



Poland Daily

HEADLINES...

POL: MPC member Eryk Lon said that stable and at the same time relatively low interest rates stimulated growth of Poland's economy what increased likelihood of higher growth in investments. He added that the central bank resisted to temptation of starting hiking cycle and thus boosted consumer confidence. In his opinion the current level of interest rates was favourable for the economy. In his view in the future the Monetary Policy Council should consider abandoning inflation targeting policy.

POL: In the period of January-April 2018 there was PLN9.3bn surplus in central budget after PLN3.1bn surplus in the period of January-March this year. Budget revenues in January-April were PLN125.2bn (or 35.2% of the plan for 2018) while budget expenditures were PLN115.8bn (29.2% of plan). Revenues from indirect taxes were PLN79.9bn (33.6% of annual plan), revenues from PIT were PLN18.9bn (34% of the plan) and revenues from CIT were PLN15.1bn (or as much as 46.8% of annual plan). Expenditures on public debt servicing were PLN8.5bn (27.8% of plan), subsidy to state pension fund FUS amounted to PLN 7.8bn (16.8% of plan), subsidies to local government were PLN24.1bn (42.6% of annual plan).

THE DAY AHEAD...

EMU: Money supply M3 (Apr)

USA: Consumer confidence (May), House Price Index (Mar)

TODAY'S FOCUS:

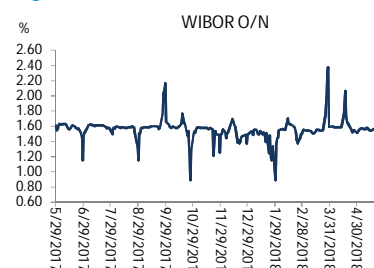
Today macro-economic calendar contains data on money supply from euro-zone for April and US consumer confidence for Mar and house price index for March.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
FRA	6:45	Consumer Confidence (May)	101		101
EMU	8:00	Money Supply M3 (Apr)	3.9%		3.9%
USA	13:00	House Price Index (Mar)			0.7% (6.4%)
USA	14:00	Consumer Confidence (May)	130.0		128.0

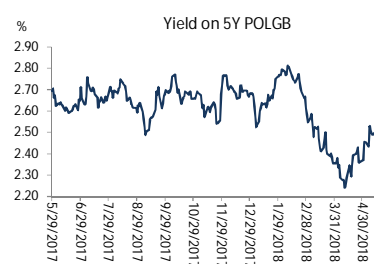
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



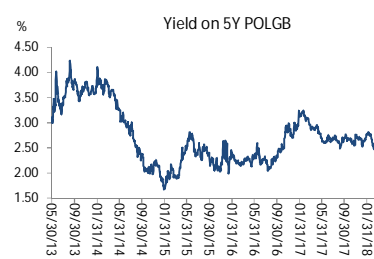
Source: Bloomberg

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 unchanged versus the EUR compared to the last NBP fixing. Today the zloty should be moving within a range of PLN4.2850-4.3150 per EUR.

The USD firmed by 0.7% versus the EUR after moderate weakening in a shallow trade as US and UK markets were closed.

Fixed Income

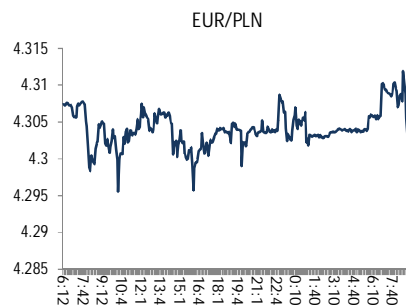
The yields on Poland's government bonds were 2 bps down in the short end of the curve and fell by 7 bps in its medium part after very good budget data for January-April this year.

Interest Rates

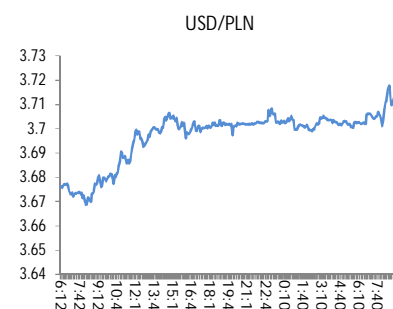
Today the O/N bid rate should be within a range of 0,70%-1,30% due to over-liquidity in the money market. Swap rates were 7-8 bps down in 5-year and 10-year sectors.

Equities

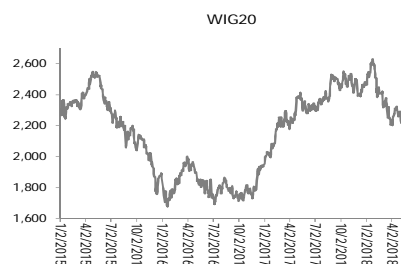
Today in the morning the FTSE index was 0.78% down, the CAC index fell by 0.67% and the DAX index was 0.60% down. The Nikkei index closed 0.55% down. Today in the morning the WIG20 index was 0.57% down and the WIG index was 0.31% down.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 29 May 2018 (7:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7107	3.6849	0.7%	SPOT	3.7098	3.7115	SPOT	4.3009	4.3024
EUR/PLN	4.3017	4.3031	0.0%	S/N	3.7097	3.7114	S/N	4.3016	4.3032
GBP/PLN	4.9298	4.9089	0.4%	1W	3.7096	3.7113	1W	4.3026	4.3042
CHF/PLN	3.7348	3.7145	0.5%	1M	3.7074	3.7095	1M	4.3079	4.3098
SEK/PLN	0.4193	0.4201	-0.2%	2M	3.7054	3.7073	2M	4.3168	4.3187
NOK/PLN	0.4515	0.4512	0.1%	3M	3.7028	3.7050	3M	4.3245	4.3267
DKK/PLN	0.5776	0.5777	0.0%	6M	3.6949	3.6974	6M	4.3475	4.3502
CAD/PLN	2.8574	2.8369	0.7%	12M	3.6751	3.6783	12M	4.3926	4.3983
CZK/PLN	0.1673	0.1673	0.0%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1593	1.1678	-0.7%	O/N	1.15 %	bp			
USD/JPY	108.92	109.40	-0.4%	1W	1.55 %	bp			
GBP/USD	1.3285	1.3322	-0.3%	1M	1.64 %	bp	1M		
USD/CHF	0.9937	0.9920	0.2%	3M	1.70 %	bp	3M	%	bp
EUR/JPY	126.26	127.75	-1.2%	6M	1.78 %	bp	6M	%	bp
EUR/GBP	0.8726	0.8766	-0.5%	9M	1.79 %	bp	9M	%	bp
USD/CAD	1.2986	1.2989	0.0%	12M	1.82 %	bp	12M	%	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	1.91 %	-2 bp	2Y	1.57 %	-2 bp
2X3	1.65	3X9	1.79	5Y	2.42 %	-7 bp	5Y	2.44 %	-7 bp
1X4	1.70	6X12	1.83	10Y	2.91 %	-8 bp	10Y	3.23 %	-1 bp
3X6	1.72			5Y-2Y	51 bp	-5 bp			
6X9	1.74			10Y-5Y	50 bp	-2 bp			
9X12	1.79			10Y-2Y	100 bp	-7 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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