



Poland Daily

HEADLINES...

POL: NBP's Financial stability report shows that majority of banks can absorb potential shocks to financial system. In reference scenario in the period of 2018-2020 banks will need capital of PLN4.3bn (due to combined buffer requirement). In shock scenario (that assumed sharp deceleration of GDP growth) capital needs (with combined buffer requirement) will be PLN13.4bn. The NBP said that even in a shock scenario systemic risks would not materialise due to relatively high initial levels of capital ratios. In reference scenario (based on central path from NBP's projection) majority of banks would fulfil requirement of combined buffer. In shock scenario 4 banks (with combined assets of 5,2% of total) wouldn't fulfil capital requirements of I and II pillar and 20 banks with combined share of 27.7% in assets of banking sector wouldn't fulfil combined buffer requirement. The NBP stated that in considered scenarios no bank would face bankruptcy. Results of simulations showed that robustness of banking sector to shocks is high and slightly improved compared to previous report.

POL: Public debt (after consolidation) at end of Q1 2018 was PLN989.2bn what means PLN27.4bn increase (or 2.8%) versus end of 2017. At the end of Q1 2018 non-residents held public debt worth PLN495.6bn (or 50.1% of total debt) while residents held public debt worth PLN493.6bn (or 49.9% of total). In Q1 2018 domestic debt amounted to PLN679.8bn (or 68.7% of total debt).

THE DAY AHEAD...

UK: Unemployment rate (Apr)

DEU: ZEW index (Jun)

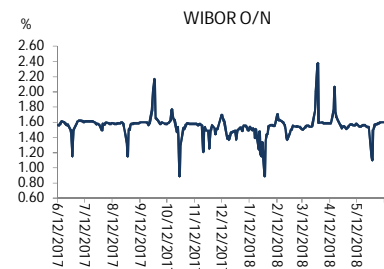
EMU: ZEW index (Jun)

USA: Inflation (may), core inflation (May)

TODAY'S FOCUS:

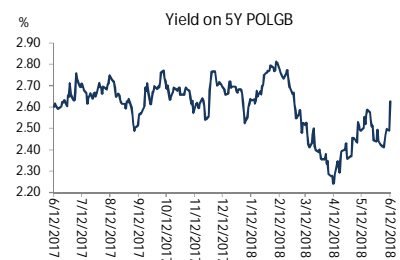
Today market participants will focus on US CPI and core CPI for May and on ZEW expectations index for Germany for June.

Figure 1: WIBOR O/N



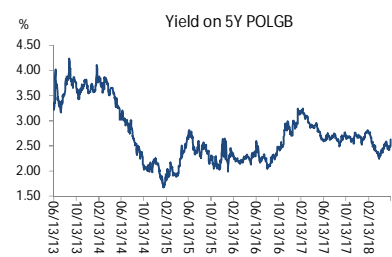
Source: Bloomberg

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
UK	9:00	Unemployment rate (Apr)	4.2%		4.2%
DEU	9:00	ZEW expectations (Jun)	-14		-14
DEU	9:00	ZEW expectations (Jun)			
USA	12:30	Inflation (May)	0.4%		0.2% (2.8%)
USA	12:30	Core inflation (May)	0.2%		0.2% (2.2%)

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.1% firmer versus the USD and was 0.1% firmer versus the EUR compared to the last NBP fixing. Today in the morning the zloty was steady versus the USD together with other currencies in the region. Today the zloty should be moving within a range of PLN4.2580-4.2800 per EUR.

Today in the morning the USD was weakening ahead of US inflation and core inflation for May.

Fixed Income

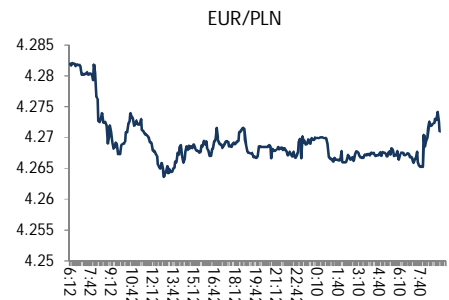
The yields on Poland's government bonds were 6bps up in the short end of the curve and increased by 13bps in medium part of the curve as market await a 25 bps hike at FOMC meeting on Wednesday.

Interest Rates

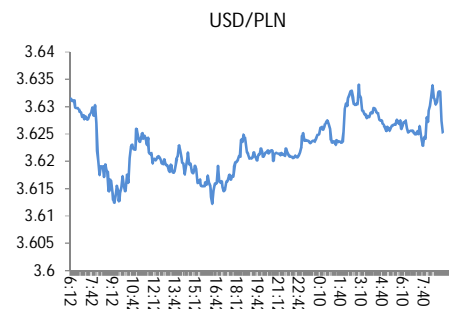
Today the O/N bid rate should be within a range of 1,30%-1,50%. Swap rates were 5-10 bps up in 2-year and 5-year sectors.

Equities

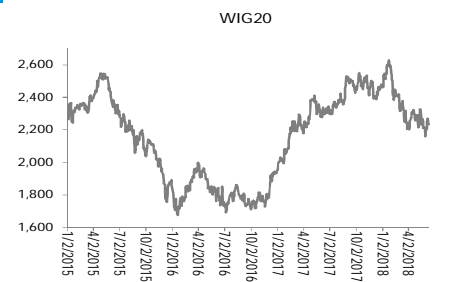
Yesterday the Dow Jones index closed 0.02% up. Today in the morning the FTSE index was 0.25 up, the CAC index rose by 0.35% and the DAX index was 0.68% up. The Nikkei index closed 0.33% up. Today in the morning the WIG20 index was 0.43% up and the WIG index was 0.35% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 12 June 2018 (7:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.6218	3.6247	-0.1%	SPOT	3.6211	3.6225	SPOT	4.2685	4.2699
EUR/PLN	4.2692	4.2717	-0.1%	S/N	3.6210	3.6225	S/N	4.2688	4.2702
GBP/PLN	4.8443	4.8451	0.0%	1W	3.6208	3.6223	1W	4.2702	4.2718
CHF/PLN	3.6767	3.6760	0.0%	1M	3.6187	3.6202	1M	4.2764	4.2781
SEK/PLN	0.4185	0.4163	0.5%	2M	3.6166	3.6185	2M	4.2834	4.2852
NOK/PLN	0.4506	0.4498	0.2%	3M	3.6144	3.6161	3M	4.2905	4.2924
DKK/PLN	0.5732	0.5734	0.0%	6M	3.6061	3.6084	6M	4.3125	4.3151
CAD/PLN	2.7881	2.7941	-0.2%	12M	3.5847	3.5880	12M	4.3576	4.3629
CZK/PLN	0.1666	0.1663	0.2%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1788	1.1785	0.0%	O/N	1.60 %	bp			
USD/JPY	110.32	109.96	0.3%	1W	1.56 %	bp			
GBP/USD	1.3376	1.3367	0.1%	1M	1.64 %	bp	1M		
USD/CHF	0.9851	0.9860	-0.1%	3M	1.70 %	bp	3M	%	bp
EUR/JPY	130.04	129.59	0.3%	6M	1.78 %	bp	6M	%	bp
EUR/GBP	0.8813	0.8817	0.0%	9M	1.79 %	bp	9M	%	bp
USD/CAD	1.2990	1.2973	0.1%	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	1.95 %	bp	2Y	1.64 %	6 bp
2X3	1.65	3X9	1.80	5Y	2.56 %	bp	5Y	2.63 %	13 bp
1X4	1.70	6X12	1.84	10Y	3.08 %	bp	10Y	3.30 %	0 bp
3X6	1.72			5Y-2Y	61 bp	bp			
6X9	1.76			10Y-5Y	52 bp	bp			
9X12	1.81			10Y-2Y	113 bp	bp			



Appendix 1

Important Disclosures

Additional information available upon request

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