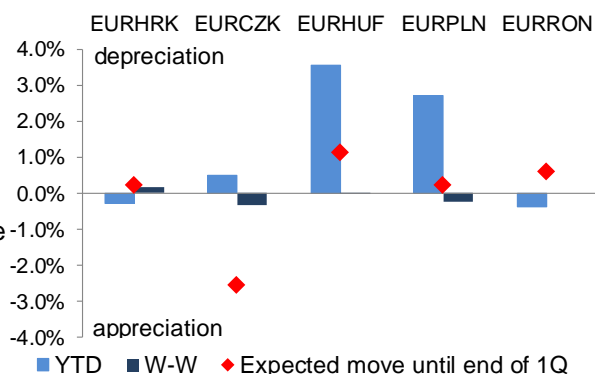


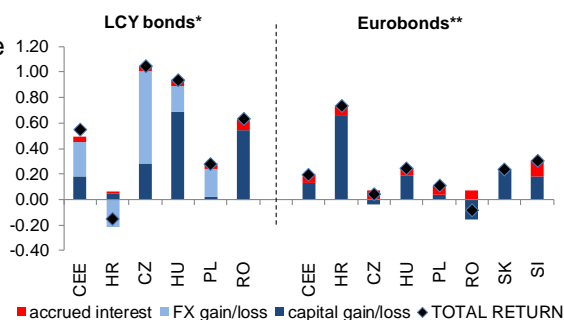
# CEE Market Insights

## Market outlook

Currencies were less affected by the seismic events that unfolded on rate and bond markets last week. The Czech koruna managed to gain the most last week, while other currencies moved to a lower extent. The CZK might have received a boost from the still hawkish stance of the CNB, while rate expectations globally seem to be going in the opposite direction. Looking forward, we do not see strong mis-pricing on currency markets in the region. However, we are closely watching news on the export outlook for the region. Looking at global and local PMIs, these currently point toward weakening export prospects.



Longer-term rates and yields fell substantially everywhere in CEE last week. Yield drops came as PMIs tanked globally and in the region. In the Czech Republic, where the central bank has been pursuing a rather hawkish policy thus far, the swap curve recently became inverted. This suggests that the central bank might find itself another factor to look at, besides the currency, as a downward sloping yield curve is usually not a positive sign for the real economy.



## Looking ahead this week:

Monday	Tuesday	Wednesday	Thursday	Friday
RO, HU, SK: Retail	RO: Target Rate CZ, HU: Industry HR: Retail RS: PPI	PL: Target Rate CZ, RO, HU, SK, SI, HR: Trade Balance RO: Unemployment HR: PPI	RS: Target Rate SK, SI: Industry CZ: CPI	RO: GDP, Wages CZ: GDP, Retail RS: CPI

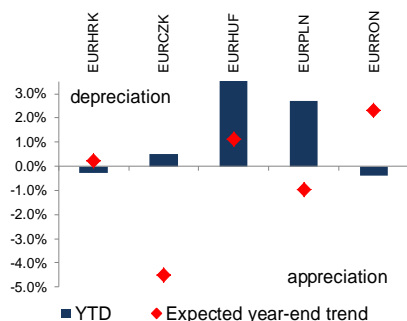
There will be three MPC meetings in the CEE region this week. The first one will take place on Tuesday in Romania, and the MPC is to keep the key interest rate unchanged at 2.5%. Given the high uncertainty around the budget development (the budget will be approved only at the end of January or beginning of February), it is very difficult to quantify the impact on GDP growth. However, we see increased risks that the GDP growth may slide below 3% this year. With the new unconventional measure punishing banks via a banking levy unless they quote the ROBOR below 2%, it seems that the monetary transmission channel will be paralyzed, or at least less efficient. Thus, we do not expect any change in the key rate this year. However, reduced demand among local financial institutions (banks and pension funds) for government securities may result in a steepening of the yield curve. On Wednesday, Poland's central bank will likely keep rates unchanged, especially after inflation went down to 1.1% in December (according to the flash estimate) and PMIs sank below 50. One might think that the central bank could actually cut the rate later this year, but given that the central bank has been tolerating low inflation for a long time, we do not think so. The rate setting meeting in Serbia should not bring any change in rates, as inflation remains subdued.

## In case you missed it last week...

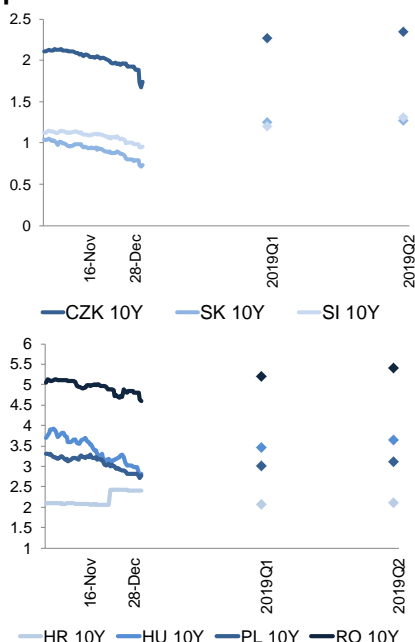
- CEE: Weak PMIs, low oil prices and falling yields on major markets have sent yields down in CEE
- RO: Government adopted broad set of sector taxes for banking, energy and telecom sectors
- RO: Pension funds face risk of downsizing, due to new regulatory measures
- PL: Inflation fell to 1.1% in December (from 1.3%), according to flash estimate

## FX and bond market stable in CEE

### YTD change on FX market



### 10Y government bond yields, percent



Source: Erste Group Research, Bloomberg.

### On global markets:

The publication of the ISM index for December showed the effects of the financial market turbulence. This most important indicator for US industry fell sharply, albeit from historically very high levels. The question is how strong the economic slowdown will be in the US in 2019, but also globally. The sharp decline in the index is a consequence of the uncertainty triggered by the sell-off in the markets. Until November, US economic data had been solid, although the pace of growth slowed from a high level. For our outlook, we no longer expect any US interest rate hike in March, as the sentiment is unlikely to have improved sufficiently by then, but we are sticking with three interest rate hikes for 2019. For the same reason, we are reducing our yield forecasts for 10Y German Bunds and US Treasuries. However, the decision on these revisions was not easy for us, as a brightening of sentiment, for example as a result of an agreement in the trade conflict between the US and China, or a recovery on the stock markets, could also occur quite quickly. This would bring a US interest rate hike back into play in March and would allow yields to rise more quickly.

### CEE currencies:

Currencies were less affected by the seismic events that unfolded on rate and bond markets last week. The Czech koruna managed to gain the most last week, while other currencies moved to a lower extent. The CZK might have received a boost from the still hawkish stance of the CNB, while rate expectations globally seem to be going in the opposite direction. The intensification of fears of a global slowdown could potentially hurt CEE currencies too, as domestic demand is unlikely to weaken in CEE too much, while industrial output could feel the damage, and thus, exports could be weaker. This is at least what most PMI readings in the region (apart from the Hungarian one) are suggesting, so we would not bet on too much FX appreciation. The CZK could be an exception, as the central bank could continue to emphasize that it wants a stronger currency to keep inflation under control. However, even such considerations by the CNB could fade if industry slows down as feared by purchasing managers.

### CEE rates and yields:

Longer-term rates and yields fell substantially everywhere in CEE last week. Surprisingly, yields fell even in Romania, despite the jitters caused by the new government measures, which were decided in a rush towards the end of last year. Yield drops came as PMIs tanked globally and in the region (apart from Hungary, although the reading is quite volatile there, reducing its predictive power for industry). In the Czech Republic, where the central bank has been pursuing a rather hawkish policy thus far, the swap curve recently became inverted. This suggests that the central bank might find itself another factor to look at, besides the currency, as a downward sloping yield curve is usually not a positive sign for the real economy. If the CZK appreciates further, the CNB might sigh in relief and not hike at the beginning of February. In their latest meeting minutes, most board members indicated that they want to wait with the new staff forecast, also due to be released at the February 7 meeting, to decide how to go forward with the rate policy. The chances are increasing that the growth forecast will deteriorate. Generally speaking, for most CEE countries, we rather see downward risks to our current yield forecasts.

## Calendar

Time	Country	Indicator	Period	Survey	Erste Est.	Prev.	Pre Comment
<b>7-Jan</b>							
8:00	RO	Retail Sales (y/y)	Nov		4.6%	5.1%	Retail sales are growing at half pace from 2017
9:00	HU	Retail Sales (y/y)	Nov		5.4%	5.5%	We expect internal demand to remain robust, but retail sales may mitigate slightly in November, due to high base effect
9:00	SK	Retail Sales (y/y)	Nov		4.8%	6%	
<b>8-Jan</b>							
	RO	Target Rate	Jan 8	2.5%	2.50%	2.5%	NBR is likely to remain on hold at beginning of 2019, due to far-reaching consequences of sector taxes and reform of private pension system announced by government
9:00	CZ	Industrial Production (y/y)	Nov	4.9%	4.80%	6.7%	Industrial output is still being positively affected by both domestic and foreign demand. However, we see a slowdown, due to full utilisation of capacities and lower volume of foreign orders in 4Q 18. On the other hand, the November figure was positively affected by a calendar effect.
9:00	HU	Industrial Production (y/y)	Nov		2.20%	3.3%	Negative effect of worsening business climate in Europe on Hungarian manufacturing sector is expected to persist
11:00	HR	Retail Sales (y/y)	Nov F		3.00%	4.5%	Domestic demand remains in good shape, some slowdown due to base effect
<b>9-Jan</b>							
	CZ	Trade Balance	Nov		4.9	5.7	We expect trade balance to reach a relatively low surplus, mainly due to a negative seasonal effect and high domestic demand increasing imports for consumption and investment purposes.
	PL	Target Rate	Jan 9	1.5%	1.5%	1.5%	MPC to keep target rate flat at 1.5%
8:00	RO	Trade Balance	Nov		-1.4	-1889.6	Pressure on imports from consumer goods has not vanished
11:00	HR	Trade Balance	Oct		-5900	-5146	Still solid export momentum, higher imports widening trade balance gap
<b>10-Jan</b>							
	SK	Industrial Production (y/y)	Nov		2%	1.7%	
9:00	CZ	CPI (y/y)	Dec	2.1%	2.1%	2%	Headline inflation remained close to the target in December, in our view, as inflationary effects stemming from strong domestic demand and tight labour market were mitigated by food and oil prices.
9:00	CZ	CPI (m/m)	Dec	0.1%	0.1%	-0.1%	A m/m increase in prices of several important food items was offset by a decrease in oil prices.
10:30	SI	Industrial Production (y/y)	Nov		4.0%	4%	Keeping the similar pace as in October
12:00	RS	Target Rate	Jan 11		3.0%	3%	NBS remaining on hold as CPI and RSD outlook remains comfortable
<b>11-Jan</b>							
8:00	RO	Wages (y/y)	Nov		13%	13.71%	Strong growth of public wages generates risks for stability of public finances
8:00	RO	GDP (y/y)	3Q F		4.3%	4.31%	Weak structure of real GDP, with unusually strong contribution of change in inventories
9:00	CZ	Retail Sales (y/y)	Nov	1.9%	6.3%	3.1%	We expect trade balance to reach a relatively low surplus, mainly due to a negative seasonal effect and high domestic demand increasing imports for consumption and investment purposes.
9:00	CZ	GDP (y/y)	3Q F	2.4%	2.4%	2.4%	GDP growth is still positively affected by both domestic and foreign demand; economic slowdown, influenced mainly by lack of new available employees and tighter monetary conditions, is temporary, in our view, and we expect its acceleration towards 3% in coming quarters
12:00	RS	CPI (y/y)	Dec		1.7%	1.9%	Lower gasoline prices and sales season are pushing figure slightly lower

Sources: Bloomberg, Reuters

## Capital market forecasts

Government bond yields					
	current	2019Q1	2019Q2	2019Q3	2019Q4
<b>Croatia 10Y</b>	2.41	2.05	2.10	2.20	2.30
spread (bps)	223	150	142	140	141
<b>Czech Rep. 10Y</b>	1.74	2.26	2.34	2.43	2.51
spread (bps)	155	171	166	163	162
<b>Hungary 10Y</b>	2.82	3.45	3.63	3.75	3.81
spread (bps)	263	290	295	295	292
<b>Poland 10Y</b>	2.77	3.00	3.10	3.15	3.20
spread (bps)	259	245	242	235	231
<b>Romania10Y</b>	4.59	5.20	5.40	5.40	5.40
spread (bps)	441	465	472	460	451
<b>Slovakia 10Y</b>	0.74	1.25	1.27	1.30	1.55
spread (bps)	55	70	59	50	66
<b>Slovenia 10Y</b>	0.95	1.20	1.30	1.40	1.50
spread (bps)	77	65	62	60	61
<b>Serbia 5Y</b>	3.36	3.65	3.70	3.70	3.80
<b>DE10Y (BBG)*</b>	<b>0.18</b>	<b>0.55</b>	<b>0.68</b>	<b>0.80</b>	<b>0.89</b>

3M Money Market Rate					
	current	2019Q1	2019Q2	2019Q3	2019Q4
<b>Croatia</b>	0.50	0.50	0.55	0.55	0.60
<b>Czech Republic</b>	2.01	1.92	1.97	2.11	2.19
<b>Hungary</b>	0.13	0.45	0.55	0.75	0.85
<b>Poland</b>	1.72	1.73	1.73	1.73	1.73
<b>Romania</b>	2.97	3.30	3.30	3.30	3.30
<b>Serbia</b>	3.05	3.05	3.05	3.10	3.10
<b>Eurozone</b>	-0.31	-0.30	-0.30	-0.10	-

FX					
	current	2019Q1	2019Q2	2019Q3	2019Q4
<b>EURHRK</b>	7.43	7.45	7.30	7.42	7.45
forwards		7.43	7.43	7.43	7.43
<b>EURCZK</b>	25.65	25.00	24.70	24.60	24.50
forwards		25.68	25.68	25.68	25.68
<b>EURHUF</b>	321.4	325.0	325.0	325.0	325.0
forwards		324.6	324.6	324.6	324.6
<b>EURPLN</b>	4.30	4.30	4.28	4.26	4.25
forwards		4.30	4.30	4.30	4.30
<b>EURRON</b>	4.67	4.69	4.70	4.75	4.77
forwards		4.67	4.67	4.67	4.67
<b>EURRSD</b>	118.3	118.5	118.5	118.5	119.0
forwards		-	-	-	-
<b>EURUSD</b>	1.14	1.11	1.12	1.14	-

Key Interest Rate					
	current	2019Q1	2019Q2	2019Q3	2019Q4
<b>Croatia</b>	0.30	0.30	0.30	0.30	0.30
<b>Czech Republic</b>	1.75	1.75	1.75	2.00	2.00
<b>Hungary</b>	0.90	0.90	0.90	0.90	0.90
<b>Poland</b>	1.50	1.50	1.50	1.50	1.50
<b>Romania</b>	2.50	2.50	2.50	2.50	2.50
<b>Serbia</b>	3.00	3.00	3.00	3.00	3.25
<b>Eurozone</b>	0.00	0.00	0.00	0.00	-

## Macro forecasts

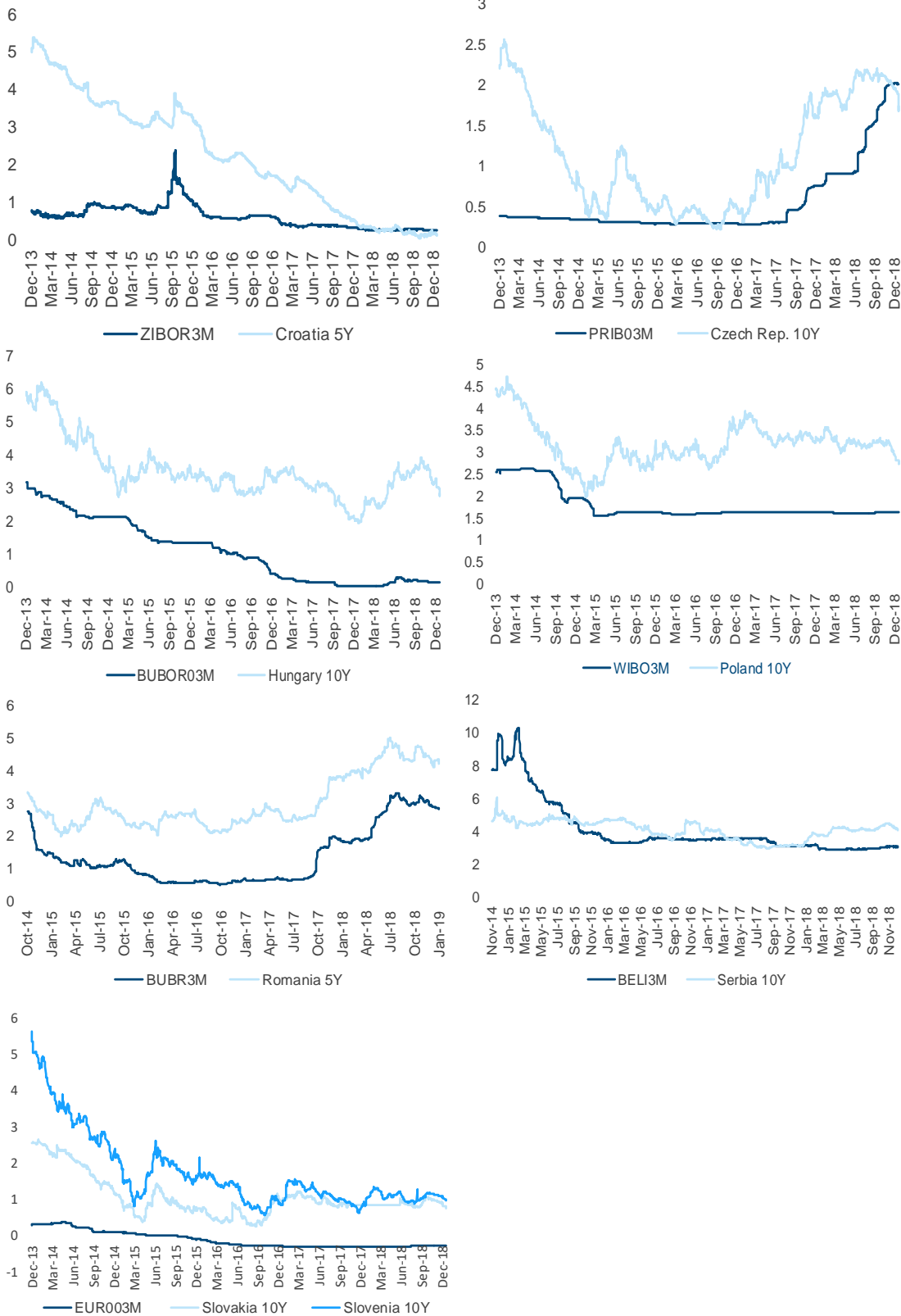
Real GDP growth (%)	2017	2018f	2019f	2020f	Average inflation (%)	2017	2018f	2019f	2020f	Unemployment (%)	2017	2018f	2019f	2020f
Croatia	2.9	2.8	2.6	2.5	Croatia	1.1	1.6	1.4	1.6	Croatia	11.3	8.8	7.8	7.3
Czech Republic	4.5	3.0	3.0	2.9	Czech Republic	2.4	2.2	2.1	1.9	Czech Republic	2.4	2.3	2.6	3.1
Hungary	4.1	4.6	3.6	2.8	Hungary	2.4	2.9	3.0	3.1	Hungary	4.2	3.7	3.9	3.9
Poland	4.8	5.1	3.8	3.3	Poland	2.0	1.7	2.4	2.5	Poland	7.2	6.2	6.2	6.3
Romania	7.0	4.3	3.4	3.9	Romania	1.3	4.6	3.2	3.1	Romania	4.9	4.6	4.8	5.0
Serbia	1.9	4.3	3.5	3.1	Serbia	3.0	2.0	2.3	2.7	Serbia	13.2	12.7	11.7	10.2
Slovakia	3.2	4.3	4.3	3.6	Slovakia	1.3	2.6	2.5	2.5	Slovakia	8.1	6.7	6.2	5.7
Slovenia	4.9	4.4	3.6	3.3	Slovenia	1.4	1.8	2.1	2.2	Slovenia	6.6	5.5	4.9	4.7
<b>CEE8 average</b>	<b>4.7</b>	<b>4.4</b>	<b>3.6</b>	<b>3.3</b>	<b>CEE8 average</b>	<b>1.9</b>	<b>2.4</b>	<b>2.5</b>	<b>2.5</b>	<b>CEE8 average</b>	<b>6.2</b>	<b>5.4</b>	<b>5.4</b>	<b>5.4</b>

Public debt (% of GDP)	2017	2018f	2019f	2020f	C/A (%GDP)	2017	2018f	2019f	2020f	Budget Balance (%GDP)	2017	2018f	2019f	2020f
Croatia	77.5	73.9	70.7	68.2	Croatia	4.0	2.8	2.2	1.1	Croatia	0.8	0.2	0.0	-0.5
Czech Republic	34.6	32.6	30.8	28.9	Czech Republic	1.1	0.7	0.6	0.4	Czech Republic	1.5	0.3	0.4	0.3
Hungary	73.3	72.4	69.9	67.4	Hungary	3.2	1.4	0.8	1.8	Hungary	-2.2	-2.3	-2.0	-2.0
Poland	50.6	50.1	50.5	49.7	Poland	0.2	-0.4	-0.5	-0.7	Poland	-1.7	-0.9	-1.4	-1.5
Romania	35.0	35.2	35.8	35.8	Romania	-3.2	-3.8	-4.1	-4.0	Romania	-2.9	-3.3	-3.0	-2.5
Serbia	61.3	54.5	52.0	49.6	Serbia	-5.3	-4.8	-4.6	-4.2	Serbia	1.2	0.9	-0.5	-0.5
Slovakia	50.9	48.9	47.6	45.9	Slovakia	-2.0	-1.3	-0.7	0.4	Slovakia	-0.8	-0.8	-0.7	-0.4
Slovenia	72.4	67.8	65.5	61.9	Slovenia	7.2	7.6	7.4	6.8	Slovenia	0.0	0.0	0.50	0.3
<b>CEE8 average</b>	<b>50.3</b>	<b>48.9</b>	<b>48.1</b>	<b>46.7</b>	<b>CEE8 average</b>	<b>0.2</b>	<b>-0.4</b>	<b>-0.5</b>	<b>-0.5</b>	<b>CEE8 average</b>	<b>-1.1</b>	<b>-1.1</b>	<b>-1.2</b>	<b>-1.2</b>

Note: \*Information on past performance is not a reliable indicator for future performance. Forecasts are not a reliable indicator for future performance.

## Appendix



Note: \*Information on past performance is not a reliable indicator for future performance. Forecasts are not a reliable indicator for future performance.

## Contacts

### Group Research

**Head of Group Research**  
 Friedrich Mostböck, CEFA +43 (0)5 0100 11902

**Major Markets & Credit Research**  
 Head: Gudrun Egger, CEFA +43 (0)5 0100 11909  
 Ralf Burchert; CEFA (Agency Analyst) +43 (0)5 0100 16314  
 Hans Engel (Senior Analyst Global Equities) +43 (0)5 0100 19835  
 Margarita Grushanina (Economist AT, Quant Analyst) +43 (0)5 0100 11957  
 Peter Kaufmann, CFA (Corporate Bonds) +43 (0)5 0100 11183  
 Stephan Lingnau (Global Equities) +43 (0)5 0100 16574  
 Carmen Riefler-Kowarsch (Covered Bonds) +43 (0)5 0100 19632  
 Rainer Singer (Senior Economist Euro, US) +43 (0)5 0100 17331  
 Bernadett Povazsai-Römhild (Corporate Bonds) +43 (0)5 0100 17203  
 Elena Statelov, CIAA (Corporate Bonds) +43 (0)5 0100 19641  
 Gerald Walek, CFA (Economist Euro, CHF) +43 (0)5 0100 16360

**Macro/Fixed Income Research CEE**  
 Head CEE: Juraj Kotian (Macro/FI) +43 (0)5 0100 17357  
 Zoltan Arokszallasi, CFA (Fixed income) +43 (0)5 0100 18781  
 Katarzyna Rzentarzewska (Fixed income) +43 (0)5 0100 17356

**CEE Equity Research**  
 Head: Henning Eißkuchen +43 (0)5 0100 19634  
 Daniel Lion, CIAA (Technology, Ind. Goods&Services) +43 (0)5 0100 17420  
 Michael Marschallinger +43 (0)5 0100 17906  
 Christoph Schultes, MBA, CIAA (Real Estate) +43 (0)5 0100 11523  
 Vera Sutedja, CFA, MBA (Telecom, Steel) +43 (0)5 0100 11905  
 Thomas Unger, CFA (Banks, Insurance) +43 (0)5 0100 17344  
 Vladimira Urbankova, MBA (Pharma) +43 (0)5 0100 17343  
 Martina Valenta, MBA +43 (0)5 0100 11913

**Editor Research CEE**  
 Brett Aarons +420 956 711 014

**Research Croatia/Serbia**  
 Head: Mladen Dodig (Equity) +381 11 22 09178  
 Head: Alen Kovac (Fixed income) +385 72 37 1383  
 Anto Augustinovic (Equity) +385 72 37 2833  
 Milan Deskar-Skrbic (Fixed income) +385 72 37 1349  
 Magdalena Dolenc (Equity) +385 72 37 1407  
 Ivana Rogic (Fixed income) +385 72 37 2419  
 Davor Spoljar, CFA (Equity) +385 72 37 2825

**Research Czech Republic**  
 Head: David Navratil (Fixed income) +420 956 765 439  
 Head: Petr Bartek (Equity) +420 956 765 227  
 Jiri Polansky (Fixed income) +420 956 765 192  
 Michal Skorepa (Fixed income) +420 956 765 172  
 Jan Sumbera (Equity) +420 956 765 218  
 Jan Žemlička (Fixed income) +420 956 765 456

**Research Hungary**  
 Head: József Miró (Equity) +361 235 5131  
 András Nagy (Equity) +361 235 5132  
 Orsolya Nyeste (Fixed income) +361 268 4428  
 Zsombor Varga (Fixed income) +361 373 2830  
 Tamás Pletser, CFA (Oil&Gas) +361 235 5135

**Research Poland**  
 Director of Research: Tomasz Duda (Equity) +48 22 330 6253  
 Cezary Bernatek (Equity) +48 22 538 6256  
 Konrad Grygo (Equity) +48 22 330 6254  
 Mateusz Krupa (Equity) +48 22 330 6251  
 Emil Poplawski (Equity) +48 22 330 6252

**Research Romania**  
 Head: Horia Braun-Erdei +40 3735 10424  
 Caius Raoanu (Equity) +40 3735 10441  
 Eugen Sinca (Fixed income) +40 3735 10435  
 Dorina Ilasco (Fixed Income) +40 3735 10436

**Research Slovakia**  
 Head: Maria Valachyova (Fixed income) +421 2 4862 4185  
 Katarina Muchova (Fixed income) +421 2 4862 4762

**Research Turkey**  
 Ender Kaynar (Equity) +90 212 371 2530  
 Umut Cebir (Equity) +90 212 371 2537

### Group Institutional & Retail Sales

**Group Institutional Equity Sales**  
 Head: Brigitte Zeitlberger-Schmid +43 (0)5 0100 83123

**Cash Equity Sales**  
 Werner Fuerst +43 (0)5 0100 83121  
 Josef Kerekes +43 (0)5 0100 83125  
 Cormac Lyden +43 (0)5 0100 83120

**Institutional Equity Sales Croatia**  
 Damir Eror (Equity) +385 72 37 28 36

**Institutional Sales Czech Republic**  
 Head: Michal Rizek +420 224 995 537  
 Pavel Krabicka (Equity) +420 224 995 411  
 Martin Havlan (Equity) +420 224 995 551

**Institutional Sales Hungary**  
 Head: Peter Csizmadia +36 1 237 8211  
 Levente Nándori (Equity) +361 235 5141  
 Attila Preisz (Equity) +361 235 5140  
 Balázs Zánkay (Equity) +361 235 5156

**Institutional Equity Sales Poland**  
 Jacek Jakub Langer (Head) +4822 330 6265  
 Mateusz Choromanski (Equity) +4822 538 6212  
 Wojciech Wysocki (Equity) +4822 538 6219  
 Przemyslaw Nowosad (Equity) +4822 538 6266  
 Grzegorz Stepien (Equity) +4822 330 6211

**Institutional Equity Sales Romania**  
 Liviu George Avram +40 3735 16569

**Group Markets Retail Sales**  
 Head: Christian Reiss +43 (0)5 0100 84012

**Markets Retail Sales AT**  
 Head: Markus Kaller +43 (0)5 0100 84239

**Group Markets Execution**  
 Head: Kurt Gerhold +43 (0)5 0100 84232

**Retail & Sparkassen Sales**  
 Head: Uwe Kolar +43 (0)5 0100 83214

**Corporate Treasury Prod. Distribution**  
 Head: Christian Skopek +43 (0)5 0100 84146

**Institutional Distribution CEE**  
 Jaromir Malak +43 (0)5 0100 84254  
 Antun Buric +43 (0)5 0100 11387  
 Ciprian Mitu +43 (0)5 0100 85612

**Institutional Distribution non CEE**  
 Bernd Thaler +43 (0)5 0100 84119  
 Thomas Rakosi +43 (0)5 0100 84116



**Disclaimer**

This publication was prepared by Erste Group Bank AG or any of its consolidated subsidiaries (together with consolidated subsidiaries "Erste Group") independently and objectively as other information pursuant to the Circular of the Austrian Financial Market Authority regarding information including marketing communication pursuant to the Austrian Securities Supervision Act. This publication serves interested investors as additional source of information and provides general information, information about product features or macroeconomic information without emphasizing product selling marketing statements. This publication does not constitute marketing communication pursuant to Art. 36 (2) Austrian Securities Supervision Act as no direct buying incentives were included in this publication, which is of information character. This publication does not constitute investment research pursuant to § 36 (1) Austrian Securities Supervision Act. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to the prohibition on dealing ahead of the dissemination of investment research. The information only serves as non-binding and additional information and is based on the level of knowledge of the person in charge of drawing up the information on the respective date of its preparation. The content of the publication can be changed at any time without notice. This publication does not constitute or form part of, and should not be construed as, an offer, recommendation or invitation to subscribe for or purchase any securities, and neither this publication nor anything contained herein shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or inclusion of a security or financial product in a trading strategy. Information provided in this publication are based on publicly available sources which Erste Group considers as reliable, however, without verifying any such information by independent third persons. While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, Erste Group (including its representatives and employees) neither expressly nor tacitly makes any guarantee as to or assumes any liability for the up-to-dateness, completeness and correctness of the content of this publication. Erste Group may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Erste Group endorses, recommends or approves any material on the linked page or accessible from it. Neither a company of Erste Group nor any of its respective managing directors, supervisory board members, executive board members, directors, officers or other employees shall be in any way liable for any costs, losses or damages (including subsequent damages, indirect damages and loss of profit) howsoever arising from the use of or reliance on this publication. Any opinion, estimate or projection expressed in this publication reflects the current judgment of the author(s) on the date of publication of this document and do not necessarily reflect the opinions of Erste Group. They are subject to change without prior notice. Erste Group has no obligation to update, modify or amend this publication or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The past performance of securities or financial instruments is not indicative for future results. No assurance can be given that any financial instrument or issuer described herein would yield favorable investment results or that particular price levels may be reached. Forecasts in this publication are based on assumptions which are supported by objective data. However, the used forecasts are not indicative for future performance of securities or financial instrument. Erste Group, its affiliates, principals or employees may have a long or short position or may transact in the financial instrument(s) referred to herein or may trade in such financial instruments with other customers on a principal basis. Erste Group may act as a market maker in the financial instruments or companies discussed herein and may also perform or seek to perform investment services for those companies. Erste Group may act upon or use the information or conclusion contained in this publication before it is distributed to other persons. This publication is subject to the copyright of Erste Group and may not be copied, distributed or partially or in total provided or transmitted to unauthorized recipients. By accepting this publication, a recipient hereof agrees to be bound by the foregoing limitations.

© Erste Group Bank AG 2019. All rights reserved.

**Published by:**

**Erste Group Bank AG**  
**Group Research**  
**1100 Vienna, Austria, Am Belvedere 1**  
**Head Office: Wien**  
**Commercial Register No: FN 33209m**  
**Commercial Court of Vienna**

**Erste Group Homepage: [www.erstegroup.com](http://www.erstegroup.com)**