



Poland Daily

HEADLINES...

POL: Market participants await press conference after Monetary Policy Council's meeting on Wednesday to learn whether the Council maintains its guidance for steady interest rates in longer term. Lower than expected inflation for May combined with somewhat weaker economic activity indicators suggest that the MPC will keep its current rhetoric. On the other hand, stronger than expected wage growth and stronger than anticipated rise in producer prices may trigger some shift in balance of opinions with the Council.

USA: Durable goods orders down 1.6% mom in April.

USA: Factory orders fall 0.8% mom in April, below market.

CZK: Average wage in Q1 rose by 6.6% yoy, above market.

THE DAY AHEAD...

DEU: Services PMI (May)

EMU: Services PMI (May), Retail sales (Apr)

USA: Services PMI (May), ISM non-manufacturing (May)

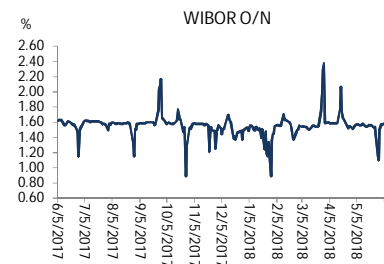
HUN: Retail sales (Apr), GDP (Q1)

CZK: Retail sales (Apr)

TODAY'S FOCUS:

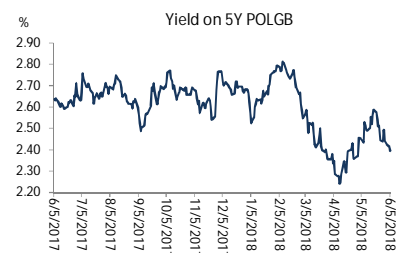
Today macro-economic calendar contains series of service PMIs from Europe and the US for May and euro-zone retail sales for April. In the region worth noting are retail sales from Czech Republic and Hungary for April and Q1 GDP from Hungary.

Figure 1: WIBOR O/N



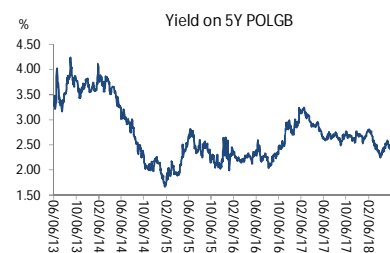
Source: Bloomberg

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
CZK	7:00	Retail sales (Apr)		(4.7%)	(6.6%)
HUN	7:00	Retail sales (Apr)		(6.0%)	(7.3%)
HUN	7:00	GDP (Q1)		1.2% (4.4%)	(4.4%)
DEU	7:55	Services PMI (May)	52.1	52.1	
EMU	8:00	Services PMI (May)	53.9	53.8	53.9
USA	13:45	Services PMI (May)			55.7
USA	14:00	ISM Non-manufacturing (May)	57.0		57.6

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.3% firmer versus the USD and was 0.4% firmer versus the EUR compared to the last NBP fixing. The zloty has been firming for the second day in a row as political risk in Italy and Spain diminished. Today the zloty should be moving within a range of PLN4.2650-4.3000 per EUR.

The USD firmed by 0.1% versus the EUR despite weaker than expected factory orders from the US.

Fixed Income

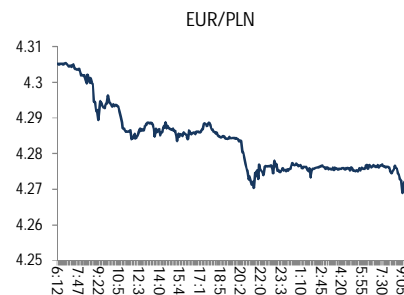
The yields on Poland's government bonds were 1-2bps down in medium and long part of the curve following firming the zloty.

Interest Rates

Today the O/N bid rate should be within a range of 1,30%-1,55%. Swap rates were 1-2 bps down in 5-year and 10-year sectors.

Equities

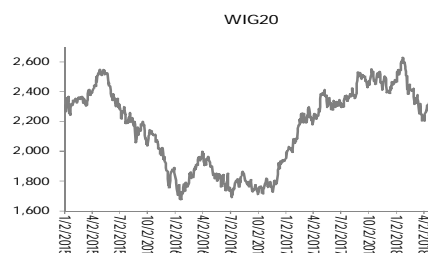
Yesterday the Dow Jones index closed 0,72% up. Today in the morning the FTSE index was 0.03% down, the CAC index rose by 0.34% and the DAX index was 0.50% up. The Nikkei index closed 0.28% up. Today in the morning the WIG20 index was 0.09% down and the WIG index was 0.13% down.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 5 June 2018 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.6552	3.6665	-0.3%	SPOT	3.6545	3.6558	SPOT	4.2732	4.2744
EUR/PLN	4.2738	4.2931	-0.4%	S/N	3.6545	3.6558	S/N	4.2734	4.2747
GBP/PLN	4.8686	4.9002	-0.6%	1W	3.6543	3.6557	1W	4.2749	4.2762
CHF/PLN	3.7008	3.7218	-0.6%	1M	3.6522	3.6539	1M	4.2812	4.2827
SEK/PLN	0.4180	0.4182	-0.1%	2M	3.6500	3.6517	2M	4.2879	4.2895
NOK/PLN	0.4509	0.4514	-0.1%	3M	3.6476	3.6495	3M	4.2949	4.2970
DKK/PLN	0.5742	0.5767	-0.4%	6M	3.6391	3.6414	6M	4.3168	4.3194
CAD/PLN	2.8277	2.8374	-0.3%	12M	3.6171	3.6205	12M	4.3616	4.3669
CZK/PLN	0.1665	0.1667	-0.1%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1693	1.1709	-0.1%	O/N	1.58 %	bp			
USD/JPY	109.84	109.54	0.3%	1W	1.56 %	bp			
GBP/USD	1.3320	1.3365	-0.3%	1M	1.64 %	bp	1M		
USD/CHF	0.9877	0.9851	0.3%	3M	1.70 %	bp	3M	%	bp
EUR/JPY	128.42	128.26	0.1%	6M	1.78 %	bp	6M	%	bp
EUR/GBP	0.8778	0.8761	0.2%	9M	1.79 %	bp	9M	%	bp
USD/CAD	1.2927	1.2922	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	1.90 %	bp	2Y	1.58 %	0 bp
2X3	1.65	3X9	1.79	5Y	2.39 %	bp	5Y	2.39 %	-2 bp
1X4	1.70	6X12	1.81	10Y	2.89 %	bp	10Y	3.20 %	-1 bp
3X6	1.71			5Y-2Y	49 bp	bp			
6X9	1.74			10Y-5Y	51 bp	bp			
9X12	1.78			10Y-2Y	100 bp	bp			



Appendix 1

Important Disclosures

Additional information available upon request

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