



Poland Daily

HEADLINES...

POL: In May average wage in enterprises' sector was 7.0% up yoy and declined by 3.0% mom to PLN4697 while average employment in enterprises' sector was flat mom and grew by 3.7% yoy to 6.21 million persons. Wages in business sector has been rising at a robust pace and growth in employment is still strong. In wage and employment data there were still no signs of labour market overheating.

POL: After meeting with PM Mateusz Morawiecki in Warsaw, the European Commission vice-President Frans Timmermans informed that talks on rule of law in Poland were constructive. He added that he would study materials received from PM Morawiecki and expressed a hope that constructive discussion to solve the problem would be continued with PM Morawiecki and his government. It means that the conflict with the EC is maintained at a steady level and its quick resolution is unlikely. Today in the morning PM Morawiecki will meet with Chancellor Angela Merkel.

THE DAY AHEAD...

POL: Industrial production (May), PPI (May), construction output (May)

EMU: Current account (Apr)

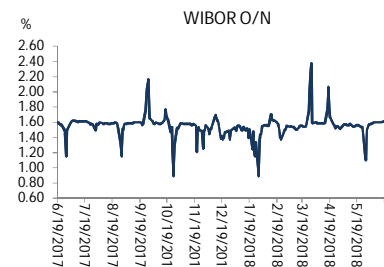
HUN: NBH decision

USA: Housing starts (May), building permits (May)

TODAY'S FOCUS:

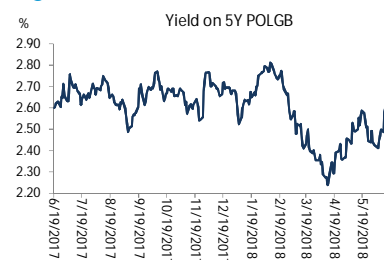
Today on a domestic side macro calendar contains data on industrial output, PPI and construction output for May. On a foreign side, Hungarian central bank is likely to keep monetary policy settings unchanged. Data on euro-zone's current account and US housing data should have limited impact on markets. Market participants await a speech of EBC President Mario Draghi at conference in Portugal.

Figure 1: WIBOR O/N



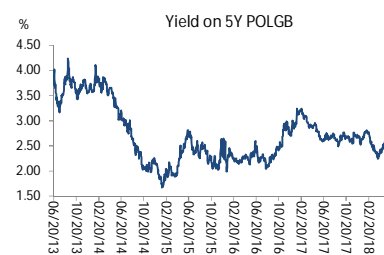
Source: Bloomberg

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
POL	8:00	Industrial production (May)	1.0% (4.8%)		0.0% (3.6%)
POL	8:00	PPI (May)	0.8% (2.4%)		1.0% (2.7%)
POL	8:00	Construction output (May)	(21.0%)		(18.2%)
EMU:	9:00	Curent account (Apr)	EUR35.2bn		
HUN	12:00	NBH decision	0.90%		0.90%
USA	12:30	Housing starts (May)	4.9%		1.9%
USA	12:30	Building permits (May)	0.4%		-1.0%

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0,2% weaker versus the USD and was 0.4% weaker versus the EUR compared to the last NBP fixing. Today the zloty should be moving within a range of PLN4.2850-4.3200 per EUR.

The EUR firmed as likelihood of a conflict within ruling coalition in Germany on immigration policy diminished. Market participants await today's comments from ECB President Draghi at conference in Portugal.

Fixed Income

The yields on Poland's government bonds 3-4 bps down in medium and long segments of the curve following a drop in yields on governments bonds in core markets in Europe and the US.

Interest Rates

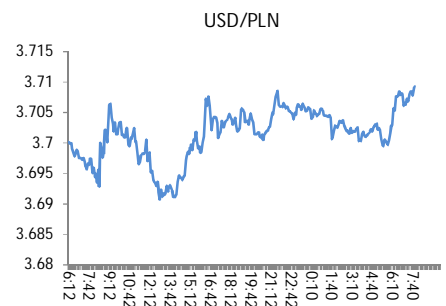
Today the O/N bid rate should be within a range of 1,30%-1,50%. Swap rates were 3-4 bps down in medium and long part of the curve.

Equities

Yesterday the Dow Jones index closed 0.41% down. Yesterday the FTSE index closed 0.03% down, the CAC index fell by 0.93% and the DAX index was 1.36% down. The Nikkei index closed 1.77% down. Yesterday the WIG20 index closed 2.36% up and the WIG index was 2.11% down. Equity markets were negatively impacted by escalation of trade war between the US and China.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 19 June 2018 (7:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN forwards	bid	offer	EUR/PLN forwards	bid	offer
USD/PLN	3.7059	3.7003	0.2%	SPOT	3.7045	3.7073	SPOT	4.3064	4.3090
EUR/PLN	4.3077	4.2887	0.4%	S/N	3.7045	3.7073	S/N	4.3067	4.3093
GBP/PLN	4.9124	4.9003	0.2%	1W	3.7043	3.7071	1W	4.3082	4.3109
CHF/PLN	3.7352	3.7130	0.6%	1M	3.7025	3.7056	1M	4.3148	4.3176
SEK/PLN	0.4187	0.4178	0.2%	2M	3.7008	3.7039	2M	4.3221	4.3252
NOK/PLN	0.4543	0.4538	0.1%	3M	3.6992	3.7021	3M	4.3303	4.3333
DKK/PLN	0.5781	0.5757	0.4%	6M	3.6927	3.6964	6M	4.3544	4.3584
CAD/PLN	2.8021	2.8092	-0.3%	12M	3.6716	3.6757	12M	4.4005	4.4059
CZK/PLN	0.1669	0.1667	0.1%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1624	1.1590	0.3%	O/N	1.61 %	bp			
USD/JPY	109.62	110.53	-0.8%	1W	1.56 %	bp			
GBP/USD	1.3256	1.3243	0.1%	1M	1.64 %	bp	1M		
USD/CHF	0.9922	0.9966	-0.4%	3M	1.70 %	bp	3M	%	bp
EUR/JPY	127.42	128.10	-0.5%	6M	1.78 %	bp	6M	%	bp
EUR/GBP	0.8769	0.8752	0.2%	9M	1.79 %	bp	9M	%	bp
USD/CAD	1.3227	1.3172	0.4%	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	1.66	1X7	1.79	2Y	1.93 %	-1 bp	2Y	1.64 %	0 bp
2X3	1.66	3X9	1.82	5Y	2.46 %	-4 bp	5Y	2.56 %	-4 bp
1X4	1.71	6X12	1.85	10Y	2.97 %	-4 bp	10Y	3.22 %	-3 bp
3X6	1.74			5Y-2Y	53 bp	-3 bp			
6X9	1.75			10Y-5Y	51 bp	0 bp			
9X12	1.80			10Y-2Y	104 bp	-3 bp			



Appendix 1

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