



Poland Daily

HEADLINES...

POL: In May synthetic indicator of business conditions (SI) amounted to 109.3pts and was higher than in April 2018 and May 2017. In May in manufacturing domestic and foreign orders increased, stocks of finished goods rose but declined expectations on future output. In construction current domestic and foreign orders continue to rise but expectations on future employment diminish what results in stabilisation of confidence indicator. In May confidence in retail trade declined as a result of smaller retail sales and decline in stocks that were not compensated for by rise in expected sales. In May companies in services sector reported smaller demand in last three months and pointed to somewhat weaker current situation with relatively steady expectations on future demand. In May manufacturing companies pointed to higher labour costs as the main barrier to business, in construction besides higher labour costs there was lack of skilled workers and in retail trade unclear regulations and unstable law was the main drawback. In May capacity utilisation in manufacturing was above 80% and in construction above 85%.

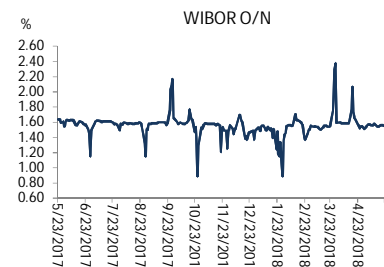
THE DAY AHEAD...

POL: Retail sales (Apr)
DEU: PMI (May)
EMU: PMI (May)
USA: PMI (May), FOMC minutes

TODAY'S FOCUS:

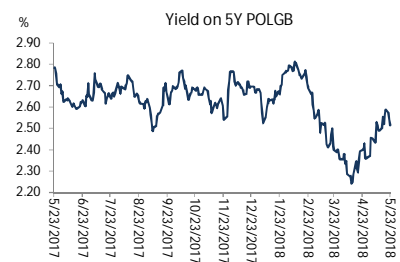
Today market participants will be focusing on PMI indices from Europe and the US and on minutes of FOMC meeting on May 2. On a domestic side data on retail sales for April will be of interest.

Figure 1: WIBOR O/N



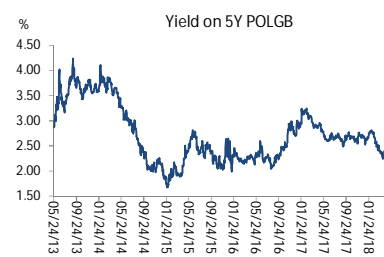
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

Figure 3: Yield on 5Y POLGB – long term trend



Source: Bloomberg

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	7:30	PMI Manufacturing (May)	57.9	56.8	57.9
POL	8:00	Retail sales (Apr)	-1.8% (8.5%)	-5.3% (4.6%)	-2.4% (7.9%)
EMU	8:00	PMI Manufacturing (May)	56.1		56.1
USA	13:45	PMI Manufacturing (May)	56.5		56.5
USA	14:00	New Home Sales (Apr)	700k		680k
USA	18:00	FOMC minutes			

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.9% weaker versus the USD and was 0.4% weaker versus the EUR compared to the last NBP fixing. Today the zloty should be moving within a range of PLN4.2800-4.3150 per EUR.

The EUR weakened by 0.5% versus the USD on ongoing political uncertainty in Italy. Today in the morning, weak PMI data from France and Germany weighed on the EUR.

Fixed Income

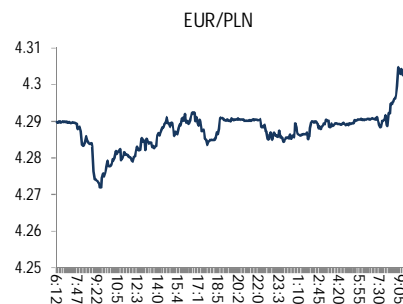
The yields on Poland's government bonds were 5 and 7 bps down respectively in medium and long segments of the curve.

Interest Rates

Today the O/N bid rate should be within a range of 1.30%-1.50%. Swap rates were 3-4 bps down in 5-year and 10-year sectors.

Equities

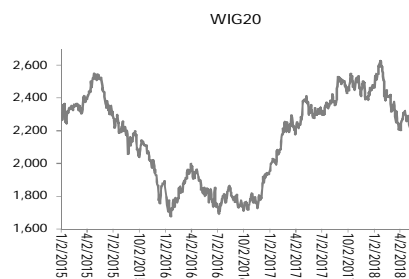
Yesterday the Dow Jones index closed 0.72% down. Today in the morning the FTSE index was 0.37% down, the CAC index fell by 0.76% and the DAX index was 0.66% down. The Nikkei index closed 1.18% down. Today in the morning the WIG20 index was 0.79% down and the WIG index was 0.59% down.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 23 May 2018 (8:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.6590	3.6252	0.9%	SPOT	3.6582	3.6598	SPOT	4.2992	4.3008
EUR/PLN	4.3000	4.2812	0.4%	S/N	3.6580	3.6597	S/N	4.3001	4.3018
GBP/PLN	4.8987	4.8814	0.4%	1W	3.6578	3.6596	1W	4.3008	4.3026
CHF/PLN	3.6950	3.6385	1.6%	1M	3.6567	3.6585	1M	4.3068	4.3087
SEK/PLN	0.4190	0.4192	0.0%	2M	3.6543	3.6562	2M	4.3148	4.3168
NOK/PLN	0.4522	0.4510	0.3%	3M	3.6518	3.6538	3M	4.3228	4.3250
DKK/PLN	0.5774	0.5748	0.5%	6M	3.6439	3.6461	6M	4.3451	4.3478
CAD/PLN	2.8432	2.8413	0.1%	12M	3.6233	3.6262	12M	4.3910	4.3966
CZK/PLN	0.1671	0.1667	0.2%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1752	1.1810	-0.5%	O/N	1.55 %	-1 bp			
USD/JPY	110.23	110.98	-0.7%	1W	1.56 %	0 bp	1M		
GBP/USD	1.3388	1.3465	-0.6%	1M	1.64 %	0 bp	3M	%	bp
USD/CHF	0.9904	0.9963	-0.6%	3M	1.70 %	0 bp	6M	%	bp
EUR/JPY	129.55	131.06	-1.2%	6M	1.78 %	0 bp	9M	%	bp
EUR/GBP	0.8779	0.8770	0.1%	9M	1.79 %	0 bp	12M	%	bp
USD/CAD	1.2871	1.2759	0.9%	12M	1.82 %	0 bp			
FRAs (mid)	Last closing			IRS (mid)	Today's opening	1-day change	T-Bonds (mid)	Today's opening	1-day change
1X2	1.65	1X7	1.78	2Y	1.94 %	-1 bp	2Y	1.60 %	-1 bp
2X3	1.65	3X9	1.80	5Y	2.52 %	-3 bp	5Y	2.51 %	-5 bp
1X4	1.70	6X12	1.83	10Y	3.04 %	-4 bp	10Y	3.24 %	-7 bp
3X6	1.71			5Y-2Y	58 bp	-2 bp			
6X9	1.75			10Y-5Y	52 bp	-1 bp			
9X12	1.80			10Y-2Y	110 bp	-3 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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