



# Poland Daily

## HEADLINES...

POL: In May industrial production increased by 1.6% mom and was 5.4% up yoy, above market consensus expectations. Seasonally adjusted industrial production rose 1.9% mom and was 7.4% up yoy in May. On an annual basis the highest growth was reported, among others, in production of machinery and equipment (up 21.0% yoy), coke and oil refining (up 12.8% yoy), metal products (up 10.0% yoy), production of other transport equipment (ships) (up 10.0% yoy), beverages (up 8.1% yoy), electrical machinery (up 7.3% yoy), computers, electronica and optical devices (up 6.1% yoy). Structure of output in May point to high share of investment and exporting sectors what suggest that investments has become the second, after exports, engine of growth. In May construction output was 20.8% up yoy. Robust growth was reported mainly in infrastructure construction and to the lesser extent in housing construction.

POL: In May PPI was 1.0% mom and 2.8% yoy. Prices in mining and quarrying were 6.1% up yoy and prices in manufacturing increased by 2.9% yoy. An increase in producer prices followed mainly from an increase in fuel prices and higher prices in metal ores mining and coal mining. Strong growth in producer prices would be exerting a pressure on consumer prices to rise in coming quarters.

## THE DAY AHEAD...

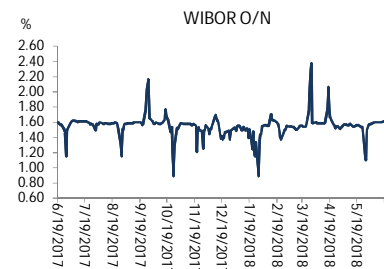
DEU: PPI (May)

USA: Current account (Q1), existing home sales (May)

## TODAY'S FOCUS:

Today economic calendar contains producer prices from Germany for May and US Q1 current account and existing home sales for May.

Figure 1: WIBOR O/N



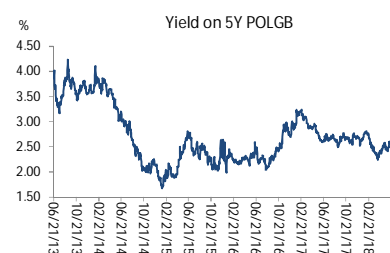
Source: Bloomberg

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	8:00	PPI (May)	0.4%		0.4% (2.5%)
USA	12:30	Current account (Q1)			-USD129.0bn
USA	14:00	Existing Home Sales (May)	3.5%		1.1%



## Foreign Exchange

Today in the morning the zloty was 0,4% firmer versus the USD and was 0.2% firmer versus the EUR compared to the last NBP fixing. Yesterday the resistance level of PLN4.32 per EUR was defended and the zloty firmed moderately. Today the zloty should be moving within a range of PLN4.2900-4.3200 per EUR.

Yesterday the EUR weakened to USD1.1532 after a comment from the ECB President Mario Draghi that said that the ECB would be hiking interest rates very gradually.

## Fixed Income

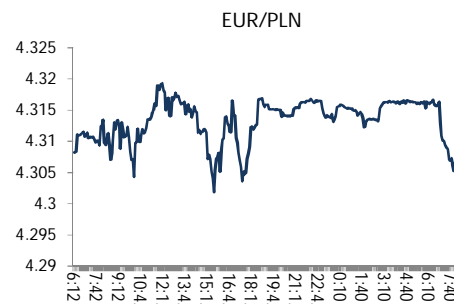
The yields on Poland's government bonds were 2bps down in long segment of the curve following and remained steady in the remaining part of the curve.

## Interest Rates

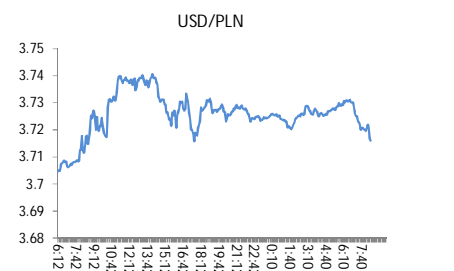
Today the O/N bid rate should be within a range of 1,30%-1,50%. Swap rates were 2bps down in medium and long part of the curve.

## Equities

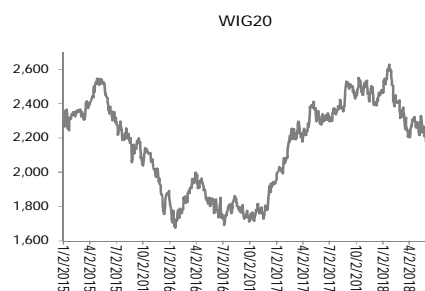
Yesterday the Dow Jones index closed 1.15% down. Yesterday the FTSE index closed 0.36% down, the CAC index fell by 1.10% and the DAX index was 1.22% down. The Nikkei index closed 1.24% up. Yesterday the WIG20 index closed 1.41% down and the WIG index was 1.00% down. Equity markets were again negatively impacted by escalation of trade war between the US and China.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

## Polish local market data 20 June 2018 (6:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7177	3.7316	-0.4%	SPOT	3.7168	3.7185	SPOT	4.3038	4.3054
EUR/PLN	4.3046	4.3113	-0.2%	S/N	3.7167	3.7184	S/N	4.3045	4.3062
GBP/PLN	4.8935	4.9202	-0.5%	1W	3.7165	3.7183	1W	4.3055	4.3073
CHF/PLN	3.7329	3.7462	-0.4%	1M	3.7147	3.7167	1M	4.3115	4.3134
SEK/PLN	0.4178	0.4182	-0.1%	2M	3.7130	3.7150	2M	4.3190	4.3211
NOK/PLN	0.4543	0.4550	-0.2%	3M	3.7111	3.7132	3M	4.3275	4.3296
DKK/PLN	0.5776	0.5785	-0.2%	6M	3.7049	3.7074	6M	4.3519	4.3549
CAD/PLN	2.7991	2.8189	-0.7%	12M	3.6836	3.6868	12M	4.3984	4.4035
CZK/PLN	0.1669	0.1670	-0.1%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1579	1.1553	0.2%	O/N	1.62 %	1 bp			
USD/JPY	110.15	109.85	0.3%	1W	1.56 %	0 bp			
GBP/USD	1.3164	1.3185	-0.2%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9960	0.9961	0.0%	3M	1.70 %	0 bp	3M	%	bp
EUR/JPY	127.55	126.91	0.5%	6M	1.78 %	0 bp	6M	%	bp
EUR/GBP	0.8796	0.8762	0.4%	9M	1.79 %	0 bp	9M	%	bp
USD/CAD	1.3283	1.3238	0.3%	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	1.66	1X7	1.79	2Y	1.92 %	-1 bp	2Y	1.65 %	1 bp
2X3	1.66	3X9	1.82	5Y	2.44 %	-2 bp	5Y	2.55 %	0 bp
1X4	1.71	6X12	1.85	10Y	2.95 %	-2 bp	10Y	3.20 %	-2 bp
3X6	1.74			5Y-2Y	52 bp	-1 bp			
6X9	1.75			10Y-5Y	51 bp	0 bp			
9X12	1.79			10Y-2Y	103 bp	-1 bp			



# Appendix 1

## Important Disclosures

### Additional information available upon request

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