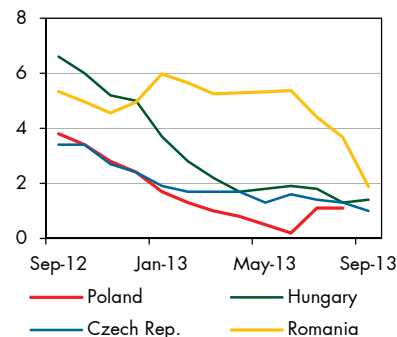


Disinflationary trend (CPI, % yoy)



Source: Bloomberg, Raiffeisen RESEARCH

Market snapshot

	curr.*	Dec-13	Mar-14	Jun-14
Poland				
EUR/PLN	4.19	4.15	4.10	4.00
Key rate	2.50	2.50	2.50	2.50
10y bond	4.4	4.6	4.6	4.7
Hungary				
EUR/HUF	294.9	300	305	300
Key rate**	3.60	3.50	3.20	3.20
10y bond	5.5	6.5	6.8	6.5
Czech Rep.				
EUR/CZK	25.5	25.5	25.4	25.1
Key rate	0.05	0.05	0.05	0.05
10y bond	2.4	2.6	2.8	3.1
Romania				
EUR/RON	4.45	4.50	4.45	4.50
Key rate	4.25	3.75	3.50	3.50
10y bond	5.1	5.0	5.0	5.1
Croatia				
EUR/HRK	7.61	7.60	7.57	7.48
Key rate	6.25	6.00	6.00	6.00
10y bond	4.8	5.5	5.6	5.6
Russia				
USD/RUB	32.2	33.0	32.5	33.2
Key rate	8.25	5.25	5.25	5.25
10y bond	7.3	7.2	7.0	7.3
Turkey				
USD/TRY	1.98	1.95	2.00	2.10
Key rate	4.50	4.50	5.00	5.50
10y bond	8.7	9.2	9.7	10.0
EUR/USD				
	1.36	1.30	1.31	1.29

* prices as of 11 October 2013, 10:06 a.m. CET

** under revision

Source: Thomson Reuters, Raiffeisen RESEARCH

Content

Focus on	p. 2 – p.3
Data releases, Country coverage	p. 4 – p.5
Monetary policy, money markets	p. 6
FX markets	p. 7
Local currency bond markets	p. 8/p. 9
Eurobond market	p. 10
Ratings, main macro forecasts	p. 11

Open positions

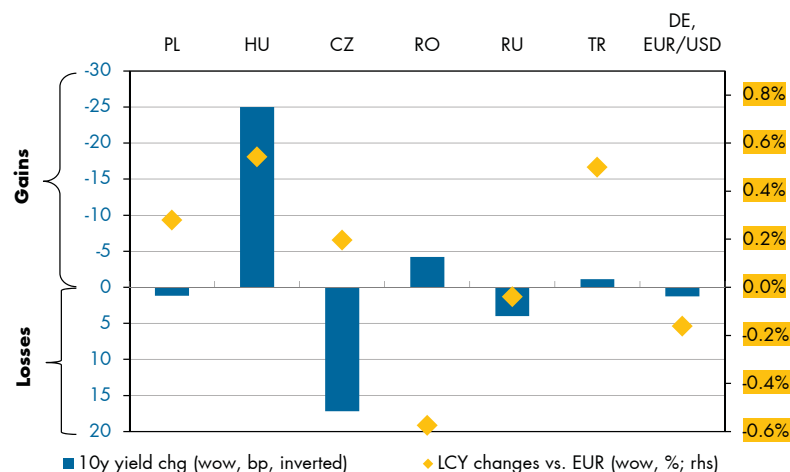
CEE LCY bonds: long SI 5y; short CZK >5y

CEE FX: buy EUR sell CZK

CEE: Less sell-off – less revisions in IMF's CE/SEE forecasts

The annual IMF/World Bank/IIF meetings are in the attention of markets and bankers. Therefore, we compare recent changes with regards to CEE GDP growth (IMF) and (private) capital inflows forecasts (IIF) with our CEE assessments. We see the IMF a tad more bearish for CEE growth in 2013 compared to us, while IMF numbers for CEE are a tad more optimistic than ours in 2014. Russia is the elephant in the room here, by and large explaining the difference on aggregate. With regards to Russian GDP growth we are slightly more optimistic than the IMF in 2013 but more pessimistic for 2014 and beyond. For CE/SEE on aggregate IMF and our forecasts do not deviate much and there was not much change there recently. Recent IIF capital flow data/forecast revisions are also supporting our view that the CEE region was somewhat shielded from the tapering sell-off/volatility as it was not the hottest EM region (in terms of capital inflows, lending growth and market optimism) in recent years. Given (still) modest external pressure on CEE and this week's benign CPI-figures in Romania and Hungary, there remains room to cut key rates further (compared to the trend of key rates trending higher in some EM). Next week's industrial production data (Poland, Russia, Ukraine) should continue to indicate mounting near- and medium-term divergences in CEE, i.e. positive effects from Euro area closeness in Poland (CE) and weak near- to medium-term growth prospects in Russia/Ukraine.

Last week's changes



Source: Bloomberg, Raiffeisen RESEARCH

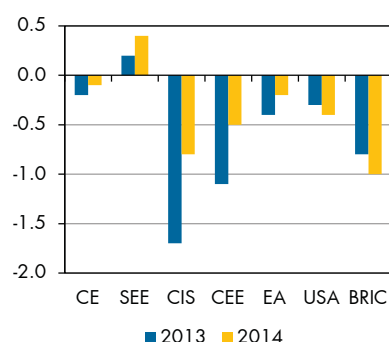
Data highlights upcoming week

Date	Indicator	Period	est.	High	Mean	Low	Prev.
15-Oct	PL CPI, % yoy	Sep	1.2	1.3	1.1	1	1.1
15-16 Oct	RU Industrial output, % yoy	Sep	n.a.	1	0.5	-0.5	0.1
17-Oct	PL Industrial output, % yoy	Sep	6.9	9.6	7.1	5.5	2.2
18-21 Oct	RU Retail sales real, % yoy	Sep	n.a.	4.7	3.8	3.5	4

Source: Bloomberg, Raiffeisen RESEARCH

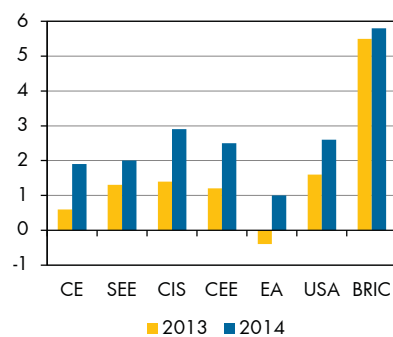
Focus on: Do IMF CEE and IIF forecasts match with our view?

IMF forecast change since April (pp)



Source: IMF, Raiffeisen RESEARCH

New IMF GDP forecasts (% yoy)



Source: IMF, Raiffeisen RESEARCH

GDP forecasts Raiffeisen RESEARCH vs IMF (% yoy)

	Raiffeisen RESEARCH		IMF WEO Oct 2013		Difference	
	2013	2014	2013	2014	2013	2014
Czech Rep.	-1.0	1.9	-0.4	1.5	-0.6	0.4
Hungary	0.5	1.5	0.2	1.3	0.3	0.2
Poland	1.2	2.5	1.3	2.4	-0.1	0.1
Slovakia	0.9	2.0	0.8	2.3	0.1	-0.3
Slovenia	-2.0	0.0	-2.6	-1.4	0.6	1.4
CE	0.5	2.1	0.6	1.9	-0.1	0.2
Romania	2.5	2.0	2.0	2.2	0.5	-0.2
Bulgaria	0.5	2.0	0.5	1.6	0.0	0.4
Croatia	-0.5	1.0	-0.6	1.5	0.1	-0.5
Serbia	1.5	2.0	2.0	2.0	-0.5	0.0
SEE	1.5	1.9	1.3	2.0	0.2	-0.1
Russia	2.0	2.0	1.5	3.0	0.5	-1.0
Ukraine	1.0	1.5	0.4	1.5	0.6	0.0
Belarus	2.0	2.0	2.1	2.5	-0.1	-0.5
CIS	1.9	2.0	1.4	2.9	0.5	-0.9
CEE	1.5	2.0	1.2	2.5	0.3	-0.5
Turkey	3.5	3.5	3.8	3.5	-0.3	0.0
Euro area	-0.3	1.5	-0.4	1.0	0.1	0.5
USA	1.5	2.5	1.6	2.6	-0.1	-0.1
Brazil	2.4	3.2	2.5	2.5	-0.1	0.7
Russia	2.0	2.0	1.5	3.0	0.5	-1.0
India	5.9	6.5	3.8	5.1	2.1	1.4
China	7.5	7.5	7.6	7.3	-0.1	0.2
BRIC	5.8	6.0	5.5	5.8	0.3	0.3

Source: IMF, Raiffeisen RESEARCH

Just in time for the IIF/World Bank/IMF meetings, the **IMF updated** its economic projections (World Economic Outlook). The most eye-catching change was a **tangible cut** in the **growth forecast** for the **developing markets** (compared to the spring forecasts). Compared to the April issue of the World Economic Outlook (WEO), Emerging Markets (EM) are projected to grow by almost one percentage point (-0.8pp) less this year at 4.5% and more than half a point (-0.6pp) slower next year at 5.1%. In particular, the GDP growth forecasts for all the BRIC countries have worsened: estimates for Russia and India for this year are now almost 2pp lower, and BRIC growth expectations for next year are also down between 0.8pp and 1.5pp. The IMF sees both cyclical and structural reasons for the deterioration: e.g. in Russia, the report cites both "a weak external environment and supply side constraints". In contrast to global EM, the **outlook for CE and SEE has changed far less**, partly due to offsetting effects on the aggregate owing to the diverging developments of these countries. Overall, the IMF's 2013 growth figure for CEE (our definition) slows to 1.2% this year and 2.5% next year. Thus, the **IMF's forecast for 2013 is slightly more cautious than our projection of 1.5%** for 2013, but **more upbeat than our 2014 regional forecast at 2.0%**.

With regard to CE, the IMF slightly increased its growth forecast for Hungary and Poland, while cutting estimated output for the Czech Republic, Slovakia and in particular Slovenia, where the recession is now expected to continue well into 2014. In SEE, besides negative forecast revisions for Bulgaria and Croatia (only 2013), all IMF forecasts were raised moderately. The CIS aggregate – according to our definition, only including, Russia, Ukraine, and Belarus – shifted down due to a stark decrease in the Russian GDP growth estimate to 1.5% this year (-1.9pp) and to 3% next year (-0.8pp). **Our higher CEE figure for 2013** can be completely explained by a slightly higher **Russia** forecast of 2%, and if we decrease our forecast by 0.5pp to the rate used by the IMF the difference between the CEE forecasts disappears. Moreover, we see some downside risk to our own 2013 Russia forecast – in light of the 1.4% yoy figure registered for H1 and limited upside in H2. Along with Russia, we are more downbeat on the Czech Republic, while we take a more optimistic view on Romania, Slovenia and Ukraine.

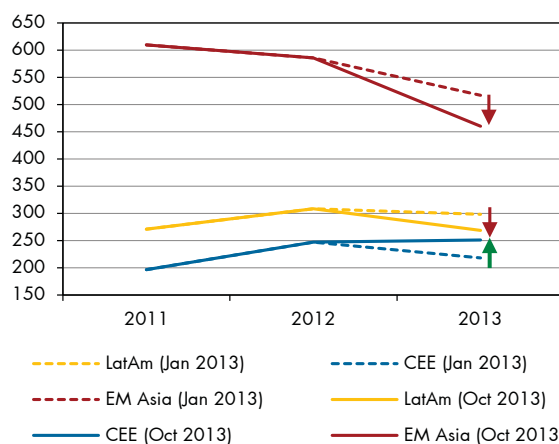
For 2014, the divergence between the forecasts of the IMF and Raiffeisen RESEARCH reverses. In 2014, the IMF is more constructive on growth in CEE than we are. Again, this can be **mainly explained** by the **different forecasts** for the **heavyweight Russia** (57% GDP weight in the CEE aggregate). We think that Russia's GDP growth next year will remain rather sluggish at around 2%, while the IMF sees some signs of a cyclical recovery, with growth rebounding to 3%. Besides cyclical factors, there are also differences in the assumption of Russian potential growth rates, which we see now between 2-3% and the IMF between 3-4%! We are slightly more upbeat on CE-3 (PL, HU, CZ) and see Slovenia emerging from recession and only stagnating, resulting in an overall growth rate of 2.1% for CE, in comparison to the IMF's projection of 1.9%. In SEE, just as the IMF we expect a recovery in the growth rate to around 2.0%.

Up to now, we have focused on changes and divergences in the economic (growth) forecasts for CEE and the external environment (Developed Markets, Emerging Markets). More or less similar changes or **divergences between CEE and EM** were also visible on the **financial markets**, mostly **driven by capital flows** in the recent past. This is not very surprising as the current economic slowdown in major EMs has structural and cyclical reasons. And it goes without saying that (cross-border) capital flows are driven by structural and cyclical factors. Nevertheless, the specific performance of the CEE region within the aforementioned external environment is still worth discussing.

We have pointed out several times in the past that the overall core CEE region (excluding Turkey here) has been less affected by the recent EM repricing on financial markets. We linked this topic to capital flow issues, e.g. using consolidated BIS banking sector statistics and private sector credit data. The new IIF **“Capital Flows to Emerging Market Economies” report**, also released before the IMF/IIF meeting (as of 7 October), also supports the big picture derived from the banking sector statistics. As banking sector expansion and cross-border banking inflows were more subdued in CEE compared to global EM, the **growth of capital inflows to CEE** was also **more subdued compared to global EM** in the recent years of lax global monetary policies and upbeat EM sentiment. Hence, the CEE region was less affected by recent tapering market moves. Looking at longer-term capital inflow trends (i.e. total private and official capital inflows), the CEE region (excluding Turkey) is currently just slightly above the volumes seen in 2007. Other major regions such as Emerging Asia or LatAm have surpassed their 2007 capital inflow levels in recent years. Hence, the higher level of capital inflows to other EM regions than CEE also increased the risk of outflows (as seen recently). The higher vulnerability of other regions than CEE to capital flow reversals can be clearly seen in the respective regional shares in global EM capital flows. The **share of CEE (excl. Turkey) in global private EM capital inflows decreased** from some **30% to 15%** in recent years, while the figures for **Emerging Asia** and **LatAm** show **increases** from **33% to 46%** and **17% to 27%**, respectively.

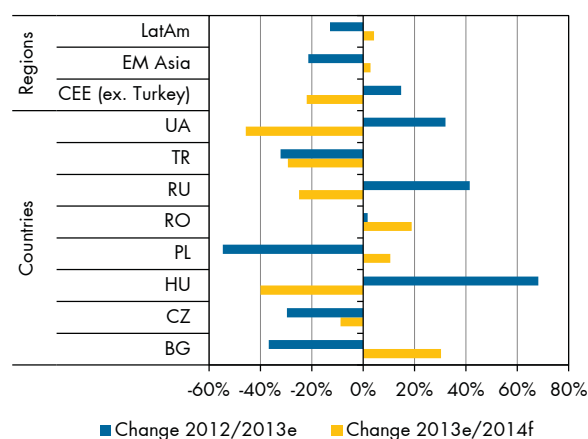
Recent market reassessments in the EM universe are also well reflected in the **updated 2013 IIF private capital inflow estimates**. For the major EM regions **LatAm** and **Emerging Asia**, the IIF has **revised down** its **2013 capital inflow forecasts** by around **17%** and **8%**, respectively, compared to January 2013, while the regional **CEE forecast was** actually **boosted** (by around 10%) compared to January 2013. Despite the positive recent performance, future challenges in the CEE region should not be underestimated. For other EM regions, the IIF expects an increase in total private capital inflows in 2014 (from 2013 levels), while a **decrease is expected** for the **CEE region in 2014** (mainly driven by declines in Hungary, Russia, and Ukraine which are only partially compensated by increases in Poland, Romania, and Bulgaria).

2013 capital inflow forecasts: Jan vs. Oct*



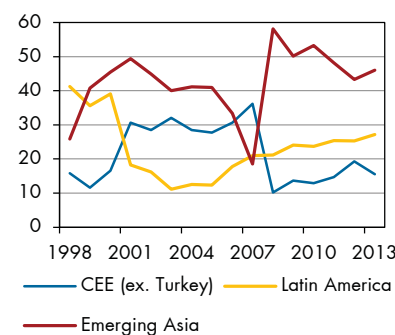
* Total private inflows in USD bn, red arrow indicates decline in 2013 annual inflow forecast from Jan 2013 to Oct 2013, green arrow indicates increase in 2013 annual inflow forecast from Jan 2013 to Oct 2013
Source: IIF, Raiffeisen RESEARCH

Chg. annual capital inflow volumes (actual & forecasted)



Source: IIF, Raiffeisen RESEARCH

Share global private capital inflows*



* in %
Source: IIF, Raiffeisen RESEARCH

Data calendar and country section

This week, previous week: key data releases					Upcoming week: key data releases									
Date	Indicator	Period	Actual	Prev.	Date	Indicator	Period	est.	High	Mean	Low	Prev.		
04-Oct	RU CPI, % mom	Sep	0.2	0.1	11-Oct	TR Unemployment rate, %	Jul	n.a.	n.a.	n.a.	n.a.	8.8		
04-Oct	RU CPI, % yoy	Sep	6.1	6.5	11-Oct	TR Current account, TRY bn	Aug	n.a.	n.a.	n.a.	n.a.	-5.8		
07-Oct	CZ Industrial output, % yoy	Aug	1.6	2.1	14-Oct	RU One-week auction rate, %	Oct	n.a.	5.5	5.5	5.5	5.5		
07-Oct	CZ Trade balance, CZK bn	Aug	20.6	27.9	15-Oct	PL CPI, % yoy	Sep	1.2	1.3	1.1	1.0	1.1		
07-Oct	RO Industrial sales, % yoy	Aug	0.5	8.9	15-Oct	CZ PPI, % yoy	Sep	0.6	0.6	0.5	0.4	0.5		
07-Oct	RO GDP, % yoy, final	Q2	1.5	2.2	15-16 Oct	RU Industrial output, % yoy	Sep	n.a.	1.0	0.5	-0.5	0.1		
07-Oct	RS PPI, % yoy	Sep	0.4	1.4	16-Oct	PL Employment, % yoy	Sep	-0.3	-0.2	-0.3	-0.5	-0.5		
07-Oct	UA Official reserve assets, UAH bn	Sep	21.6	21.7	16-Oct	PL Avg gross wages, % yoy	Sep	3.0	4.0	3.1	2.1	2.0		
07-Oct	UA CPI, % mom	Sep	0.0	-0.7	16-Oct	PL Core inflation, % yoy	Sep	1.5	1.6	1.5	1.3	1.4		
07-Oct	UA CPI, % yoy	Sep	-0.5	-0.4	17-Oct	PL Industrial output, % yoy	Sep	6.9	9.6	7.1	5.5	2.2		
08-Oct	HU Industrial output, % yoy	Aug	0.9	2.5	17-Oct	PL PPI, % yoy	Sep	-1.2	-0.7	-1.3	-1.6	-1.1		
08-Oct	CZ Unemployment rate, %	Sep	7.6	7.5	17-Oct	UA Industrial output, % yoy	Sep	n.a.	1.7	-4.3	-6.1	-5.4		
08-Oct	TR Industrial output, % yoy	Aug	-0.1	4.6	18-21 Oct	RU Real wages, % yoy	Sep	n.a.	6.5	6.1	5.4	5.9		
09-Oct	HU Trade balance, EUR mn	Aug	621	448	18-21 Oct	RU Retail sales real, % yoy	Sep	n.a.	4.7	3.8	3.5	4.0		
09-Oct	CZ CPI, % yoy	Sep	1.0	1.3	18-21 Oct	RU Unemployment rate, %	Sep	n.a.	5.3	5.2	5.1	5.2		
10-Oct	RO CPI, % yoy	Sep	1.9	3.7	18-21 Oct	RU Investment, % yoy	Sep	n.a.	4.5	0.7	-4.0	-3.9		
10-Oct	RO Industrial output, % yoy	Aug	5.6	6.3										
10-Oct	RO Trade balance, EUR mn	Aug	-641	-571										
11-Oct	HU CPI, % yoy	Sep	1.4	1.3										
11-Oct	CZ Current account, CZK bn	Aug	-14.2	4.1										
11-Oct	HR PPI, % yoy	Sep	n.a.	-0.7										
11-Oct	RS CPI, % yoy	Sep	n.a.	7.3										
11-Oct	TR Unemployment rate, %	Jul	9.3	8.8										
11-Oct	TR Current account, TRY bn	Aug	-2.0	-6.0										

Source: Bloomberg, Raiffeisen RESEARCH

Poland – Yields on longer maturities stabilised last week, while those on shorter-dated paper strengthened somewhat, amidst falling rate hike expectations after some dovish comments by E. Chojna-Duch of the Polish MPC. This situation suggests that domestic developments are again being eyed by market participants, and thus the spate of economic figures scheduled for next week may influence trading. Among these releases, the most important will be the labour market and industrial output figures, which may confirm the scenario of an economic recovery and hence a bearish tendency on the longer end of the curve. However, longer-term maturities may stay flat as the market is focused on the situation in the USA.

Analyst: Paweł Radwański (+48 22 585 20 00)

Hungary – Industrial production in August rose by only 0.9% yoy, advancing somewhat slower than we had anticipated. Nevertheless, the data reinforce our view that as external demand is trending upwards, Hungarian industrial output is gradually improving. The minutes of the rate-setting meeting held in late September revealed that only one member voted for a cut of 10 basis points (whereas in August two members deviated from consensus). While two new members are joining the Council in October, and they might add some uncertainty to the picture, it is safe to assume that the rate-cutting cycle will continue without change on 29 October (i.e. by 20 basis points to 3.4%).

Analyst: Adam Keszeg (+36 1 484 4313)

Czech Republic – The latest data confirm that the Czech economy is on a recovery track. Retail sales in August and industrial output growth in August beat the estimates, and this was moderately supportive for CZK. Government bond yields were slightly up. On the other hand, consumer prices dropped by 0.4% mom in September, and inflation decelerated to only 1% yoy while the market expected 1.2%. As we have warned, the development of inflation is an argument against writing off the risk of a possible CNB FX intervention. Inflation at the beginning of 2014 will definitely be a closely watched figure.

Analyst: Michal Brožka (+420 234 40 1489)

Slovenia – The debate over Slovenia requesting external financial aid intensified again, as most recently central bank governor Jazbec mentioned it as an alternative should yields on government bonds prove to be unsustainable. According to the Finance Minister, borrowing requirements for 2014 could be as high as EUR 4.8 bn. Meanwhile, the central bank lowered the GDP estimate for 2013 to -2.6% from -1.9% previously. For 2014, the Bank expects GDP to decline by 0.8% and only projects economic growth to return in 2015 with a rate of 1.4%. Results of the banking stress test are expected to be released by the end of October and could bring more clarity as to the banking situation, as well as the start of the bad bank scheme.

Analyst: Wolfgang Ernst (+43 1 71707 1500)

Romania – Consumer prices dropped by 0.6% mom in September, more than we and the market expected, driving annual inflation to 1.9% yoy. Inflationary pressures remain low, with the CORE3 measure declining to 0.5% yoy from 2.2% yoy in the previous month. Taking into account the latest inflation data, we think that annual inflation might end the year at below 2%, reaching values in the range 1-1.5% in the first quarter of 2014. This outlook paves the way for additional declines in monetary market interest rates and in yields, while opening another opportunity window for the central bank to increase the pace of easing and cut the key by 50bp at the next monetary policy meeting at the beginning of November. This week, the Ministry of Finance (MoF) sold RON 1.7 bn and EUR 150 mn in the domestic market, paying lower average yields, with some of the decline in the average yields paid at the auctions on Thursday, due to the surprise in the inflation data.

Analyst: Gabriel Bobeica (+40 21 306 1369)

Croatia – The privatisation of the state-owned bank and insurance company is coming to a close. The Croatian government decided to invite Erste & Steiermarkische bank and OTP bank to submit binding offers for the purchase of a 99.13% stake in Hrvatska postanska banka, as well as the tobacco & tourism Adris company and the Polish insurer PZU for the purchase of at least a 43.0% stake in the universal insurer Croatia osiguranje. As regards the financial markets, yields on Croatian Eurobonds fell significantly, dropping to around 5.60% for CROATI 2023 (from above 6% in previous week) and the spread narrowed to around 315bp (from 380bp in the week before), amid the latest news from the MoF that the government will not tap the international markets until the end of the year, but rather meet its financing needs on the domestic market. However, since at the beginning of 2014 two bonds fall due (one on the domestic market and one Eurobond in a total amount of EUR 1.18 bn) and domestic market's liquidity will not suffice, we expect that if not in this year, we could see foreign issuance at the beginning of 2014.

Analyst: Ivana Juric (+385 1 61 74 349)

Russia – In the management of the rouble exchange rate, the CBR widened the "neutral" range where the CBR does not conduct interventions from 1 to 3.1 roubles (the new range is RUB 34.25-37.35). The width of the whole band (7 roubles) was left unchanged (RUB 32.3 – 39.3). In addition, the daily amount of target interventions was decreased by USD 30 mn to USD 120 mn. We believe that such modification of FX policy parameters will help to decrease pressure on the banking system liquidity during the periods of the turbulence on the global markets but the volatility of RUB will increase. In another story, according to Finance Minister A. Siluanov, net placement of OFZ in 2013 will reach RUB 430-440 bn. Earlier Minfin planned to decrease its local market borrowing plan by RUB 200 bn. 9M 2013 net placement amounted to RUB 180.4bn which means that to meet the target Minfin has to place RUB 297-307 bn (gross) in Q4 2013 or RUB 25-30bn at each weekly auction. We do not believe that the plan can be fulfilled unless the mood on the global markets turns positive and/or Minfin offers decent premiums at the auctions.

Analyst: Denis Poryvay (+7 495 221 9843)

Ukraine – Gross FX reserves were stable in September (USD 21.6 bn), mainly thanks to USD 750 mn attracted by the government from Russian banks. At the same time, net FX sales by the central bank amounted to USD 583 mn last month, the highest level since November 2012, albeit three times lower in year-on-year terms. Consumer price inflation remains low amidst stable food prices and unchanged administrative tariffs. As a result, the month-on-month CPI reading was flat in September, while the annual CPI growth rate (eop) stands at -0.5% yoy at the moment. With no major price shocks expected by year-end, our CPI forecast for 2013 is 1.0% yoy (eop). At the same time, an uptick to 5-6% is still in the cards for next year, with a resurgence of food prices and stronger domestic demand ahead of the elections.

Analyst: Olga Nikolaieva (+380 44 59056-21)

Turkey – Turkish assets benefited significantly this week from the current favourable Emerging Market sentiment. The recent bull steepening of the curve was driven solely by the 2y segment of the LCY yield curve, with the benchmark yield falling by more than 30bp. Since the surprising delay of Fed tapering on 18 September, the decline in the 2y tenor amounts to more than 50bp, while the 10y maturity tightened by around 40bp in this timeframe. The shape of the yield curve is therefore on the way to normalising a bit again, but with the "big day" approaching (17 October, the deadline for extending the US debt ceiling), we would expect stress to return to the local debt market. One interesting event during the week was a measure taken by the Turkish financial market regulator in an attempt to help ease Turkey's main vulnerability. Since private sector borrowing is one of the most prominent drivers of the country's high current account gap, the regulations introduced by the BDDK banking watchdog focus on trying to curb debt-financed consumption by making credit card loans more costly for lenders and tightening spending limits for consumers. With consumer loan growth currently running at around 25% yoy (well above the central bank's 15% target) and savings dwindling to only 12.6% of GDP, credit growth continues to pose a significant risk to financial stability. Next week's data calendar is empty, and we expect the news from Washington to be the main driver for Turkish assets.

Analyst: Stephan Imre (+43 1 71707 6757)

Monetary policy and money markets overview

CEE key interest and money markets outlook

Poland	current*	Dec-13	Mar-14	Jun-14	Sep-14
Key interest rate (% eop)	2.50	2.50	2.50	2.50	2.75
1m money market rate (% eop)	2.40	2.63	2.63	2.64	2.88
3m money market rate (% eop)	2.48	2.73	2.75	2.80	3.10
6m money market rate (% eop)	2.51	2.75	2.90	3.00	3.35
Hungary**					
Key interest rate (% eop)	3.60	3.50	3.20	3.20	3.20
1m money market rate (% eop)	3.60	3.60	3.30	3.30	3.30
3m money market rate (% eop)	3.55	3.80	3.50	3.60	3.70
6m money market rate (% eop)	3.55	3.90	3.83	3.83	4.03
Czech Republic					
Key interest rate (% eop)	0.05	0.05	0.05	0.05	0.05
1m money market rate (% eop)	0.05	0.05	0.05	0.05	0.05
3m money market rate (% eop)	0.12	0.20	0.20	0.20	0.20
6m money market rate (% eop)	0.57	0.30	0.33	0.33	0.33
Romania					
Key interest rate (% eop)	4.25	3.75	3.50	3.50	3.50
1m money market rate (% eop)	2.57	2.85	2.70	2.80	2.85
3m money market rate (% eop)	2.73	3.00	2.90	2.90	2.95
6m money market rate (% eop)	2.99	2.80	2.75	2.75	2.95
Russia					
Key interest rate (% eop)	5.50	5.25	5.25	5.25	5.25
1m money market rate (% eop)	6.47	6.70	6.50	6.65	6.75
3m money market rate (% eop)	6.77	7.10	6.95	7.10	7.20
6m money market rate (% eop)	7.04	7.40	7.15	7.35	7.45
Turkey					
Key interest rate (% eop)	4.50	4.50	5.00	5.50	5.50
1m money market rate (% eop)	6.90	7.20	7.50	7.60	7.60
3m money market rate (% eop)	7.00	7.40	7.70	7.80	7.70
6m money market rate (% eop)	7.70	7.50	7.80	7.90	7.80
Benchmark key rates (% eop)					
ECB key interest rate (% eop)	0.50	0.50	0.50	0.50	0.50
Fed key interest rate (% eop)	0.05	0.25	0.25	0.25	0.25

* Bid rates (for Hungary ask rates) as of 11 October 2013, 10:46 a.m. CET

** under revision

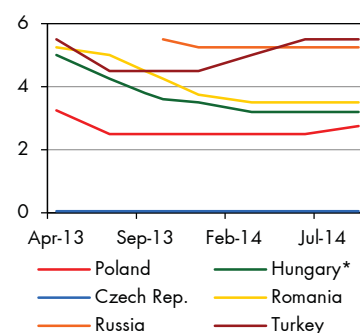
Source: Bloomberg, Raiffeisen RESEARCH

Central bank watch

Poland (NBP)	MPC still very dovish (indicating flat key rate well into 2014), markets become more optimistic on pace of economic recovery (i.e. betting on earlier rate hikes)
Hungary (MNB)	Interest rate cutting cycle to continue, but at lower speed
Czech Republic (CNB)	No change in interest rates expected in 2013, threat of FX intervention by central bank prevails
Romania (BNR)	Only 25bp rate cut at the September meeting
Serbia (NBS)	NBS will wait for fiscal consolidation to cut key rate
Russia (CBR)	Rate cuts in October became very unlikely
Turkey (TCMB)	No rate hike stance of TCMB receives currently support from unexpected Fed tapering postponement

Source: Bloomberg, Reuters, Raiffeisen RESEARCH

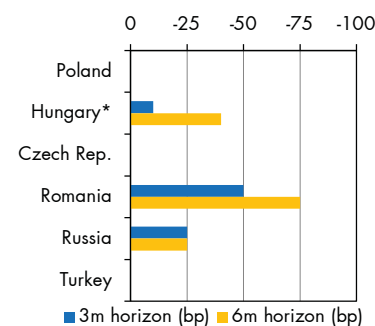
Key rate trends (%)



* under revision

Source: Bloomberg

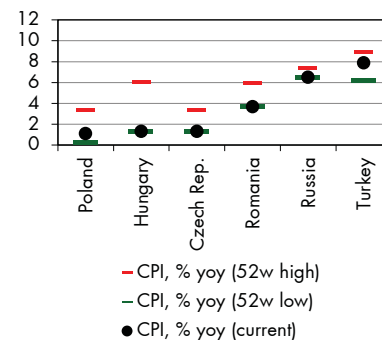
Key rate forecast (chg., bp)



* under revision

Source: Bloomberg

Inflation snapshot



Source: Bloomberg, Raiffeisen RESEARCH

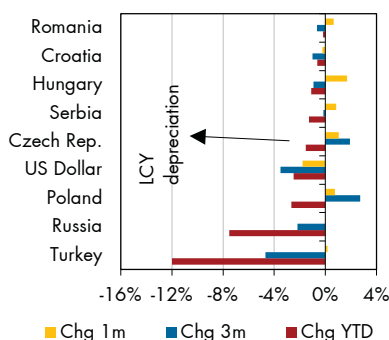
Rate setting meetings

	Oct	Nov
Poland (NBP)	2	6
Hungary (MNB)	29	26
Czech Rep. (CNB)		7
Romania (BNR)		5
Serbia (NBS)	17	7
Russia (CBR)	14	1st half
Turkey (TCMB)	23	19

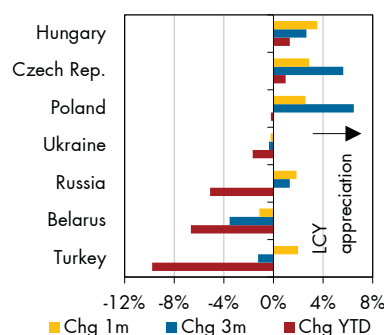
Source: National Central Banks, Raiffeisen RESEARCH

Foreign exchange market overview

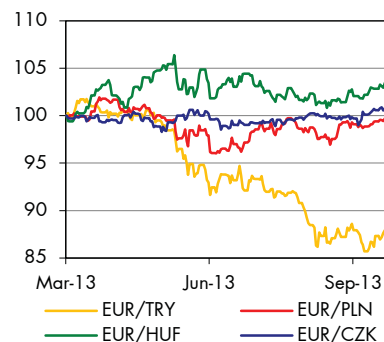
Change of LCY value to EUR (%)



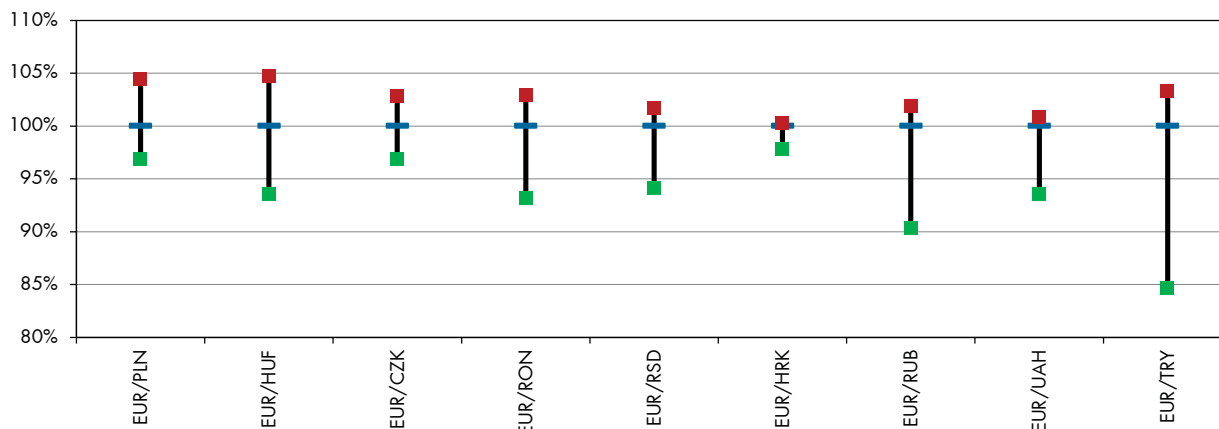
Change of LCY value to USD (%)



Exchange rate comparison



CEE FX trading range*



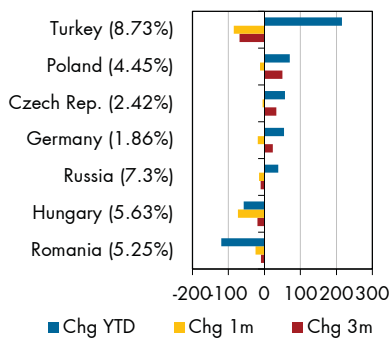
FX forecasts

EUR vs	current ¹	Dec-13	Mar-14	Jun-14	Sep-14	Comment
PLN	4.18	4.15	4.10	4.00	4.05	Support area at EUR/PLN 4.18-4.20 still unlikely to be broken in the next week(s)
HUF	294.8	300.0	305.0	300.0	305.0	HUF traded in a very narrow range this week, we don't expect it to further materially strengthen
CZK	25.49	25.50	25.40	25.10	24.90	EUR/CZK weakens on lower inflation report
RON	4.45	4.50	4.45	4.50	4.50	Limited appreciation potential, even in the favourable external context
HRK	7.61	7.60	7.57	7.48	7.52	Depreciation pressures on HRK strengthened at the end of the week, EUR/HRK above 7.62
RSD	113.8	115.0	113.0	112.0	114.0	EUR/RSD weakening to continue as new government has to prove
RUB	43.61	42.95	42.54	42.79	42.63	see rouble basket below
UAH	11.08	10.66	10.74	10.71	10.75	see USD/UAH below
BYR	12,413	12,700	13,500	13,900	14,600	see USD/BYR below
TRY	2.68	2.54	2.62	2.71	2.62	see USD/TRY below
USD	1.35	1.30	1.31	1.29	1.28	Current strong EUR (despite clouded outlook as Fed is likely to exit expansionary policy earlier than ECB) supports a lot of CEE currencies
USD vs	current ¹	Dec-13	Mar-14	Jun-14	Sep-14	Comment
RUB	32.21	33.04	32.47	33.17	n.a.	see rouble basket below
UAH	8.19	8.20	8.20	8.30	8.40	Pressure on the peg likely to rise in 2014. We do not rule out some weakening, after administrative measures prove insufficient
BYR	9,181	9,800	10,300	10,800	n.a.	We further increased our depreciation expectation on weakening fundamentals
TRY	1.98	1.95	2.00	2.10	2.05	TRY is currently benefiting from USD weakness, but pressure should be revived temporarily once tapering materialises
RUB basket*	37.34	37.50	37.00	37.50	37.50	Rouble calmer around 37.40-.50 for the time being

¹ as of 11 October 2013, 08:43 a.m. CET
Source: Bloomberg, Raiffeisen RESEARCH

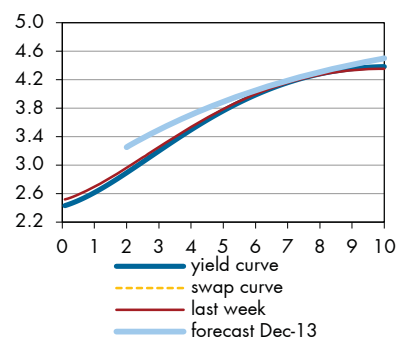
Local currency bond market overview

Change of LCY 10y bond yields (bp)



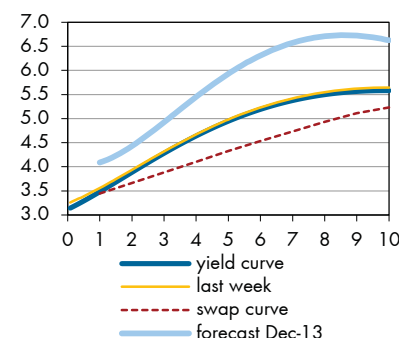
Source: Bloomberg

PLN yield curve



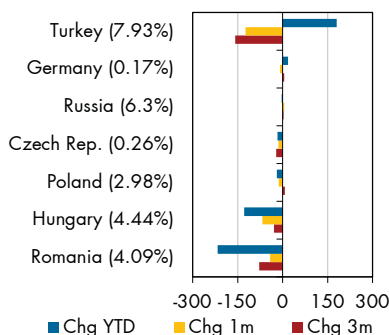
Source: Bloomberg

HUF yield curve



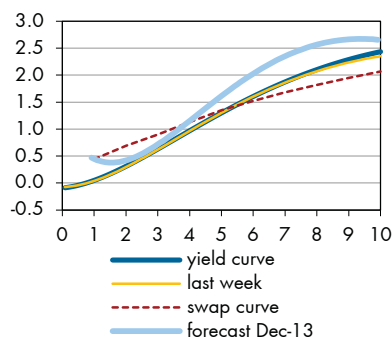
Source: Bloomberg

Change of LCY 2y bond yields (bp)



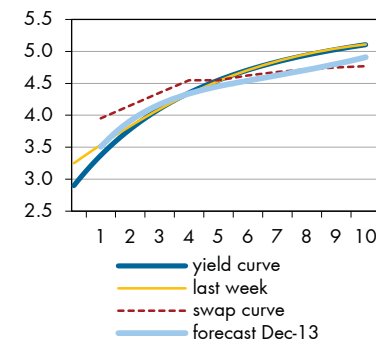
Source: Bloomberg

CZK yield curve



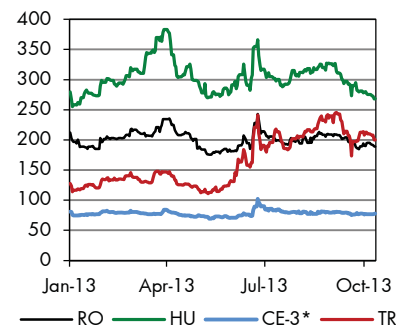
Source: Bloomberg

RON yield curve



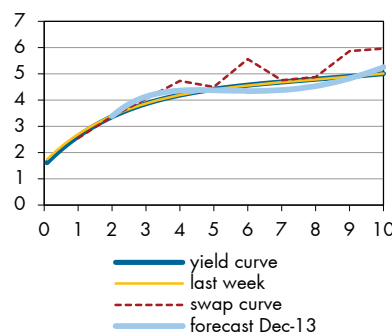
Source: Bloomberg

5y USD CDS



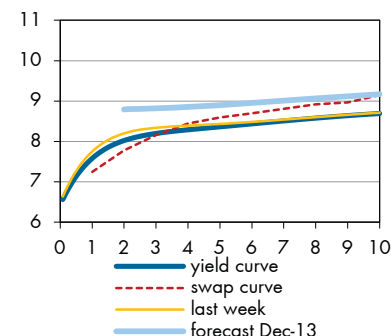
* CE-3: CZ, PL, SK
Source: Bloomberg, Raiffeisen RESEARCH

HRK yield curve



Source: Bloomberg

TRY yield curve



Source: Bloomberg

Yield forecasts

2y T-bond yields (%)						10y T-bond yields (%)					
	current*	Dec-13	Mar-14	Jun-14	Sep-14		current*	Dec-13	Mar-14	Jun-14	Sep-14
Poland	2.92	3.2	3.4	3.5	3.6	Poland	4.43	4.6	4.6	4.7	4.8
Hungary	4.34	4.5	4.9	4.7	5.0	Hungary	5.53	6.5	6.8	6.5	6.8
Czech Rep.	0.16	0.3	0.4	0.6	0.8	Czech Rep.	2.40	2.6	2.8	3.1	3.2
Romania	3.85	4.0	3.9	3.9	3.9	Romania	5.14	5.0	5.0	5.1	5.2
Croatia	4.11	3.5	3.5	3.6	3.7	Croatia	4.82	5.5	5.6	5.6	5.6
Russia	6.25	6.2	6.0	6.3	6.0	Russia	7.27	7.2	7.0	7.3	7.2
Turkey	7.86	8.8	9.3	9.2	9.0	Turkey	8.71	9.2	9.7	10.0	9.9
Eurozone	0.17	0.3	0.4	0.6	0.8	Eurozone	1.86	2.1	2.3	2.7	2.8
USA	0.34	0.5	0.5	0.8	1.0	USA	2.68	3.0	3.1	3.2	3.3

* Ask yields as of 11 October 2013, 09:24 a.m. CET
Source: Bloomberg, Raiffeisen RESEARCH

Local currency bond market overview

CEE local currency bond market snapshot

		Maturity	Coupon, %	Ask Price	YTM, %	Spread to Bunds, bp	MDur.	Comment
Poland								
PLN	2y Gov. Bond	25/07/2015	0.00	94.89	2.97	281	1.8	A bunch of domestic data next week may support bond market temporarily, but general bearish tendency remains intact
PLN	5y Gov. Bond	25/07/2018	2.50	94.36	3.81	297	4.6	
PLN	10y Gov. Bond	25/10/2023	4.00	97.02	4.37	256	8.1	
Hungary								
HUF	3y Gov. Bond	22/12/2016	5.50	103.02	4.46	417	2.9	As Hungarian news-flow remains fairly quiet, yields are impacted by external investor sentiment
HUF	5y Gov. Bond	20/12/2018	5.50	102.33	4.98	414	4.5	
HUF	10y Gov. Bond	24/11/2023	6.00	101.97	5.74	392	7.5	
Czech Republic								
CZK	2y Gov. Bond	11/04/2015	3.80	105.73	-0.01	-17	n.v.	Czech government bond yields follow German benchmark
CZK	5y Gov. Bond	18/08/2018	4.60	116.20	1.15	32	4.5	
CZK	10y Gov. Bond	12/09/2022	4.70	120.00	2.21	39	7.6	
Croatia								
HRK	5y Gov. Bond	10/07/2018	5.25	103.19	4.49	366	4.3	Eurobond prices decline, demand pronounced on the domestic market
HRK	8y Gov. Bond	05/03/2020	6.75	110.50	4.82	301	5.3	
Romania								
RON	3y Gov. Bond	29/08/2016	4.75	101.59	4.15	386	2.8	Faster and ampler easing cycle to support RON government securities, while the bulk of it already factored in, limiting potential for further gains
RON	5y Gov. Bond	26/07/2017	5.90	105.66	4.25	341	3.5	
Russia								
RUB	2y Gov. Bond	15/07/2015	6.88	101.17	6.26	610	1.7	OFZ market going sideways
RUB	5y Gov. Bond	03/08/2016	6.90	101.50	6.41	558	2.6	
RUB	10y Gov. Bond	24/11/2021	7.00	97.61	7.16	534	6.1	
Turkey								
TRY	2y Gov. Bond	13/05/2015	5.00	95.30	8.17	801	1.6	Local debt market to continue to receive some support from Fed tapering postponement until related pressure revives again
TRY	5y Gov. Bond	08/03/2017	9.00	102.00	8.32	749	3.0	
TRY	10y Gov. Bond	08/03/2023	7.10	89.39	8.77	695	6.7	

Prices as of 11 October 2013, 10:46 a.m. CET
Source: Bloomberg, Raiffeisen RESEARCH

Bond auctions

	ISIN	Coupon	Maturity	Volume
15 October 2013				
UA	T-bond	n.a.	n.a.	n.a.
16 October 2013				
RU	OFZ bond	n.a.	n.a.	n.a.
18 October 2013				
HU	n.a.	n.a.	n.a.	n.a.

Summary: Ratings & macro data

Country ratings: CE, SEE, CIS

	S&P			Moody's			Fitch		
	LCY	FCY	Outlook	LCY	FCY	Outlook	LCY	FCY	Outlook
CE									
Poland	A	A-	stable	A2	A2	stable	A	A-	positive
Hungary	BB	BB	negative	Ba1	Ba1	negative	BBB-	BB+	stable
Czech Republic	AA	AA-	stable	A1	A1	stable	AA-	A+	stable
Slovakia *	A	A	stable	A2	A2	negative	A+	A+	stable
Slovenia *	A-	A-	stable	Ba1	Ba1	negative	BBB+	BBB+	negative
SEE									
Romania	BB+	BB+	stable	Baa3	Baa3	negative	BBB	BBB-	stable
Bulgaria	BBB	BBB	stable	Baa2	Baa2	stable	BBB	BBB-	stable
Croatia	BB+	BB+	negative	Ba1	Ba1	stable	BBB-	BB+	stable
Serbia	BB-	BB-	negative	B1	B1	stable	BB-	BB-	negative
CIS									
Russia	BBB+	BBB	stable	Baa1	Baa1	stable	BBB	BBB	stable
Ukraine	B	B	negative	Caa1	Caa1	negative	B	B	negative
Belarus	B-	B-	positive	B3	B3	negative	not rated	not rated	not rated
Kazakhstan	BBB+	BBB+	stable	Baa2	Baa2	stable	A-	BBB+	stable
Turkey	BBB	BB+	stable	Baa3	Baa3	stable	BBB	BBB-	stable

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

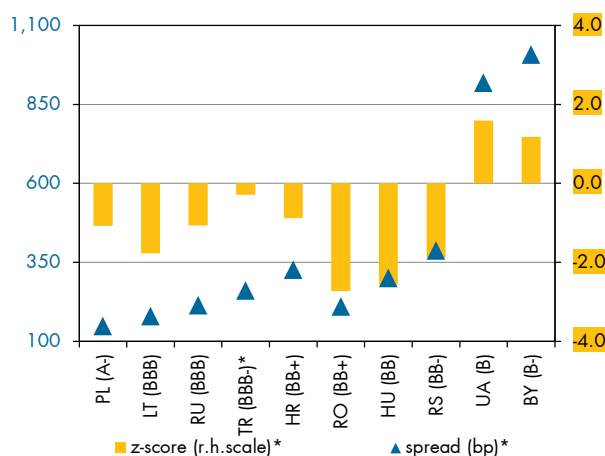
Main macro data & forecasts *

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	2012	-2.0	3.4	19.1	1047	-4.1	53.7	22.3	0.0	102.3	25.0	8.5
	2013e	-0.5	2.5	19.8	1027	-4.5	61.8	20.6	-0.7	103.1	24.5	8.7
	2014f	1.0	2.7	19.5	1024	-3.6	65.4	19.5	-0.9	99.8	24.7	8.8
Czech Rep.	2012	-1.2	3.3	6.8	1000	-4.4	45.9	67.2	-2.5	50.7	44.0	4.2
	2013e	-1.0	1.5	7.6	985	-2.9	48.4	69.1	-1.0	51.5	45.5	4.4
	2014f	1.9	1.2	7.4	1041	-2.9	49.6	71.6	-0.8	50.5	45.2	4.1
Hungary	2012	-1.7	5.7	10.9	771	-1.9	79.2	82.6	1.9	126.8	27.6	5.5
	2013e	0.5	2.0	10.6	783	-2.9	78.7	84.0	2.6	119.2	25.9	4.8
	2014f	1.5	2.5	9.9	802	-2.9	77.2	84.1	2.8	110.3	25.5	4.4
Poland	2012	1.9	3.7	12.8	842	-3.9	55.6	38.4	-3.5	72.4	29.9	6.5
	2013e	1.2	1.2	14.0	860	-4.1	57.1	39.5	-2.6	73.1	30.5	6.7
	2014f	2.5	2.0	13.1	926	-3.8	57.6	39.1	-4.0	70.9	30.3	6.3
Romania	2012	0.7	3.3	7.0	467	-2.9	37.8	34.2	-3.8	75.2	31.5	7.2
	2013e	2.5	4.2	7.3	493	-2.8	38.5	34.5	-1.0	70.9	31.5	7.0
	2014f	2.0	2.2	7.2	512	-2.5	38.9	36.2	-2.0	69.6	29.1	5.9
Russia	2012	3.4	5.1	5.7	671	0.4	10.5	26.3	3.7	30.9	76.3	17.0
	2013e	2.0	6.7	6.0	690	-0.5	11.0	24.3	2.8	33.7	67.2	16.9
	2014f	2.0	5.5	6.0	728	-0.2	11.5	23.5	2.0	34.0	61.6	15.6
Ukraine	2012	0.2	0.6	7.7	290	-5.5	36.8	40.0	-8.5	76.3	17.0	2.9
	2013e	1.0	-0.2	7.5	320	-4.0	37.5	37.4	-6.6	77.3	11.9	2.4
	2014f	1.5	5.0	7.0	350	-5.0	39.0	38.4	-6.5	76.5	11.7	2.2
Turkey	2012	2.2	9.0	9.2	749	-2.4	36.8	19.4	-6.1	45.2	27.7	5.0
	2013e	3.5	6.0	9.5	711	-2.2	35.0	19.0	-6.7	46.3	19.7	3.6
	2014f	3.5	6.7	9.3	706	-2.5	33.0	18.8	-6.6	49.5	17.4	3.6

* only for countries included in CEE bond market weekly, ** Export of Goods only, *** FXR - Foreign exchange reserves
Source: Thomson Financial Datastream, National Statistics

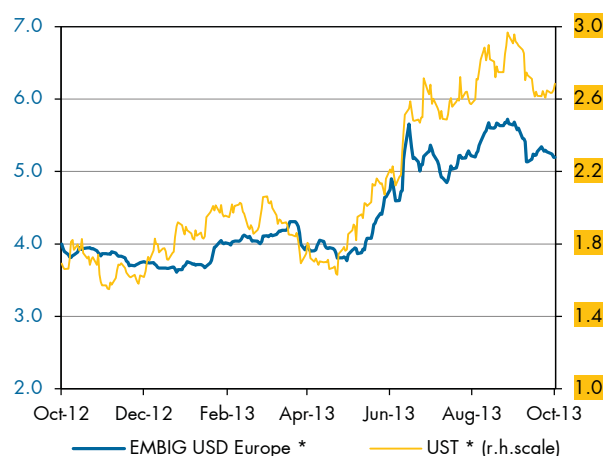
Eurobond market overview

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, Raiffeisen RESEARCH

CEE EMBIG USD vs. UST YTM*



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

Issuer/rate/due	Market Price					YTM mid.	Spread vs.	Mdur.	ISIN
	Bid	Ask	w/w %	52w max	52w min	% p. a.	Bmk, bp	years	—
EUR									
BGARIA 4 1/4 07/09/17	107.3	107.5	0.16	110.5	106.7	2.15	165	3.4	XS0802005289
CROATI 6 1/2 01/05/15	105.0	105.2	-0.05	112.7	104.9	2.22	205	1.1	XS0431967230
CROATI 5 7/8 07/09/18	106.5	107.0	0.80	111.3	103.6	4.26	347	4.1	XS0645940288
REPHUN 3 1/2 07/18/16	101.1	101.7	0.36	101.4	94.8	2.95	266	2.6	XS0240732114
REPHUN 5 3/4 06/11/18	104.2	105.0	0.49	108.1	99.9	4.62	385	4.0	XS0369470397
REPHUN 6 01/11/19	104.9	105.9	-0.11	109.3	100.8	4.80	391	4.3	XS0625388136
LITHUN 4.85 02/07/18	110.3	110.6	0.09	113.0	107.5	2.28	162	3.8	XS0327304001
POLAND 3 5/8 02/01/16	106.1	106.5	-0.01	108.7	106.0	0.84	61	2.2	XS0242491230
POLAND 1 5/8 01/15/19	99.9	100.6	0.53	102.3	98.0	1.58	68	4.9	XS0874841066
POLAND 3 3/4 01/19/23	106.5	107.2	-0.07	113.1	104.5	2.90	115	7.6	XS0794399674
POLAND 3 3/8 07/09/24	101.6	102.4	0.44	107.4	99.3	3.15	119	8.8	XS0841073793
ROMANI 5 1/4 06/17/16	107.0	107.5	-0.37	109.2	104.6	2.42	214	2.5	XS0638742485
ROMANI 4 7/8 11/07/19	104.4	105.1	-0.12	109.4	99.0	3.98	295	5.0	XS0852474336
TURKEY 5 7/8 04/02/19	109.5	110.5	-0.35	119.4	107.5	3.81	289	4.6	XS0285127329
TURKEY 5 1/8 05/18/20	105.3	106.1	-0.08	115.9	102.4	4.11	297	5.4	XS0503454166
USD									
BGARIA 8 1/4 01/15/15	108.8	109.1	-0.08	116.4	109.0	1.01	82	1.2	XS0145623624
BELRUS 8 3/4 08/03/15	94.9	96.2	0.20	106.1	94.3	11.54	1123	1.6	XS0529394701
BELRUS 8.95 01/26/18	92.6	94.6	0.07	111.2	90.0	10.84	968	3.4	XS0583616239
CROATI 6 3/8 03/24/21	105.3	106.8	2.54	118.5	101.4	5.37	321	5.9	XS0607904264
CROATI 5 1/2 04/04/23	98.2	99.1	2.74	109.0	93.9	5.68	309	7.3	XS0908769887
REPHUN 5 3/8 02/21/23	98.8	99.3	1.37	106.0	93.0	5.51	294	7.2	US445545AH91
REPHUN 7 5/8 03/29/41	109.3	110.1	1.84	125.3	97.0	6.84	324	12.0	US445545AF36
LITHUN 7 3/8 02/11/20	121.5	122.4	0.25	131.0	118.0	3.48	162	5.1	XS0485991417
LITHUN 6 5/8 02/01/22	118.2	119.2	0.13	128.9	113.7	3.96	161	6.5	XS0739988086
LATVIA 2 3/4 01/12/20	95.3	96.3	0.64	101.2	91.3	3.51	168	5.6	XS0863522149
LATVIA 5 1/4 06/16/21	108.7	109.7	0.48	117.4	105.2	3.85	164	6.2	XS0638326263
POLAND 3 7/8 07/16/15	104.9	105.3	0.07	107.8	104.2	0.91	61	1.7	US731011AS13
POLAND 6 3/8 07/15/19	117.4	117.9	0.45	125.9	114.3	3.01	134	4.8	US731011AR30
POLAND 3 03/17/23	92.5	93.0	0.75	101.3	87.4	3.93	135	8.0	US731011AT95
ROMANI 6 3/4 02/07/22	115.1	115.7	1.14	124.4	108.4	4.51	216	6.4	US77586TAA43
ROMANI 4 3/8 08/22/23	97.1	97.8	1.44	105.5	90.4	4.70	202	7.8	US77586TAC09
RUSSIA 4 1/2 04/04/22	102.7	103.7	0.33	116.2	97.7	4.05	167	7.0	XS0767472458
RUSSIA 7 1/2 03/31/30	118.4	118.5	-0.21	128.7	114.6	3.94	92	5.0	XS0114288789
RUSSIA 5 5/8 04/04/42	102.5	103.3	-0.03	125.0	95.6	5.42	177	14.3	XS0767473852
SERBIA 5 1/4 11/21/17	99.9	101.1	0.62	107.1	95.9	5.11	402	3.6	XS0856951263
SERBIA 4 7/8 02/25/20	94.1	95.6	1.37	99.0	89.3	5.85	398	5.3	XS0893103852
TURKEY 6 1/4 09/26/22	108.6	109.4	0.16	127.3	102.4	4.99	250	6.9	US900123BZ27
TURKEY 6 7/8 03/17/36	108.0	109.0	0.90	139.9	98.4	6.17	283	11.7	US900123AY60
TURKEY 6 3/4 05/30/40	106.4	107.5	0.36	139.7	97.2	6.21	266	12.4	US900123BG46
UKRAIN 7 3/4 09/23/20	87.3	90.0	1.07	108.1	85.5	10.06	801	5.1	XS0543783194
UKRAIN 7.8 11/28/22	86.4	87.1	1.13	107.0	83.4	10.05	752	6.0	XS0858358236
UKRAIN 7 1/2 04/17/23	85.9	86.9	1.87	101.8	82.5	9.73	711	6.2	XS0917605841

* w/w - week on week, 52w - 52 week, YTM mid - yield to maturity based on mid market price, Bmk - benchmark, Mdur - modified duration, ISIN - international security identification number; prices as of 11 October 2013, 07:42 a.m. CET
Source: Bloomberg, Raiffeisen RESEARCH

Global Head of Research:

Peter Brezinschek (1517)

Top-Down CEE Banking Sector:

Gunter Deuber (5707), Elena Romanova (1378)

Research Sales:

Werner Weingraber (5975)

Economics, Fixed Income, FX:

Valentin Hofstätter (Head, 1685), Jörg Angelé (1687), Eva Bauer (5644), Gunter Deuber (5707), Wolfgang Ernst (1500), Stephan Imre (6757), Lydia Kranner (1609), Matthias Reith (6741), Andreas Schwabe (1389), Gintaras Shlizhyus (1343), Gottfried Steindl (1523), Martin Stelzeneder (1614)

Credit/Corporate Bonds:

Christoph Klaper (Head, 1652), Jörg Bayer (1909), Igor Kovacic (6732), Martin Kutny (2013), Peter Onofrej (2049), Manuel Schreiber (3533), Lubica Sikova (2139), Alexander Sklemin (1212), Jürgen Walter (5932)

Stocks:

Helge Rechberger (Head, 1533), Aaron Alber (1513), Christian Hinterwallner (1633), Jörn Lange (5934), Hannes Loacker (1885), Richard Malzer (5935), Johannes Mattner (1463), Christine Nowak (1625), Leopold Salcher (2176), Andreas Schiller (1358), Connie Schumann (2178), Magdalena Wasowicz (2169)

Quant Research/Emerging Markets:

Veronika Lammer (Head, 3741), Björn Chyba (8161), Judith Galter (1320), Dagmar König (8017), Andreas Mannsparth (8133), Nina Neubauer-Kukic (1635), Manuel Schuster (1529), Stefan Theußl (1593)

Technical Analysis:

Robert Schittler (1537), Stefan Memmer (1421)

Layout:

Birgit Bachhofner (3518), Kathrin Rauchlatner (1518), Marion Stadler (1846)

Translation:

David Wietstruk (6781), William Burton, Sarah Fleissner, Marina Ivanova, Ventsislav Mishev, Benjamin-Zsolt Zombori

Publisher: Raiffeisen RESEARCH GmbH, A-1030 Vienna, Am Stadtpark 9, Phone: +43 1 717 07-1521

Editorial Department: Raiffeisen RESEARCH / RBI A-1030 Vienna, Am Stadtpark 9, Phone: +43 1 717 07 - 1521

DISCLAIMER

This document does not constitute an offer or invitation to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. Any investment decision with respect to any securities of the respective company must be made on the basis of an offering circular or prospectus approved by such company and not on the basis of this document. Raiffeisen Bank International AG ('RBI') may have effected an own account transaction in any investment mentioned herein or related investments and or may have a position or holding in such investments as a result. RBI may have been, or might be, acting as a manager or co-manager of a public offering of any securities mentioned in this report or in any related security. Information contained herein is based on sources, including annual reports and other material which might have been made available by the entity which is the subject of this document. RBI believes all the information to be reliable, but no representations are made as to their accuracy and completeness. Unless otherwise stated, all views (including statements and forecasts) are solely those of RBI and are subject to change without notice.

Investors in emerging markets need to be aware that settlement and custodial risk may be higher than in markets where there is a long established infrastructure and that stock liquidity may be impacted by the numbers of market makers which may therefore impact upon the reliability of any investments made as a result of acting upon information contained in this document.

SPECIAL REGULATIONS FOR THE REPUBLIC OF AUSTRIA:

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

SPECIFIC RESTRICTIONS FOR THE UNITED STATES OF AMERICA AND CANADA:

This research report may not be transmitted to, or distributed within, the United States of America or Canada or their respective territories or possessions, nor may it be distributed to any United States person or any person resident in Canada, unless it is provided directly through RB International Markets (USA) LLC, a U.S. registered broker-dealer ('RBIM'), and subject to the terms set forth below.

SPECIFIC INFORMATION FOR THE UNITED STATES OF AMERICA AND CANADA:

This research report is intended only for institutional investors and is not subject to all of the independence and disclosure standards that may be applicable to debt research prepared for retail investors. This report has been provided to you through RB International Markets (USA) LLC, a U.S. registered broker-dealer ('RBIM') but has been prepared by our non-U.S. affiliate, Raiffeisen Bank International AG ('RBI'). Any order for the purchase or sale of securities covered by this report must be placed with RBIM. You may reach RBIM at 1133 Avenue of the Americas, 16th Floor, New York, NY 10036, 212-600-2588. This research has been prepared outside the United States by one or more analysts who may not have been subject to rules regarding the preparation of reports and the independence of research analysts comparable to those in effect in the United States. The analyst or analysts who prepared this research (i) are not registered or qualified as research analysts with the Financial Industry Regulatory Authority (FINRA) in the United States and (ii) may not be associated persons of RBIM and therefore may not be subject to FINRA regulations, including regulations related to the conduct or independence of research analysts.

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

RESEARCH ANALYST COMPENSATION:

Research analysts employed by RBI are not compensated for specific investment banking transactions. The author(s) of this report receive(s) compensation that is based on (among other factors) the overall profitability of RBI, which includes earnings from RBI's investment banking and other businesses. RBI generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or futures of any companies that the analysts cover.

CERTIFICATION:

Each RBI analyst who is involved in the preparation of this research report certifies that:

a) the views expressed in the research report accurately reflect such research analyst's personal views about the subject securities and issuers; and b) that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report.

RBI is not obligated to update this research report. Investors must keep themselves informed on the current course of business of the issuer, any changes in the current course of business of the issuer and other relevant factors. By using this report or by relying on it in any manner whatsoever you agree to be bound by the foregoing limitations. Additional information on the contents of this report is available on request.

If any term of this Disclaimer is found to be illegal, invalid or unenforceable under any applicable law, such term shall, insofar as it is severable from the remaining terms, be deemed omitted from this Disclaimer and shall in no way affect the legality, validity or enforceability of the remaining terms. Detailed disclaimer and disclosure as per § 48f Austrian Stock Exchange Act: <http://www.raiffeisen-research.at> -> "Disclaimer".



Raiffeisen Bank International AG

Investment Banking Units

Raiffeisen Bank International AG, Vienna

Capital Markets

Head of Capital Market Sales: Harald Schönauer +43 1 71707-1148
 Financial Sales AT/DE: Harald Schönauer +43 1 71707-1148
 Financial Sales Europe: Alicja Kocwin-Gottwald +43 1 71707-3759
 FX, MM & Derivatives: Werner Pelzmann +43 1 71707-1793
 Corporates Treasury Solutions: Amir-Ali Ameri +43 1 71707-3962

Belgrade: Raiffeisenbank a.d. Serbia

Zoran Petrovic Tel: +381 11 2207006

Bratislava: Tatra banka, a.s.

Peter Augustin Tel: +421 2 59191440

Bucharest: Raiffeisen Capital & Investment S.A.

James Stewart Tel: +40 21 302 0082

Budapest: Raiffeisen Bank Zrt.

László Volosinovsky Tel: +36 1 484 4639

Kiev: Raiffeisen Bank Aval JSC

Christian Altenrieder Tel: +38044 499-1516
 Vladimir Kravchenko Tel: +380 44 495-4220

Maribor: Raiffeisen Banka d.d.

Gvido Jemensek Tel: +386 2 229 3111

Minsk: Priorbank JSC

Andrey Filazafovich Tel: +375 17 289 9 213

Moscow: ZAO Raiffeisenbank

Nikita Patrakhin Tel: +7 495 721 2834

Tirana: Raiffeisen Bank Sh.a.

Elona Shuperka Tel: +355 4 2381 444

Prague: Raiffeisenbank a.s.

Jan Pudil Tel: +420 234 401 863

Sarajevo: Raiffeisen BANK d.d. Bosnia and Herzegovina

Sanja Korene Tel: +387 33 287 122

Sofia: Raiffeisenbank (Bulgaria) EAD

Evelina Miltenova Tel: +359 2 91985 451

Warsaw: Raiffeisen Bank Polska S.A.

Krzysztof Lubkiewicz Tel: +48 691 335 510

Zagreb: Raiffeisenbank Austria d.d.

Ivan Zizic Tel: +385 1 45 66 466

Raiffeisen CENTROBANK AG

Institutional Equity Sales, Vienna

Head: Wilhelm Celeda Tel: +43 1 515 20 402
 Sales: Klaus della Torre Tel: +43 1 515 20 472

Merger & Aquisitions

Gerhard Grund Tel: +43 1 51520-302
 Henning von Stechow Tel: +43 1 51520-760

Commercial banks

Raiffeisen Bank International AG, Vienna

Corporate Customers: Joseph Eberle Tel: +43 1 71707 1487
 Financial Institutions: Axel Summer Tel: +43 1 71707 1476

RBI London Branch

Graham Page Tel: +44 20 7933 8108
 Mark Bowles Tel: +44 20 7933 8001

Raiffeisen Malta Bank plc., Sliema

Anthony Schembri Tel: +356 21 320 942

RB International Finance LLC (USA)

Dieter Beintrexler Tel: +1 212 845 4100
 Stefan Gabriele Tel: +1 212 600 2588

RBI Beijing Branch

Terence Lee Tel: +86 10 8531-9007

RBI Singapore Branch

Klaus Krombass Tel: +65 6305 6024

International Desk

Vienna: Raiffeisen Bank International AG

Rudolf Lercher Tel: +43 1 71707 3537

Belgrade: Raiffeisen banka a.d.

Sofija Davidovic Tel: +381 11 220 7807

Bratislava: Tatra banka, a.s.

Henrieta Hudecova Tel: +421 2 5919 1849

Bucharest: Raiffeisen Bank S.A.

Reinhard Zeitlberger Tel: +40 21 306 1564

Budapest: Raiffeisen Bank Zrt.

László Volosinovsky Tel: +36 1 484 4639

Kiev: Raiffeisen Bank Aval

Oksana Volchko Tel: +38 044 230 0348

Maribor: Raiffeisen Banka d.d.

Simona Vizintin Tel: +386 2 22 93 159

Minsk: Priorbank JSC

Anna Hmaruk Tel: +375 17 289 9321

Moscow: ZAO Raiffeisenbank Austria

Maria Maevskaya Tel: +7 495 775 5230

Prague: Raiffeisenbank a.s.

Roman Lagler Tel: +420 234 40 1728

Pristina: Raiffeisen Bank Kosovo J.S.C.

Anita Sopi Tel: +381 38 22 22 22 184

Sofia: Raiffeisenbank (Bulgaria) EAD

Yavor Russinov Tel: +3592 9198 5136

Sarajevo: Raiffeisen Bank d.d. Bosna i Hercegovina

Vildana Sijamhodzic Tel: +387 33 287 283

Tirana: Raiffeisen Bank Sh.a.

Jorida Zaimi Tel: +355 4 2381 445 2865

Warsaw: Raiffeisen Bank Polska S.A.

Zuzanna Szatkowska Tel: +48 22 585 2431

Zagreb: Raiffeisenbank Austria d.d.

Wolfgang Wöhry Tel: +385 1 4566 462