



Poland Daily

HEADLINES...

POL: Today Fitch Ratings will review Poland's rating (currently A minus with stable outlook). We expect Fitch to maintain the current rating of Poland today. Due to improvement in macro-economic indicators, in particular GDP growth and improvement in fiscal indicators of Poland since last review in December 2017 we cannot exclude that outlook may be upgraded to positive from stable today. We assess likelihood of the upgrade at 30-50%.

POL: The Parliament adopted resolution that says GDP per capita should remain the main criterion of distribution of EU cohesion funds. There were 270 votes for the resolution, 30 votes against and 125 abstaining. The Sejm expressed a conviction that maintaining of EU regional development policy and funding of it from the EU budget would significantly help fulfilling EU policy goals without creating "Europe of different speeds". The Sejm stated that cohesion policy should be significant part of EU budget, comprising all regions. In the resolution the Sejm underlined that there were no clear criteria neither precise definition of rule of law what raises concerns of assessment process being arbitrary and politicised. The Sejm added it would be the precedent of creation of political instrument not rooted in the EU treaties.

POL: In 2017 local government deficit was PLN-0.3bn versus envisaged deficit of PLN-13.1bn. According to the Finance Ministry in 2018 deficit of local governments is envisaged at PLN-6.05bn and in 2020 local governments' debt is likely to decline to PLN70.3bn or 4.8% down versus 2017 level.

THE DAY AHEAD...

- DEU: Trade balance (Apr), industrial output (Apr)
- FRA: industrial output (Apr)
- HUN: Inflation (May)
- CZK: Unemployment rate (May)

TODAY'S FOCUS:

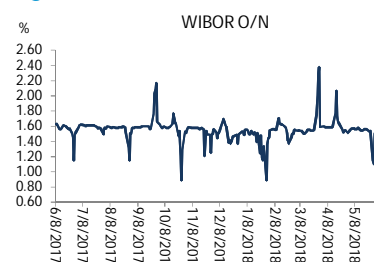
Today market participants will focus on Poland's rating review by Fitch and Germany's and France's industrial production for April.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	6:00	Trade balance (Apr)	EUR20.2bn	EUR20.4bn	EUR202.2bn
DEU	6:00	Industrial output (Apr)	(2.8%)	-1.0% (2.0%)	0.3% (2.8%)
FRA	6:45	Industrial output (Apr)		-0.5% (2.1%)	0.3% (2.9%)
HUN	7:00	Inflation(May)		0.6% (2.8%)	0.5% (2.7%)
CZK	7:00	Unemployment rate (May)		3.0%	3.0%

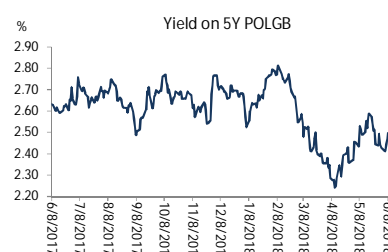
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



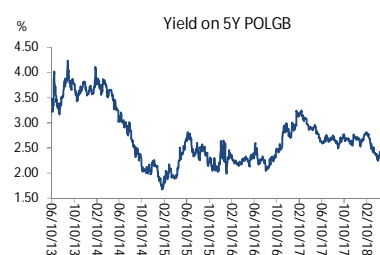
Source: Bloomberg

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 0.9% weaker versus the USD and was 0.5% weaker versus the EUR compared to the last NBP fixing. Today in the morning the zloty was weakening together with other currencies in the region. Today the zloty should be moving within a range of PLN4.2700-4.3000 per EUR.

The EUR weakened by 0.4% versus the USD as German and French industrial production for April were below market consensus expectations.

Fixed Income

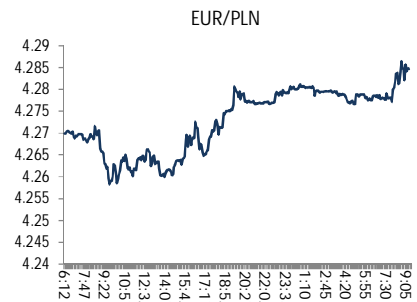
The yields on Poland's government bonds were 3bps up in medium and long part of the curve.

Interest Rates

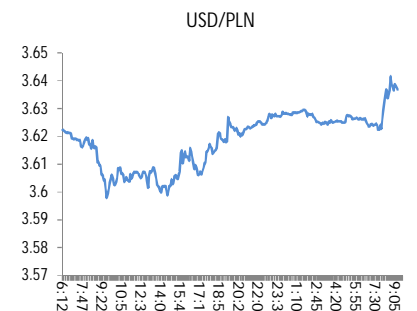
Today the O/N bid rate should be within a range of 1,30%-1,50%. Swap rates were 5-6 bps up in 5-year and 10-year sectors.

Equities

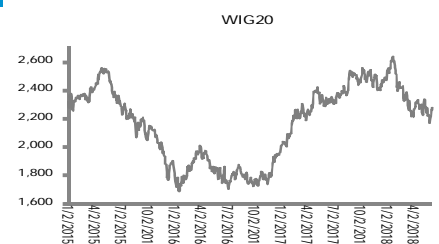
Yesterday the Dow Jones index closed 0.38% up. Today in the morning the FTSE index was 0.68 down, the CAC index fell by 0.47% and the DAX index was 0.93% down. The Nikkei index closed 0.56% down. Today in the morning the WIG20 index was 0.67% down and the WIG index was 0.53% down.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 8 June 2018 (7:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.6387	3.6062	0.9%	SPOT	3.6380	3.6393	SPOT	4.2855	4.2866
EUR/PLN	4.2861	4.2634	0.5%	S/N	3.6380	3.6393	S/N	4.2857	4.2869
GBP/PLN	4.8819	4.8542	0.6%	1W	3.6377	3.6391	1W	4.2872	4.2884
CHF/PLN	3.7098	3.6717	1.0%	1M	3.6357	3.6373	1M	4.2931	4.2945
SEK/PLN	0.4166	0.4163	0.1%	2M	3.6337	3.6353	2M	4.3008	4.3024
NOK/PLN	0.4505	0.4490	0.3%	3M	3.6312	3.6330	3M	4.3076	4.3094
DKK/PLN	0.5755	0.5725	0.5%	6M	3.6228	3.6250	6M	4.3294	4.3316
CAD/PLN	2.7978	2.7828	0.5%	12M	3.6017	3.6049	12M	4.3735	4.3783
CZK/PLN	0.1662	0.1663	-0.1%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1779	1.1822	-0.4%	O/N	1.60 %	1 bp			
USD/JPY	109.44	109.94	-0.5%	1W	1.56 %	0 bp			
GBP/USD	1.3418	1.3461	-0.3%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9809	0.9822	-0.1%	3M	1.70 %	0 bp	3M	%	bp
EUR/JPY	128.92	129.97	-0.8%	6M	1.78 %	0 bp	6M	%	bp
EUR/GBP	0.8779	0.8783	0.0%	9M	1.79 %	0 bp	9M	%	bp
USD/CAD	1.3008	1.2959	0.4%	12M	1.82 %	0 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	1.95 %	1 bp	2Y	1.59 %	0 bp
2X3	1.65	3X9	1.80	5Y	2.52 %	5 bp	5Y	2.50 %	3 bp
1X4	1.70	6X12	1.84	10Y	3.04 %	6 bp	10Y	3.32 %	3 bp
3X6	1.72			5Y-2Y	58 bp	4 bp			
6X9	1.75			10Y-5Y	52 bp	1 bp			
9X12	1.79			10Y-2Y	110 bp	5 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