in 2017. Next week the market's attentions will be focused on inflation for February, which will be released on Thursday. We expect consumer inflation accelerated towards 2.5% in February, mostly due to the much higher food prices.

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

Hungary (HU) – In the week ahead, the inflation release for February (8 March) will be in the spotlight. We expect inflation will rise further on the back of growing food and services prices, forecasting a jump from the previous 2.3% to 2.9% (yoy). Given that imported inflation is unlikely to exert downwards pressure on consumer prices in the course of 2017, and that wage inflation is intensifying (15% minimum wage increase, scarcity of labour) we expect inflation to rise above the 3% target in the second half of the year. In our view, this is significant for monetary policy considerations. The MNB's communications so far have emphasised the stability of the key interest rate (0.9%), with no rate hike projected for the next 1.5-2 years. So far this policy stance has been supported by the MNB's inflation forecast (2017 inflation forecast 2.4%, 2018 forecast 3%; 2016 December Inflation Report). In early 2017 MNB officials are busy cooling inflation expectations, claiming that the Q1 2017 surge in inflation is only a temporary phenomenon. We do not buy into this argument and assume that the MNB will need to revise its inflation forecast upwards as early as March, when the next Inflation Report is published (30 March). The question then is how the MNB will mitigate the apparent conflict between its policy stance (keep rate low) and its forecast (inflation rising above target).

Financial analyst: Zoltán Török (+36 1 484 48 43), Raiffeisen Bank Zrt., Budapest

Poland (PL) – The PMI reading, although slightly below market consensus and below the January outcome, still remains above 54 points and confirms the continued improvement in the manufacturing sector. As indicated by panellists, the rising new orders, export orders and the persistently strong production output support our forecasts regarding faster GDP growth. What is especially worth noting is the growing price pressure, visible in the input and output price component. While input prices are currently at a 6-year high, manufacturers were able to burden customers by raising selling prices. Earlier this week the CSO published the exact GDP breakdown for Q4 2016. The data did not surprise, indicating further growth in private consumption dynamics (4.2%; in Q3: 3.9%) while investments narrowed their decline to -5.8% (in Q3: -7.7%). We believe that the firm growth noted in the inventories change (+1.4 points to GDP) will convert in the coming quarters into higher sales. Data released this week should have no impact on the MPC decision – the next meeting is already next Wednesday (8 March).

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

Romania (RO) – The public budget execution for the first month of the year resulted in a surplus of RON 3.0bn, equivalent to 0.4% of the full year official GDP projection. This was below the levels recorded both in Jan 2015 as well as in Jan 2016, respectively around 0.6% of GDP. Public revenues were by 5.7% below those in January 2016, while public expense went up by 3.5% compared to the same period from the previous year. Further increases of public expenses, as well as losses in public revenues, should arise starting with February as the majority of the additional fiscal stimulus decided by the new Parliament started being effective from the second month of the year. The detailed data on the dynamics of GDP and of its components in Q4 2016 is the main release of the upcoming week (due on 7 March). We expect these new estimates to confirm the flash estimates released on 14 February which put the economic advance in Q4 at 1.3% qoq and 4.7% yoy, above our expectations. To some extent the advance in Q4 should have been favored by the low base set by Q3. We expect private consumption to have remained the main GDP growth driver in Q4, while gross fixed capital formation is likely to have had a modest performance as pointed at by the contraction of construction works.

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

Russia (RU) – Consumer demand improved on the back of real income growth. According to Rosstat data, retail sales continued to fall in January. The yoy real decline measured 2.3%, which is much better than in December (-5.9% yoy). The growth is backed by a sustainable rise in real disposable income (8.1% yoy in January), fuelled by the one-off pension payment and the gradual improvement of consumer sentiment. We expect real consumer expenditure of households to pick up by 2.5% yoy by 2017 year-end, amidst real wage growth of 6% yoy.

Financial analysts: Stanislav Murashov (+7 495 221 9845), AO Raiffeisenbank, Moscow
Financial analyst: Anton Pletenev (+7 495 221 9801), AO Raiffeisenbank, Moscow

Serbia (RS) – The Prime Minister confirmed that early parliamentary elections will not be held, whilst the regular presidential elections will be scheduled soon, with 2 April the most likely date. The market was not surprised with the decision by the leading Serbian Progressive Party (SNS) to nominate current Prime Minister Aleksandar Vucic as its presidential candidate; given the support he enjoys as per the most recent poll he could count on 52.3% support in the first round. Ex-Ombudsman Sasa Jankovic would win 13.9% of the votes, former foreign minister Vuk Jeremic 13.3%, and Serbian Radical Party (SRS) leader Vojislav Seselj 11%. It is too early to say who will be the new Prime Minister, but Mr Vucic's move towards the position of president will not stop the public sector reforms that have been launched under his auspices; instead we expect he will continue to play an active role in the process. The International Monetary Fund (IMF) will only have two reviews this year, as the country has met most of the program targets. The ongoing IMF visit is in preparation for the review that will follow after the elections, and among many topics the institution paid close attention to the restructuring of state copper mine Rudarsko-Topionicarski Basen (RTB), petrochemical producer Petrohemija, fertiliser maker Azotara and methanol and acetic acid manufacturer Metanolsko-Sircetni Kompleks (MSK).

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

Monetary policy and money markets overview

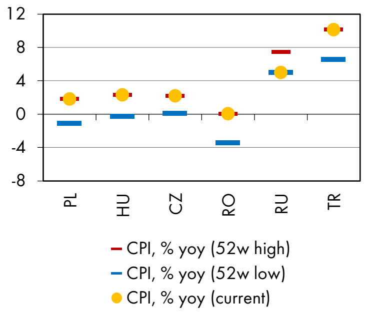
CEE key interest and money markets outlook

Poland	current*	Jun-17	Sep-17	Dec-17	5y high	5y low
Key interest rate	1.50	1.50	1.50	1.50	4.75	1.50
3m money market rate	1.73	1.73	1.73	1.73	5.14	1.65
Hungary						
Key interest rate	0.90	0.90	0.90	0.90	7.00	0.90
3m money market rate	0.23	0.30	0.40	0.50	7.33	0.23
Czech Republic						
Key interest rate	0.05	0.05	0.05	0.05	0.75	0.05
3m money market rate	0.28	0.30	0.30	0.35	1.25	0.00
Romania						
Key interest rate	1.75	1.75	1.75	1.75	5.25	1.75
3m money market rate	0.81	1.00	1.15	1.55	6.30	0.68
Russia						
Key interest rate	10.00	9.50	9.00	9.00	17.00	5.25
3m money market rate	10.45	10.00	9.50	9.50	29.93	6.65
Serbia						
Key interest rate	4.00	4.00	4.00	4.00	11.75	4.00
3m money market rate	3.53	3.60	3.60	3.60	13.13	3.26
Turkey						
Key interest rate	8.00	8.00	8.00	10.00	10.00	4.50
3m money market rate	11.55	11.80	11.00	10.50	12.44	4.85

Benchmark key rates	current	Jun-17	Sep-17	Dec-17	5y high	5y low
ECB key interest rate	0.00	0.00	0.00	0.00	1.00	0.00
Fed key interest rate	0.75	1.00	1.00	1.25	0.75	0.25

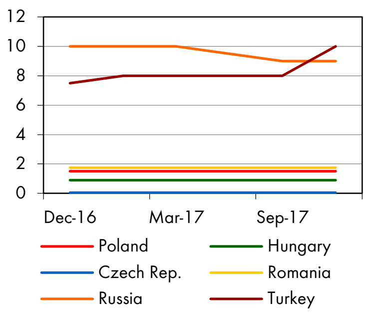
Source: Bloomberg, RBI/Raiffeisen RESEARCH
** Bid rates (for Hungary ask rates) as of 02 March 2017, 11:59 p.m. CET*

Inflation snapshot



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Key rate trends (%)



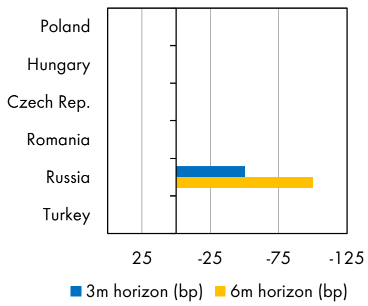
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Central bank watch

Poland (NBP)	Although we revised upwards considerably our avg. CPI inflation forecasts for 2017, reflation is partly driven by one-offs and should not challenge the NBP's inflation target this year. MPC stance to remain therefore wait-and-see.
Hungary (MNB)	Reflation was coming-in stronger than expected recently, prompting us to revise upwards our CPI projections significantly. We expect the MNB to also adjust upwards its inflation path in March's inflation report, but overall ultra-loose MP stance should remain in place since inflation target will not be challenged severely in 2017.
Czech Republic (CNB)	After the publication of February CPI inflation next Thursday, we will adjust our CPI inflation forecast and very likely bring forward the timing of CZKexit (initially we called for H2).
Romania (BNR)	BNR lowered CPI inflation forecasts mainly due to changing economic policy framework. Only after liquidity tightening happens forcefully, rate hikes could start as early as 2018.
Serbia (NBS)	NBS maintains prudent MP stance, i.e. sufficient rate differential, amidst global and election uncertainties.
Russia (CBR)	Since 8 February the CBR is selling around USD 100mn per day in order to hinder the RUB exchange rate from further appreciation. For the time being, the interventions seem to work out well and the correlation to oil also weakened. Given ongoing RUB weakening, CBR to remain cautious and we postponed the resumption of rate cuts.
Turkey (TCMB)	TCMB continued to keep weighted average costs of funding (WACF) at high levels, i.e. slightly below 10.4%, providing ongoing support for lira markets. With its multi-interest rate policy, the bank tries to balance between controlling inflation, investors' call for tight as well as conventional monetary conditions and constant demands for lower interest rates from politicians. At the end, however, we assume that this balancing act will not work out and a return to more conventional policies will be inevitable.

Source: RBI/Raiffeisen RESEARCH

Key rate forecast (chg., bp)



Source: Bloomberg, RBI/Raiffeisen RESEARCH

Rate setting meetings

	Mar	Apr
Poland (NBP)	8	5
Hungary (MNB)	28	25
Czech Republic (CNB)	30	/
Romania (BNR)	/	5
Serbia (NBS)	14	11
Russia (CBR)	24	28
Turkey (TCMB)	16	26

Source: National Central Banks, RBI/Raiffeisen RESEARCH

Raiffeisen RESEARCH

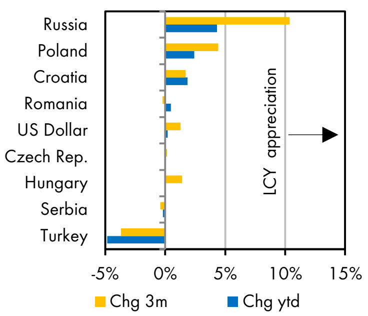
Foreign exchange market overview

FX forecasts

EUR vs	current*	Jun-17	Sep-17	Dec-17	5y high	5y low	Comment
PLN**	4.299	4.45	4.40	4.35	4.40	4.08	The zloty has in our view exploited its short-term appreciation potential at 4.30 to the euro, a moderate setback can be expected; monetary policy to remain with wait-and-see stance
HUF	309.1	315	310	315	316	291	The forint hovers just below the strong end of its 310-315 trading range to the euro, we expect low volatility to remain
CZK**	27.02	27.0	27.0	25.9	27.7	25.1	With February CPI rate again expected to increase the risk for a mid-2017 FX regime abandoning would rise further, we keep our CZK projection under revision
RON	4.521	4.50	4.45	4.45	4.54	4.45	EUR/RON with setback due to political turmoil and budget uncertainty, we would not expect significant volatility in RON
HRK	7.421	7.40	7.45	7.50	7.66	7.50	Appreciation pressures on HRK could continue thus EUR/HRK could oscillate within the range 7.40-7.43 kuna per euro.
RSD	123.7	123	124	125	125	112	Uncertainty over presidential elections weigh on RSD, markets looking on determination of central bank to stabilize movement
RUB	61.73	63.2	61.2	65.1	79.3	40.3	see USD/RUB below
UAH	28.45	27.5	27.5	29.4	29.4	10.6	see USD/UAH below
BYN**	2.007	2.30	2.35	2.47	2.47	1.13	see USD/BYN below
TRY**	3.899	3.88	3.77	3.89	3.89	2.35	see USD/TRY below
USD**	1.053	1.02	1.02	1.05	1.38	1.05	Expectation on further US Fed rate hikes to support USD against euro
USD vs	**current***	**Jun-17**	**Sep-17**	**Dec-17**	**5y high**	**5y low**	
RUB	58.64	62.0	60.0	62.0	73.0	30.5	CBR started with FX interventions for the Ministry of Finance in February, together with our expectation of no additional short-term oil price increase this supports our view of a next RUB move towards 60 against the USD
UAH	27.02	27.0	27.0	28.0	28.0	8.05	Key rate kept stable after recent rise in FX volatility and growing risk of price stability; central bank governor Gontareva could step down, causing additional uncertainty
BYN**	1.907	2.25	2.30	2.35	2.35	0.86	From July 2016 the old Belarusian rouble (BYR) was replaced by a new BYN at a ratio of 10,000:1; it is the third denomination of the local currency after 1994 and 2000; overall depreciation trend in BYN expected to continue on weak fundamentals
TRY**	3.704	3.80	3.70	3.70	3.70	1.78	Speculation on faster US rate hikes and thus USD strengthening weigh on the lira, we project more TRY pressure also from the political side with planned implementation of presidential system

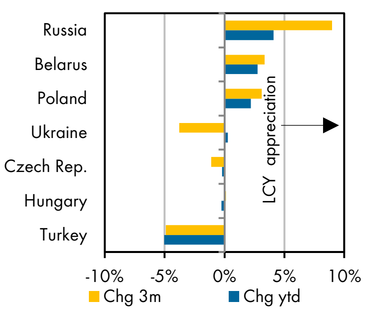
*** under revision*

Change of LCY value to EUR (%)



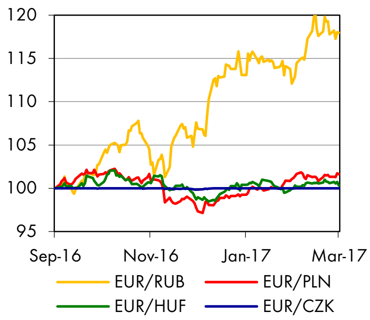
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY value to USD (%)



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Exchange rate comparison

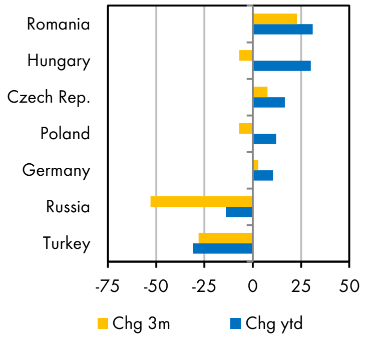


Indexed 02 Sep-16 = 100
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

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

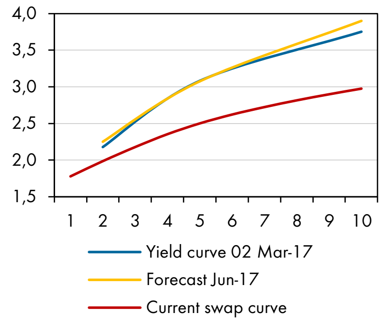
Local currency bond market overview and forecasts

Change of LCY 10y bond yields (bp)



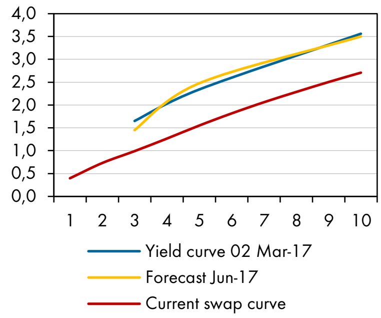
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

PLN yield curve



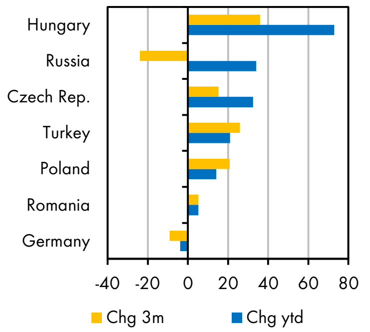
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

HUF yield curve



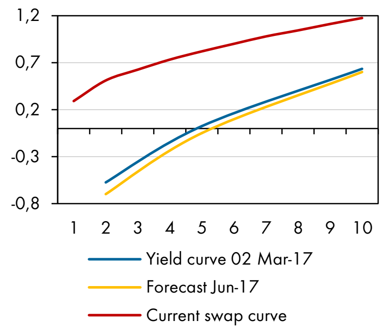
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

Change of LCY 2y bond yields (bp)



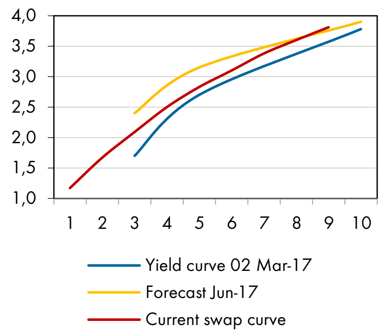
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

CZK yield curve



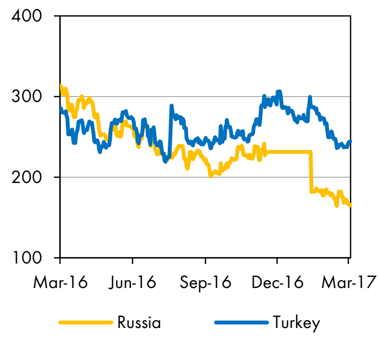
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

RON yield curve



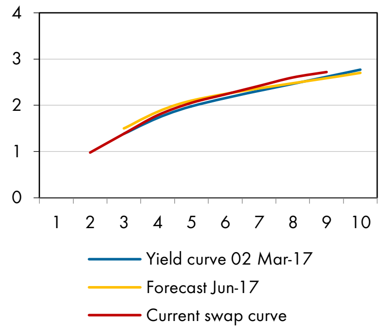
Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

5y USD CDS spreads



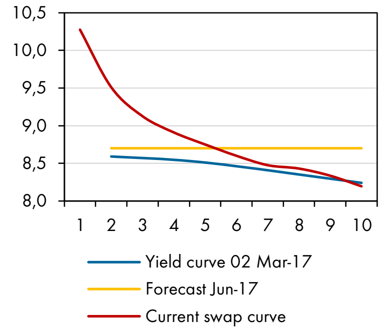
Turkey 5y high 327.1, 5y low 111.7;
Russia 5y high 628.7, 5y low 119.4
Source: Bloomberg, RBI/Raiffeisen RESEARCH

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*	Jun-17	Sep-17	Dec-17	5y high	5y low		current*	Jun-17	Sep-17	Dec-17	5y high	5y low
Poland	2.18	2.3	2.3	2.3	3.1	1.6	Poland	3.75	3.9	4.0	4.0	4.3	2.5
Hungary **	1.65	1.5	1.6	1.7	5.7	0.9	Hungary	3.56	3.5	3.6	3.7	6.2	3.3
Czech Republic***	-0.58	-0.7	-0.6	0.1	0.5	-0.9	Czech Republic***	0.63	0.6	0.5	1.1	2.5	0.5
Romania	1.70	1.9	2.1	2.4	6.4	1.5	Romania	3.78	3.9	3.8	4.0	6.9	3.5
Croatia	1.38	1.5	1.5	1.6	4.4	0.9	Croatia	2.77	2.7	2.7	2.7	5.2	2.7
Russia	8.59	8.7	8.5	8.3	15.8	6.2	Russia	8.24	8.7	8.5	8.4	14.1	6.9
Turkey	10.91	11.5	10.5	10.0	11.0	6.1	Turkey	10.78	11.2	10.7	10.2	11.1	6.6
Germany	-0.85	-0.7	-0.7	-0.6	0.2	-0.8	Germany	0.31	0.5	0.5	0.7	1.9	0.1
USA	1.32	1.4	1.4	1.5	1.5	0.2	USA	2.49	2.5	2.7	2.9	3.0	1.8

** Bid yields as of 02 March 2017, 11:59 p.m. CET; ** 3y yield ; *** under revision*
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Local currency bond market overview

CEE local currency bond market snapshot

	Maturity	Coupon (%)	Bid Price	YTM (%)	Spread to Bunds (bp)	MDur.	Comment
Poland							
PLN 2y Gov. Bond	25/04/2019	0.00	95.42	2.22	306	2.1	POLGB yields seem to have warmed to higher yield levels, maintaining comfortable spreads over Bunds. Although a considerable uptick in CPI inflation was witnessed locally, local rate hike expectations for 2017 should ease again and lend support to POLGBs. Whilst pressure from core markets is set to intensify in view of US rate hikes, comfortable prefinancing cushion keeps debt managers' flexibility high.
PLN 5y Gov. Bond	25/04/2022	2.25	95.90	3.13	360	4.8	
PLN 10y Gov. Bond	25/07/2027	2.50	89.03	3.80	349	9.1	
Hungary							
HUF 3y Gov. Bond	23/09/2020	1.00	97.98	1.59	235	3.5	HGBs managed gains in the past two weeks, limiting the room for further gains going forward given looming US rate hikes in March. Although reflation dynamics surprised to the upside most recently, we find reflation pricing too aggressive.
HUF 5y Gov. Bond	26/10/2022	1.75	97.23	2.28	276	5.4	
HUF 10y Gov. Bond	27/10/2027	3.00	95.61	3.50	320	9.1	
Czech Republic							
CZK 2y Gov. Bond	11/04/2019	5.00	111.69	-0.53	31	2.0	Demand for CZGBs at the latest auctions was not as strong as expected and therefore spread over Bunds remained fairly stable. With CZKexit coming closer, we would expect another wave of speculative positioning going forward, increasing the pressure for spread narrowing.
CZK 5y Gov. Bond	29/09/2021	3.85	117.74	-0.04	44	4.2	
CZK 10y Gov. Bond	26/06/2026	1.00	103.70	0.59	29	8.9	
Croatia							
HRK 2y Gov. Bond	10/07/2018	5.25	105.91	0.82	130	1.3	In anticipation of the date of new Croatian eurobond issuance.
HRK 10y Gov. Bond	14/12/2026	4.25	112.85	2.74	244	8.2	
Romania							
RON 2y Gov. Bond	17/01/2018	3.25	101.97	0.95	171	0.9	ROMGBs are increasingly repricing fiscal risks going forward amidst ongoing political uncertainty. Given the stable RON exchange rate, however, ROMGB investors remained sanguine despite the ongoing political crisis.
RON 5y Gov. Bond	22/03/2021	3.25	102.27	2.65	313	3.8	
RON 10y Gov. Bond	24/02/2025	4.75	107.27	3.68	338	6.9	
Russia							
RUB 2y Gov. Bond	27/02/2019	7.50	98.30	8.63	947	1.9	As expected, CBR RUB weakening interventions coupled with unfavorable supply-demand dynamics set in motion a moderate correction on the tightly-priced OFZ market. However, expected decrease in volatility supports the l/t OFZ outlook.
RUB 5y Gov. Bond	18/08/2021	7.50	96.95	8.51	899	3.8	
RUB 10y Gov. Bond	03/02/2027	8.15	100.30	8.27	797	7.1	
Turkey							
TRY 2y Gov. Bond	11/07/2018	8.70	97.10	11.04	1188	1.3	Following the stellar outperformance during February, we recommended last week to take profits via a tactical Sell recommendation for TURKGBs. Indeed, TRY markets are again on a weakening path and prospects for high-beta Turkey remain clouded given looming US rate hikes.
TRY 5y Gov. Bond	22/09/2021	9.20	93.68	11.00	1148	3.8	
TRY 10y Gov. Bond	11/02/2026	10.60	98.40	10.88	1058	6.1	

Data as of 03 March 2017, 11:21 a.m. CET
Source: Bloomberg, RBI/Raiffeisen RESEARCH

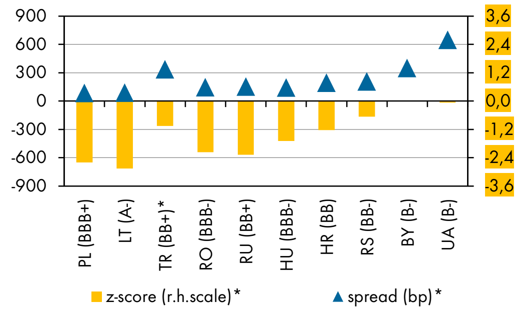
Bond auctions

		ISIN	Coupon	Maturity	Volume
06 March					
TR	5y T-bonds	n.a.	n.a.	06.03.2022	TRY 996.2 mn
RO	5y T-bonds	n.a.	n.a.	06.03.2022	n.a.
07 March					
TR	10y T-bonds	n.a.	n.a.	07.03.2027	TRY 1,183 mn
TR	2y T-bonds	n.a.	n.a.	n.a.	TRY 1,104 mn
08 March					
CZ	3y T-bonds	n.a.	zero	07.03.2020	n.a.
CZ	6y T-bonds	n.a.	0.45%	07.03.2023	n.a.
CZ	11y T-bonds	n.a.	2.50%	07.03.2028	n.a.
09 March					
HU	T-bonds	n.a.	FRN	n.a.	n.a.

Source: Bloomberg, Thomson Reuters, RBI/Raiffeisen RESEARCH

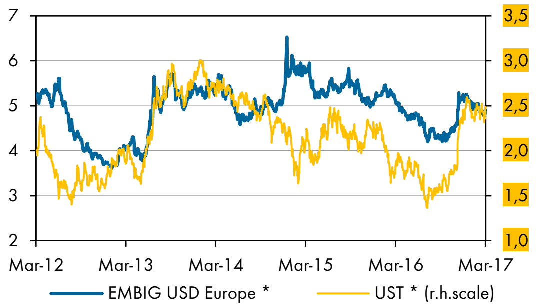
Eurobond market overview

CEE USD EMBIG spread valuation*



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

CEE EMBIG USD vs. UST YTM*



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

	Market Price					YTM mid.	Spread	Mdur.	ISIN
Issuer/rate/due	Bid	Ask	w/w %	5y max	5y min	% p. a.	Bmk, bp	years	–
EUR									
BGARIA 4 1/4 07/09/17	101.5	101.8	-0.10	111.8	100.3	-0.58	9	0.3	XS0802005289
CROATI 5 7/8 07/09/18	107.9	108.1	0.04	112.1	95.9	-0.06	60	1.3	XS0645940288
REPHUN 3 7/8 02/24/20	110.8	111.2	-0.06	113.1	74.9	0.16	92	2.9	XS0212993678
REPHUN 4 3/8 07/04/17	101.6	101.9	0.00	108.0	83.6	-0.95	-27	0.3	XS0284810719
REPHUN 5 3/4 06/11/18	107.3	107.5	-0.30	115.1	86.3	-0.08	56	1.2	XS0369470397
REPHUN 6 01/11/19	110.9	111.2	-0.11	118.4	86.4	0.04	83	1.8	XS0625388136
LITHUN 4.85 02/07/18	104.9	105.0	-0.15	114.3	100.4	-0.50	6	0.9	XS0327304001
POLAND 5 5/8 06/20/18	107.5	108.0	-0.14	122.6	102.1	-0.35	30	1.2	XS0371500611
POLAND 1 5/8 01/15/19	103.2	103.6	0.02	105.5	98.0	-0.20	60	1.8	XS0874841066
POLAND 3 3/4 01/19/23	118.1	118.6	-0.01	125.5	99.9	0.56	92	5.4	XS0794399674
POLAND 3 3/8 07/09/24	117.0	117.5	-0.02	125.6	99.6	0.94	107	6.5	XS0841073793
ROMANI 4 7/8 11/07/19	112.6	112.9	0.04	117.8	99.3	0.09	88	2.5	XS0852474336
TURKEY 5 7/8 04/02/19	109.5	109.8	-0.20	118.9	105.0	1.15	198	1.9	XS0285127329
TURKEY 5 1/8 05/18/20	109.5	109.9	-0.48	115.9	99.7	1.95	269	2.9	XS0503454166
USD									
BELRUS 8.95 01/26/18	103.0	103.6	0.24	111.2	78.0	5.07	413	0.8	XS0583616239
CROATI 6 3/8 03/24/21	109.5	110.0	-0.07	117.8	91.7	3.76	194	3.5	XS0607904264
CROATI 5 1/2 04/04/23	106.9	107.4	-0.31	111.7	94.4	4.16	198	5.1	XS0908769887
REPHUN 5 3/8 02/21/23	109.5	109.8	-0.54	115.4	93.1	3.56	140	5.1	US445545AH91
REPHUN 7 5/8 03/29/41	142.5	143.3	0.04	157.5	87.4	4.64	175	12.7	US445545AF36
LITHUN 7 3/8 02/11/20	113.6	114.0	-0.06	130.7	112.8	2.46	87	2.7	XS0485991417
LITHUN 6 5/8 02/01/22	116.9	117.3	0.09	128.6	107.4	2.86	86	4.2	XS0739988086
LATVIA 2 3/4 01/12/20	101.1	101.6	-0.03	104.5	91.4	2.27	70	2.7	XS0863522149
LATVIA 5 1/4 06/16/21	110.7	111.2	0.04	117.2	96.0	2.53	66	3.8	XS0638326263
POLAND 6 3/8 07/15/19	110.1	110.3	-0.29	125.9	109.0	1.92	50	2.2	US731011AR30
POLAND 3 03/17/23	99.5	99.8	-0.32	105.1	87.6	3.06	89	5.4	US731011AT95
ROMANI 6 3/4 02/07/22	115.4	115.7	-0.28	124.4	99.9	3.30	129	4.2	US77586TAA43
ROMANI 4 3/8 08/22/23	104.8	105.1	-0.31	111.1	90.8	3.52	128	5.6	US77586TAC09
RUSSIA 4 1/2 04/04/22	106.0	106.3	-0.14	114.7	82.0	3.18	115	4.5	XS0767472458
RUSSIA 7 1/2 03/31/30	120.0	120.2	-0.03	128.6	99.6	2.34	-23	3.7	XS0114288789
RUSSIA 5 5/8 04/04/42	108.3	108.9	-0.77	124.9	76.0	5.02	209	13.5	XS0767473852
SERBIA 5 1/4 11/21/17	102.1	102.4	-0.05	107.1	96.8	2.06	117	0.7	XS0856951263
SERBIA 4 7/8 02/25/20	103.1	103.5	-0.09	105.4	89.6	3.69	210	2.7	XS0893103852
TURKEY 6 1/4 09/26/22	105.3	105.8	-1.17	127.0	102.5	5.10	300	4.6	US900123BZ27
TURKEY 6 7/8 03/17/36	104.4	104.9	-2.43	139.6	99.2	6.45	370	10.4	US900123AY60
TURKEY 6 3/4 05/30/40	103.1	103.8	-2.60	139.4	97.3	6.46	359	11.6	US900123BG46
UKRAIN 7 3/4 09/01/19	100.6	101.1	-0.46	102.3	88.0	7.36	590	2.2	XS1303918269
UKRAIN 7 3/4 09/01/23	95.5	96.0	-1.19	99.9	84.6	8.62	638	5.0	XS1303921487
UKRAIN 7 3/4 09/01/27	92.3	92.7	-1.46	98.4	81.2	8.86	637	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 03 Mar 2017, 10:04 AM CET
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Summary: Ratings & macro data

Country ratings: CE, SEE, EE

	S&P			Moody's			Fitch		
	LCY	FCY	Outlook	LCY	FCY	Outlook	LCY	FCY	Outlook
CE									
Poland	A-	BBB+	stable	A2	A2	negative	A	A-	stable
Hungary	BBB-	BBB-	stable	Baa3	Baa3	stable	BBB-	BBB-	stable
Czech Republic	AA	AA-	stable	A1	A1	stable	AA-	A+	stable
Slovakia *	A+	A+	stable	A2	A2	stable	A+	A+	stable
Slovenia *	A	A	positive	Baa3	Baa3	positive	A-	A-	stable
SEE									
Romania	BBB-	BBB-	stable	Baa3	Baa3	positive	BBB	BBB-	stable
Bulgaria	BB+	BB+	stable	Baa2	Baa2	stable	BBB	BBB-	stable
Croatia	BB	BB	stable	Ba2	Ba2	negative	BB+	BB	stable
Serbia	BB-	BB-	positive	B1	B1	positive	BB-	BB-	stable
EE									
Russia	BBB-	BB+	stable	Ba1	Ba1	stable	BBB-	BBB-	stable
Ukraine	B-	B-	stable	Caa3	Caa3	stable	B-	B-	stable
Belarus	B-	B-	stable	Caa1	Caa1	stable	B-	B-	stable
Kazakhstan	BBB-	BBB-	negative	Baa3	Baa3	negative	BBB	BBB	stable
Turkey	BB+	BB	negative	Ba1	Ba1	stable	BBB-	BB+	stable

** Euro area (Euro currency) members; positive rating/outlook changes (in previous week) in green, negative changes in red*
Source: rating agencies websites

Main macro data & forecasts*

Country	Year*	GDP, % avg. yoy	CPI, % avg. yoy	Unemployment, %	Nominal wages, EUR	Fiscal balance, % GDP	Public debt, % GDP	Export **, % GDP	C/A, % GDP	Ext. Debt, % GDP	FXR***% ext. debt	Import cover, months
Croatia	2016	2.9	-1.1	13.6	1029	-2.0	84.2	24.4	3.2	94.7	31.5	9.0
	2017f	3.3	1.9	12.5	1055	-2.4	82.6	23.9	2.5	87.4	32.4	8.8
	2018f	2.8	1.6	11.2	1074	-2.5	80.6	23.6	2.2	86.1	31.5	8.6
Czech Rep.	2016	2.3	0.7	5.5	1020	0.0	39.2	70.3	2.4	73.2	63.8	8.4
	2017f	2.7	2.5	5.3	1073	-0.2	36.8	70.1	1.5	77.3	85.7	12.0
	2018f	2.5	1.6	5.3	1176	0.0	35.8	69.6	1.2	74.0	80.9	10.9
Hungary	2016	2.0	0.3	5.3	847	-1.5	74.1	83.8	3.5	97.8	22.2	3.4
	2017f	3.2	3.3	4.5	937	-2.5	73.4	82.7	3.2	89.0	22.5	3.2
	2018f	3.4	3.0	4.1	1010	-3.0	72.6	82.2	2.9	83.2	21.1	2.8
Poland	2016	2.8	-0.6	9.0	930	-2.6	52.8	41.3	-0.5	74.1	34.3	7.4
	2017f	3.3	1.9	8.3	964	-3.0	53.2	41.4	-0.8	76.8	28.8	6.4
	2018f	3.0	2.2	8.2	1019	-3.2	53.7	n.a.	-1.1	76.7	n.a.	n.a.
Romania	2016	4.8	-1.5	6.0	642	-2.6	37.9	30.9	-2.4	54.9	41.0	7.4
	2017f	4.2	0.9	5.4	718	-3.6	38.9	31.0	-3.6	52.8	40.0	6.8
	2018f	3.5	2.9	5.1	760	-3.8	40.3	32.2	-3.8	53.0	38.3	6.2
Russia	2016	-0.2	7.1	5.5	495	-3.7	13.5	22.2	1.7	39.1	80.6	25.6
	2017f	1.0	4.7	5.3	611	-2.6	14.0	23.6	5.0	31.4	86.0	22.4
	2018f	1.5	4.5	5.3	618	-2.4	14.5	22.8	5.5	26.0	98.0	21.3
Ukraine	2016	2.2	13.9	9.0	n.a.	-3.0	76.5	36.9	-3.7	131.8	13.6	4.8
	2017f	2.0	10.7	9.0	n.a.	-4.0	78.4	35.9	-4.6	125.1	14.5	5.0
	2018f	3.0	7.5	8.5	n.a.	-3.0	73.0	34.6	-3.8	118.2	14.6	5.0
Turkey	2016	2.0	7.6	10.0	n.a.	-2.0	32.0	21.7	-5.2	57.5	27.1	6.5
	2017f	2.0	8.0	10.3	n.a.	-2.5	33.0	26.0	-6.3	66.3	25.7	6.0
	2018f	3.5	7.5	10.0	n.a.	-1.8	32.0	n.a.	-4.9	63.5	22.1	n.a.

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

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Bonds

Distribution of short term recommendations (preceding 3 months prior to this publication)	
Recommendation	Basis: all analysed Government bonds
Buy	18%
Hold	60%
Sell	22%
Not rated	0%

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

Date	10Y Czech Rep.	10Y Hungary	10Y Poland	10Y Romania	10Y Russia	10Y Turkey
24/02/2017	|	|	Hold	|	Sell	|
25/01/2017	Hold	Buy	Buy	Hold	Hold	Hold
24/01/2017	|	|	|	|	|	|
15/12/2016	Hold	Buy	Buy	Hold	Hold	Sell
28/11/2016	|	|	|	|	|	|
24/11/2016	|	|	|	|	Hold	|
21/10/2016	|	|	|	|	|	|
26/09/2016	|	|	|	|	|	|
23/09/2016	Hold	Hold	Hold	Hold	Buy	Sell
26/08/2016	|	|	|	|	|	|
25/08/2016	Hold	Buy	Hold	Hold	Buy	Sell
29/07/2016	Hold	Buy	Hold	Hold	Buy	Sell
27/07/2016	|	|	|	|	|	|
21/07/2016	|	|	|	|	|	Sell
20/06/2016	Hold	Buy	Hold	Hold	Buy	Buy
31/05/2016	Hold	Buy	Hold	Hold	Buy	Buy
13/05/2016	|	|	|	|	|	|
26/04/2016	Hold	Buy	Hold	Hold	Hold	Hold
20/04/2016	|	|	|	|	|	|
30/03/2016	|	|	|	|	|	|
29/03/2016	|	|	|	|	|	|
24/03/2016	Hold	Buy	Hold	Hold	Hold	Sell
17/03/2016	|	|	|	|	|	|

Date	2Y Czech. Rep.	2Y Poland	2Y Russia	2Y Turkey	BG EUROBOND EUR	BY EUROBOND USD
24/02/2017	|	|	Sell	|	|	|
25/01/2017	Hold	Hold	Hold	Hold	|	|
24/01/2017	|	|	|	|	|	Hold
15/12/2016	Hold	Hold	Buy	Sell	|	|
28/11/2016	|	|	|	|	Hold	|
24/11/2016	|	|	Hold	|	|	|
21/10/2016	|	|	|	|	|	Sell
26/09/2016	|	|	|	|	Buy	|
23/09/2016	Hold	Hold	Buy	Sell	|	|
26/08/2016	|	|	|	|	|	|
25/08/2016	Hold	Hold	Buy	Sell	|	|
29/07/2016	Hold	Hold	Buy	Sell	Hold	|
27/07/2016	|	|	|	|	|	|
21/07/2016	|	|	|	Sell	|	|
20/06/2016	Hold	Hold	Buy	Buy	Buy	Hold
31/05/2016	Hold	Hold	Buy	Buy	|	|
13/05/2016	|	|	|	|	Hold	Hold
26/04/2016	Hold	Hold	Hold	Hold	Hold	Hold
20/04/2016	|	|	|	|	Buy	Hold
30/03/2016	|	|	|	|	|	Hold
29/03/2016	|	|	|	|	Buy	Hold
24/03/2016	Hold	Hold	Hold	Sell	Hold	Hold
17/03/2016	|	|	|	|	Hold	|

Date	CZ EUROBOND EUR	HR EUROBOND EUR	HR EUROBOND USD	HU EUROBOND EUR	HU EUROBOND USD	KZ EUROBOND USD
24/02/2017	|	Buy	|	|	|	|
25/01/2017	|	|	|	|	|	|
24/01/2017	|	|	|	|	|	Hold
15/12/2016	|	|	Hold	|	|	|
28/11/2016	|	Hold	|	|	|	Buy
24/11/2016	|	|	|	|	|	|
21/10/2016	|	|	|	|	|	|
26/09/2016	|	Buy	Sell	|	|	|
23/09/2016	|	|	|	|	|	|
26/08/2016	|	|	|	|	|	Hold
25/08/2016	|	|	|	|	|	|
29/07/2016	|	|	|	Hold	Hold	Buy
27/07/2016	|	|	|	|	|	|
21/07/2016	|	|	|	|	|	|
20/06/2016	Hold	Sell	Sell	Buy	Buy	Hold
31/05/2016	|	|	|	|	|	|
13/05/2016	Hold	Hold	Hold	Hold	Hold	Hold
26/04/2016	Hold	Hold	Hold	Hold	Hold	Hold
20/04/2016	Hold	Hold	Hold	Hold	Hold	Buy
30/03/2016	|	|	|	|	|	|
29/03/2016	Hold	Hold	Hold	Hold	Hold	Buy
24/03/2016	Hold	Hold	Hold	Hold	Hold	Buy
17/03/2016	Hold	Hold	Hold	Buy	Buy	Buy

Date	LT EUROBOND EUR	LT EUROBOND USD	MK EUROBOND EUR	PL EUROBOND EUR	PL EUROBOND USD	RO EUROBOND EUR
24/02/2017	|	|	|	|	|	|
25/01/2017	|	|	|	|	|	|
24/01/2017	Buy	|	|	|	|	|
15/12/2016	|	Buy	Hold	|	|	Hold
28/11/2016	|	|	|	Hold	|	Buy
24/11/2016	|	|	|	|	|	|
21/10/2016	|	|	|	|	|	|
26/09/2016	|	|	|	Buy	|	|
23/09/2016	|	|	|	|	|	|
26/08/2016	|	|	|	|	|	|
25/08/2016	|	|	|	Hold	Hold	|
29/07/2016	|	|	|	|	|	Hold
27/07/2016	|	|	Buy	|	|	|
21/07/2016	|	|	|	|	|	|
20/06/2016	Hold	Hold	Hold	Sell	Sell	Sell
31/05/2016	|	|	|	|	|	|
13/05/2016	Hold	Hold	Hold	Sell	Sell	Hold
26/04/2016	Hold	Hold	Hold	Sell	Sell	Hold
20/04/2016	Buy	Hold	Hold	Buy	Hold	Hold
30/03/2016	|	|	|	|	|	|
29/03/2016	Buy	Hold	Buy	Buy	Hold	Hold
24/03/2016	Hold	Hold	Buy	Buy	Buy	Hold
17/03/2016	Hold	Hold	Buy	Buy	Buy	Hold

Date	RO EUROBOND USD	RS EUROBOND USD	RU EUROBOND EUR	RU EUROBOND USD	SI EUROBOND EUR	SI EUROBOND USD
24/02/2017	|	|	|	|	|	|
25/01/2017	|	|	|	|	|	|
24/01/2017	|	Hold	|	|	|	|
15/12/2016	|	|	Hold	|	|	|
28/11/2016	|	|	Sell	Sell	|	Hold
24/11/2016	|	|	|	|	|	|
21/10/2016	|	|	|	|	|	|
26/09/2016	|	Buy	|	|	|	|
23/09/2016	|	|	|	|	|	|
26/08/2016	|	Hold	Hold	Hold	Hold	|
25/08/2016	|	|	|	|	|	|
29/07/2016	Hold	|	Buy	Buy	|	|
27/07/2016	|	|	|	|	|	|
21/07/2016	|	|	|	|	|	|
20/06/2016	Sell	Buy	Hold	Hold	Buy	Buy
31/05/2016	|	|	|	|	|	|
13/05/2016	Hold	Buy	Hold	Hold	Buy	Buy
26/04/2016	Hold	Buy	Hold	Hold	Buy	|
20/04/2016	Hold	Hold	Hold	Hold	Buy	|
30/03/2016	|	|	|	|	|	|
29/03/2016	Hold	Hold	Hold	Hold	Buy	|
24/03/2016	Hold	Hold	Hold	Hold	Buy	|
17/03/2016	Hold	Hold	Hold	Hold	Buy	|

Date	SK EUROBOND EUR	TR EUROBOND EUR	TR EUROBOND USD	UA EUROBOND USD
24/02/2017	|	|	|	|
25/01/2017	|	|	|	|
24/01/2017	|	|	|	|
15/12/2016	|	|	|	Sell
28/11/2016	|	Hold	Hold	Hold
24/11/2016	|	|	|	|
21/10/2016	|	Buy	Buy	Buy
26/09/2016	|	Hold	Hold	|
23/09/2016	|	|	|	|
26/08/2016	Hold	|	|	|
25/08/2016	|	|	|	|
29/07/2016	Sell	|	|	|
27/07/2016	|	|	|	|
21/07/2016	|	Sell	Sell	|
20/06/2016	Hold	Buy	Hold	Hold
31/05/2016	|	|	|	|
13/05/2016	Hold	Hold	Hold	Hold
26/04/2016	Hold	Buy	Buy	Hold
20/04/2016	Hold	Buy	Buy	Hold
30/03/2016	|	|	|	|
29/03/2016	Hold	Buy	Buy	Hold
24/03/2016	Hold	Buy	Buy	Sell
17/03/2016	Hold	Buy	Buy	Sell

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