



## Poland Daily

### HEADLINES...

POL: In April the current account gap narrowed to -EUR21mn. In April exports increased by 8.6% yoy to EUR17.2bn while imports rose by 9.9% yoy to EUR16.9bn resulting in a first in 5 months trade surplus of EUR314mn. Services balance was very robust at EUR1.736bn almost covering a deficit of -EUR1.948bn in the primary income account.

POL: MPC member Eugeniusz Gatnar said that market reaction to QE tapering by the ECB would help the MPC in setting the date of the first rate hike. He added that the impact of ECB's tapering on Poland's economy would likely be limited, even if it would temporary weaken the zloty. He said that high interest rate differential between Poland and the euro-zone would prevent capital outflow from Poland.

USA: The FOMC, as expected, hiked the corridor for fed funds rate by 25 bps to 1.75%-2.00%. The Fed was more upbeat on inflation outlook and described US economic growth as solid. Median of expectations for fed funds rate in December 2018 shifted up by 25 bps to total 4 hikes from 3 hikes previously, but expected medium term level of fed funds was unchanged.

### THE DAY AHEAD...

POL: Inflation (May)

FRA: Inflation (May)

DEU: Inflation (May)

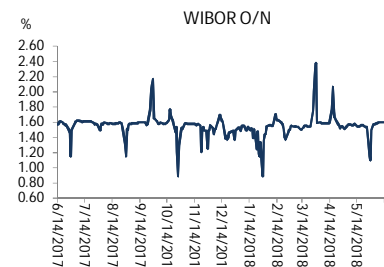
EMU: ECB decision

USA: Retail sales (May), initial jobless claims

### TODAY'S FOCUS:

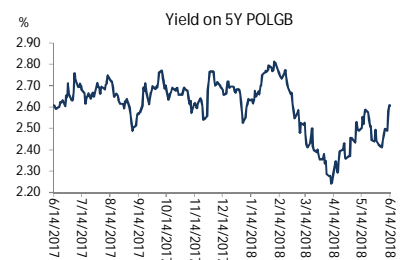
Today market participants will focus on press conference after the ECB meeting at which a timeline of ending quantitative easing programme will likely be revealed.

Figure 1: WIBOR O/N



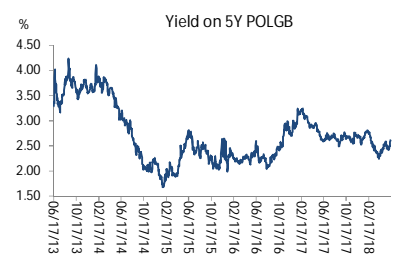
Source: Bloomberg

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
DEU	6:00	Inflation (may)	0.5%	0.5% (2.2%)	0.5% (2.2%)
FRA	6:45	Inflation (may)		0.4% (2.0%)	0.4% (2.0%)
POL	8:00	Inflation (may)	0.1% (1.7%)	0.2% (1.7%)	0.1% (1.7%)
EMU	11:45	ECB decision	0.00%		0.00%
USA	12:30	Initial jobless claims	223k		223k
USA	12:30	Retail sales (May)	0.5%		0.5%

Source: Deutsche Bank Estimates and Bloomberg Finance LP



## Foreign Exchange

Today in the morning the zloty was 0.7% firmer versus the USD and was 0.1% firmer versus the EUR compared to the last NBP fixing. Today the zloty should be moving within a range of PLN4.2650-4.2900 per EUR.

The USD initially firmed after FOMC decision but after comments from Fed's Chairman Powell that neither the Fed nor its members changed their monetary policy stance, the USD returned to its pre-meeting levels. Today in the morning the USD weakened across the board ahead of potentially influential ECB meeting today.

## Fixed Income

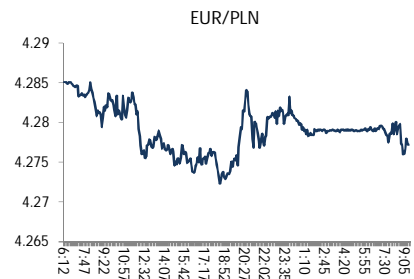
The yields on Poland's government bonds were practically unchanged across the curve. At switching auction on Friday the Finance Ministry will be selling bonds series OK0720, PS0123, WZ0524 and WZ0528 and will be buying bonds series PS0718, OK1018 and WZ0119.

## Interest Rates

Today the O/N bid rate should be within a range of 1,30%-1,50%. Swap rates were unchanged in all tenors.

## Equities

Yesterday the Dow Jones index closed 0.47% down. Today in the morning the FTSE index was 0.64% down, the CAC index fell by 0.73% and the DAX index was 0.62% down. The Nikkei index closed 0.99% down. Today in the morning the WIG20 index was 0.77% down and the WIG index was 0.54% down.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

## Polish local market data 14 June 2018 (7:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.6219	3.6461	-0.7%	SPOT	3.6212	3.6225	SPOT	4.2772	4.2784
EUR/PLN	4.2778	4.2820	-0.1%	S/N	3.6211	3.6225	S/N	4.2774	4.2787
GBP/PLN	4.8515	4.8582	-0.1%	1W	3.6208	3.6222	1W	4.2788	4.2802
CHF/PLN	3.6818	3.6874	-0.2%	1M	3.6189	3.6203	1M	4.2843	4.2857
SEK/PLN	0.4211	0.4221	-0.2%	2M	3.6166	3.6184	2M	4.2921	4.2937
NOK/PLN	0.4524	0.4538	-0.3%	3M	3.6147	3.6164	3M	4.2989	4.3007
DKK/PLN	0.5742	0.5747	-0.1%	6M	3.6065	3.6086	6M	4.3209	4.3232
CAD/PLN	2.7908	2.7973	-0.2%	12M	3.5857	3.5886	12M	4.3668	4.3719
CZK/PLN	0.1665	0.1665	0.0%						
				WIBOR			T-bills (mid)		
				Last fixing			Today's opening		
				1-day change			1-day change		
EUR/USD	1.1811	1.1744	0.6%	O/N	1.60 %	0 bp	1M		
USD/JPY	109.97	110.63	-0.6%	1W	1.56 %	0 bp	3M	%	bp
GBP/USD	1.3395	1.3324	0.5%	1M	1.64 %	0 bp	6M	%	bp
USD/CHF	0.9838	0.9888	-0.5%	3M	1.70 %	0 bp	9M	%	bp
EUR/JPY	129.89	129.93	0.0%	6M	1.78 %	0 bp	12M	%	bp
EUR/GBP	0.8818	0.8814	0.0%	9M	1.79 %	0 bp			
USD/CAD	1.2978	1.3034	-0.4%	12M	1.82 %	0 bp			
FRAs (mid)				Today's opening			T-Bonds (mid)		
Last closing				1-day change			Today's opening		
1X2	1.66	1X7	1.79	2Y	1.95 %	0 bp	2Y	1.65 %	1 bp
2X3	1.66	3X9	1.82	5Y	2.52 %	0 bp	5Y	2.60 %	0 bp
1X4	1.71	6X12	1.85	10Y	3.04 %	0 bp	10Y	3.26 %	1 bp
3X6	1.73				5Y-2Y	57 bp	0 bp		
6X9	1.76				10Y-5Y	52 bp	0 bp		
9X12	1.81				10Y-2Y	109 bp	0 bp		



# Appendix 1

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### Additional information available upon request

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