



Poland Daily

HEADLINES...

POL: Today market participants await MPC decision (we expect MPC to keep interest rates unchanged and to reiterate guidance for no change in interest rates in the coming quarters). Today's press conference after MPC meeting will be of interest as market players will seek an evidence 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, but we don't expect a change in the current stance of the MPC at this meeting.

USA: ISM Non-Manufacturing Index rose 1.8pts to 58.6 in May, above market.

USA: Markit Services PMI revised up 1.1pts to 56.8 in May, above market.

EMU: Services PMI revised down 0.1pts to 53.8 in May.

EMU: Retail sales rose 0.1% mom and 1.7% yoy in April.

HUN: Q1 GDP growth was 1.2% qoq and 4.4% yoy.

HUN: Retail sales rose 6.0% yoy in April, below market.

CZK: Retail sales rose 4.7% yoy in April, below market.

THE DAY AHEAD...

POL: MPC decision

USA: Trade balance (Apr)

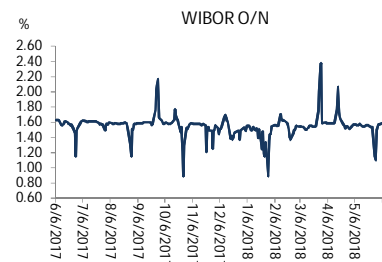
HUN: Industrial output (Apr), NBH minutes

CZK: Industrial output (Apr), construction output (Apr), trade balance (Apr)

TODAY'S FOCUS:

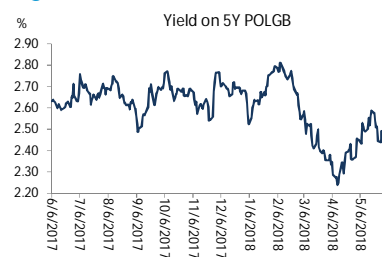
Today market participants will focus on press conference after MPC meeting and on US trade balance for April.

Figure 1: WIBOR O/N



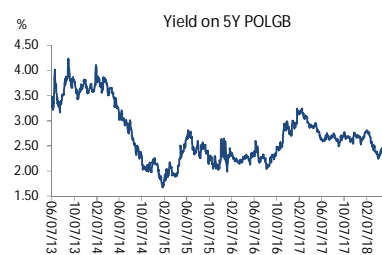
Source: Bloomberg

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	Trade balance (Apr)		CZK15.8bn	CZK13.0bn
CZK	7:00	Industrial output (Apr)		(5.5%)	(9.0%)
CZK	7:00	Construction output(Apr)		(7.7%)	
HUN	7:00	Industrial output (Apr)		0.2% (2.9%)	(3.8%)
POL		MPC decision	1.50%		1.50%
HUN	12:00	Minutes from NBH meeting			
USA	12:30	Trade balance (Apr)	-USD49.0bn		-USD49.0bn

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.4% firmer versus the USD and was 0.1% firmer versus the EUR compared to the last NBP fixing. The zloty was stabilising versus the EUR yesterday. Today the zloty should be moving within a range of PLN4.2600-4.3000 per EUR.

The USD weakened versus the EUR ahead of today's release of US trade balance for April.

Fixed Income

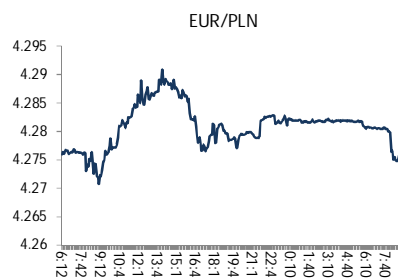
The yields on Poland's government bonds were 3-4bps up in medium and long part of the curve following a 25 bps rise in yields on Italian government bonds as new PM Conte in his first speech to Parliament announced big changes in policies, including economic one.

Interest Rates

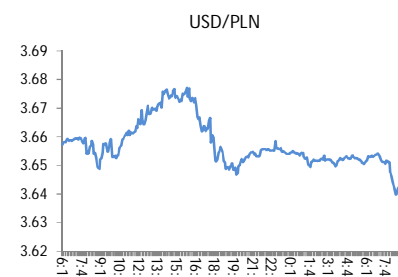
Today the O/N bid rate should be within a range of 1,30%-1,50%. Swap rates were 2 bps up in 5-year and 10-year sectors.

Equities

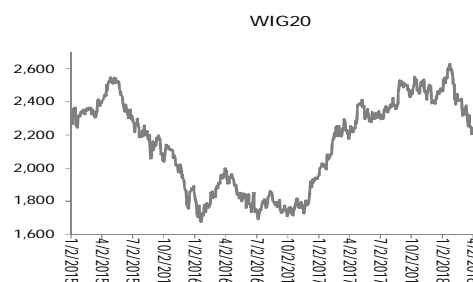
Yesterday the Dow Jones index closed 0,06% down. Today in the morning the FTSE index was 0.30% up, the CAC index rose by 0.24% and the DAX index was 0.21% up. The Nikkei index closed 0.38% up. Today in the morning the WIG20 index was 0.09% up and the WIG index was 0.11% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 6 June 2018 (7:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.6417	3.6569	-0.4%	SPOT	3.6411	3.6423	SPOT	4.2777	4.2788
EUR/PLN	4.2783	4.2804	-0.1%	S/N	3.6410	3.6422	S/N	4.2784	4.2795
GBP/PLN	4.8855	4.8913	-0.1%	1W	3.6409	3.6421	1W	4.2793	4.2805
CHF/PLN	3.6982	3.7087	-0.3%	1M	3.6389	3.6403	1M	4.2854	4.2868
SEK/PLN	0.4177	0.4179	-0.1%	2M	3.6366	3.6382	2M	4.2924	4.2939
NOK/PLN	0.4501	0.4510	-0.2%	3M	3.6343	3.6361	3M	4.3001	4.3018
DKK/PLN	0.5748	0.5751	-0.1%	6M	3.6259	3.6279	6M	4.3218	4.3240
CAD/PLN	2.8144	2.8290	-0.5%	12M	3.6045	3.6077	12M	4.3668	4.3716
CZK/PLN	0.1671	0.1667	0.2%						
				WIBOR			T-bills (mid)		
				O/N	Last fixing	1-day change	Today's opening	1-day change	
EUR/USD	1.1748	1.1705	0.4%	1W	1.59 %	1 bp	1M		
USD/JPY	110.09	109.75	0.3%	1M	1.56 %	0 bp	3M		
GBP/USD	1.3416	1.3376	0.3%	3M	1.64 %	0 bp	6M		
USD/CHF	0.9847	0.9860	-0.1%	6M	1.70 %	0 bp	9M		
EUR/JPY	129.33	128.46	0.7%	9M	1.78 %	0 bp	12M		
EUR/GBP	0.8757	0.8751	0.1%	12M	1.79 %	0 bp			
USD/CAD	1.2938	1.2926	0.1%		1.82 %	0 bp			
FRAs (mid)	Last closing			IRS (mid)			T-Bonds (mid)		
1X2	1.65	1X7	1.78	2Y	Today's opening	1-day change	2Y	Today's opening	
2X3	1.65	3X9	1.79	5Y	1.90 %	0 bp	5Y	1.58 %	
1X4	1.70	6X12	1.81	10Y	2.40 %	2 bp	10Y	2.42 %	
3X6	1.71			5Y-2Y	2.91 %	2 bp		3.24 %	
6X9	1.73			10Y-5Y	51 bp	2 bp			
9X12	1.78			10Y-2Y	51 bp	0 bp			
					101 bp	1 bp			



Appendix 1

Important Disclosures

Additional information available upon request

Deutsche Bank Polska S.A. represents that the data contained in this publication are of information nature only, and the content presented herein does not constitute an offer within the meaning of Art. 66 of the Civil Code of 23 April 1964, an invitation to offer or a recommendation to enter into any transaction. This publication may not be treated as advice and does not perform any function of advice. All information used in this publication has been obtained from generally accessible sources which are generally recognized as reliable. Deutsche Bank Polska S.A. has exercised due diligence to verify the above information and bring it up to date, but it disclaims any and all liability for its accuracy or completeness, or for any damage that the Client or third parties may incur as a result of decisions made in reliance on the information contained in this publication.

The transactions or products listed herein may not be appropriate for all investors. Before making a decision on entering into a transaction or acquiring a product the Client should, without relying only on the information provided in this publication, make an independent assessment of the economic risk of such transaction and his ability to incur it, its tax and legal nature, the legal consequences of the transaction and potential benefits and losses associated with it, as well as assess the market characteristics.

The assumptions, simulations and opinions contained in this publication constitute the sole judgment of Deutsche Bank Polska S.A.'s / persons preparing it as at the date of publication of this document which is subject to change without a requirement to publish it. Any and all projections are based on assumptions pertaining to market conditions and there is no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results.

Deutsche Bank Polska S.A. represents that the information presented above should not be in any case treated by the Client as Deutsche Bank Polska S.A.'s recommendation or advice. This publication may not be duplicated or distributed in any way, in particular through mass media, without the prior written consent of Deutsche Bank Polska S.A., ul. Lecha Kaczynskiego 26, 00-609 Warsaw, NIP no. 676-01-07-416, District Court for the capital city of Warsaw, 12th Corporate Division of the National Court Register, file number KRS 0000022493, share capital PLN 2,651,449,384 paid up in full.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Arkadiusz Krześniak