



Poland Daily

HEADLINES...

POL: MPC member Kamil Zubelewicz said that chances for potential rate hike increased recently, due to more balanced views within the MPC. He added that three months ago likelihood for rate hike was small, but currently it was possible that inflationary factors (higher oil prices, tendency to boost fiscal spending and potential pressure to increase wages in public sector) would occur jointly. In his opinion introducing employee capital plans (PPK) would also cause inflation pressure. In his opinion the most likely scenario is stabilisation in interest rates.

POL: In April money supply (M3) was 0.2% up mom and increased by 5.7% yoy. The current account deposits of households increased by 0.4% mom and were 12.3% up yoy, and corporate current account deposits increased by 0.9% mom and were 10.6% up yoy. In April 2018 loans to households increased by 0.3% mom and were 3.3% up yoy while loans to enterprises increased by 0.2% mom and 5.0% yoy.

THE DAY AHEAD...

POL: unemployment rate (Apr)

UK: GDP (Q1)

DEU: IFO index (May)

USA: University of Michigan Consumer Sentiment (May)

TODAY'S FOCUS:

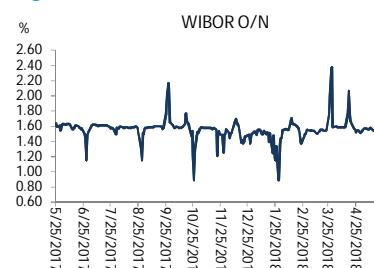
Today market participants will focus on German IFO index for May, UK Q1 GDP and Univ. of Michigan consumer sentiment for May. On a domestic side unemployment rate for April and Q1 labour force survey will be published.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	8:00	IFO (May)	101.8		102.0
POL	8:00	Unemployment rate (Apr)	6.3%		6.3%
POL	8:00	LFS unemployment rate (Q1)	4.4%		4.4%
UK	8:30	GDP (Q1)	0.1% (1.2%)		0.1% (1.2%)
USA	14:00	Univ. Michigan Consumer Sentiment (May)	99.0		98.8

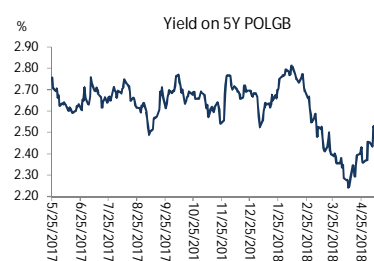
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



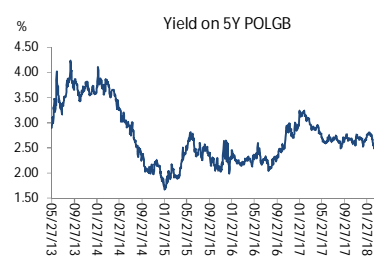
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

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



Source: Bloomberg



Foreign Exchange

Today in the morning the zloty was 0.7% weaker versus the USD and was 0.5% weaker versus the EUR compared to the last NBP fixing. The zloty has been weakening as the USD firms what increases volatility on EM currencies. Today the zloty should be moving within a range of PLN4.2950-4.3350 per EUR.

The USD firmed versus the EUR despite cancellation of the US-North Korea summit and ahead of release of German IFO index as market fears that expectations component of the IFO index could be weaker than forecast.

Fixed Income

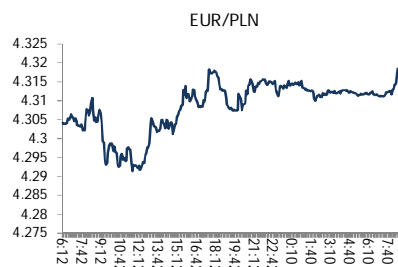
The yields on Poland's government bonds were 2 bps down in the long end of the curve. Yesterday at auction the Finance Ministry sold government bonds worth total PLN3bn versus PLN5.23bn demand. The Finance Ministry sold fixed rate bonds series OK0720 worth PLN22mn (with the yield of 1.637%), PS0123 worth PLN1.389bn (with the yield of 2.481%), WS0428 worth PLN865mn (with the yield of 3.211%) and floating rate bonds WZ0524 worth PLN402mn and WZ0528 worth PLN323mn. After the auction Poland financed 59% of borrowing needs for 2018.

Interest Rates

Today the O/N bid rate should be within a range of 1.25%-1.45%. Swap rates were 1-2 bps down in 5-year and 10-year sectors.

Equities

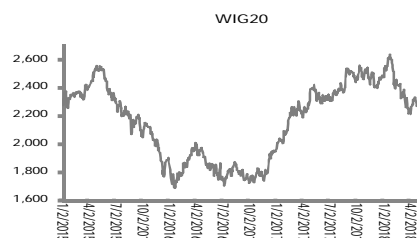
Yesterday the Dow Jones index closed 0.30% down. Today in the morning the FTSE index was 0.38% up, the CAC index rose by 0.37% and the DAX index was 0.48% up. The Nikkei index closed 0.06% up. Today in the morning the WIG20 index was 0.34% up and the WIG index was 0.26% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 25 May 2018 (7:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.6852	3.6590	0.7%	SPOT	3.6844	3.6860	SPOT	4.3139	4.3155
EUR/PLN	4.3147	4.2953	0.5%	S/N	3.6844	3.6860	S/N	4.3141	4.3158
GBP/PLN	4.9249	4.9056	0.4%	1W	3.6841	3.6858	1W	4.3155	4.3173
CHF/PLN	3.7160	3.6890	0.7%	1M	3.6828	3.6845	1M	4.3215	4.3233
SEK/PLN	0.4205	0.4190	0.3%	2M	3.6803	3.6820	2M	4.3299	4.3318
NOK/PLN	0.4544	0.4532	0.3%	3M	3.6779	3.6799	3M	4.3370	4.3391
DKK/PLN	0.5793	0.5767	0.4%	6M	3.6701	3.6724	6M	4.3598	4.3626
CAD/PLN	2.8550	2.8477	0.3%	12M	3.6503	3.6532	12M	4.4059	4.4112
CZK/PLN	0.1671	0.1664	0.4%						
				WIBOR			T-bills (mid)		
					Last fixing	1-day change		Today's opening	1-day change
EUR/USD	1.1708	1.1739	-0.3%	O/N	1.53 %	-1 bp			
USD/JPY	109.42	109.70	-0.3%	1W	1.55 %	-1 bp	1M		
GBP/USD	1.3363	1.3407	-0.3%	1M	1.64 %	0 bp	3M	%	bp
USD/CHF	0.9918	0.9919	0.0%	3M	1.70 %	0 bp	6M	%	bp
EUR/JPY	128.11	128.78	-0.5%	6M	1.78 %	0 bp	9M	%	bp
EUR/GBP	0.8762	0.8756	0.1%	9M	1.79 %	0 bp	12M	%	bp
USD/CAD	1.2908	1.2849	0.5%	12M	1.82 %	0 bp			
FRAs (mid)				Today's opening			T-Bonds (mid)		
Last closing				1-day change			Today's opening		
1X2	1.65	1X7	1.78	2Y	1.92 %	0 bp	2Y	1.59 %	0 bp
2X3	1.65	3X9	1.80	5Y	2.47 %	-1 bp	5Y	2.51 %	0 bp
1X4	1.70	6X12	1.83	10Y	2.98 %	-2 bp	10Y	3.22 %	-2 bp
3X6	1.72			5Y-2Y	55 bp	-1 bp			
6X9	1.75			10Y-5Y	51 bp	-1 bp			
9X12	1.80			10Y-2Y	106 bp	-1 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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