



## Poland Daily

### HEADLINES...

POL: In the period of Jan-May 2018 there was a PLN9.589bn surplus in central government budget. In this period budget revenues were PLN154.0bn and budget expenditures amounted to PLN144.4bn. Tax revenues were PLN143.0bn (up 7% yoy), of which revenues from indirect taxes were PLN99.4bn (VAT revenues were 2.8% up yoy and excise tax revenues were 5.9% up yoy), corporate income tax contributed PLN 17.3bn (up 16.4% yoy) and personal income tax was PLN 23.7bn (an increase of 16.4% yoy). In January-May 2018 revenues from banking tax were PLN1.86bn. Non-tax revenues were PLN10.8bn. On an expenditure side central government debt servicing cost was PLN11.1bn, subsidy for State Pension Fund (FUS) was PLN10.6bn and general subsidies to local government were PLN28.5bn. Very good situation in the labour market leads to higher PIT revenues and lower subsidy to FUS as inflows from pension fees increased.

POL: In minutes from MPC meeting on June 6 the MPC said that GDP growth in Q2 this year would significantly increase and will be higher in 2018 than in 2017. The MPC said that despite favourable economic conditions abroad, foreign inflation remained moderate. The MPC pointed to significant increase in real income of households. The Council underlined that the main component of investments were public investments. The MPC expects inflation to rise moderately in the coming months. Majority of MPC members expect that stabilisation of interest rates would continue contributing to achieving inflation target. Some MPC members expressed a view that rate hike should be considered in next quarters if inflationary pressure intensifies. One MPC member suggested that rate cut should be considered in case of weakening of economic activity and deterioration in consumers and business confidence.

### THE DAY AHEAD...

DEU: retail sales (May)

FRA: Inflation (Jun)

CZK:GDP (Q1)

UK: GDP (Q1)

USA: PCE deflator (Jun), Univ. of Michigan Consumer Confidence (Jun)

### TODAY'S FOCUS:

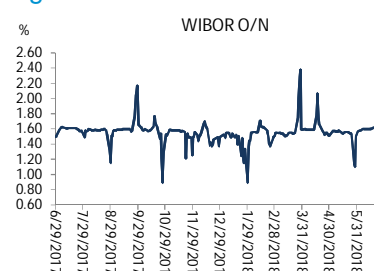
Today economic calendar contains French inflation for June, Q1 GDP from the UK and US PCE deflator for May and University of Michigan consumer confidence for June.

### DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	6:00	Retail sales (May)		-2.1% (-1.6%)	-0.5% (1.9%)
FRA	6:45	Inflation (Jun)		0.1% (2.4%)	0.1% (2.4%)
CZK	7:00	GDP (Q1)			0.4% (4.4%)
UK	8:30	GDP (Q1)			0.1% (1.2%)
EMU	9:00	Inflation (Jun)			(2.0%)
USA	13:45	PCE deflator (May)	60.0		60.0
USA	14:00	Nastroje kons. Uniw. Michigan (cze)	99.0		99.0

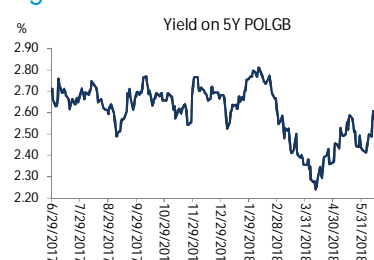
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



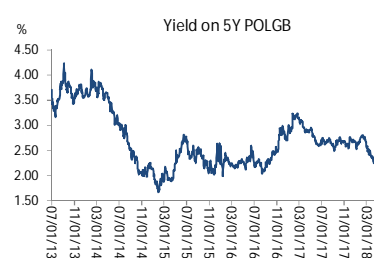
Source: Bloomberg

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 0.6% firmer versus the USD and was unchanged versus the EUR compared to the last NBP fixing. The zloty stabilised as an agreement on migration policy was reached at the EU summit. Today the zloty should be moving within a range of PLN4.3400-4.3680 per EUR.

Today early in the morning the EUR firmed by 0.7% versus the USD as UE countries reached an agreement on migration policy.

## Fixed Income

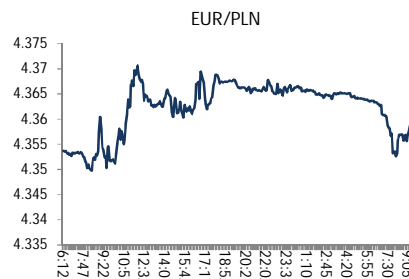
The yields on Poland's government bonds were 1-2 bps up in medium and long part of the curve.

## Interest Rates

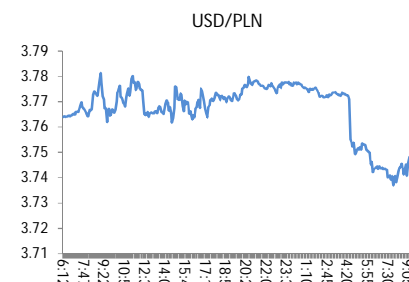
Today the O/N bid rate should be within a range of 1.20%-1.50%. Swap rates were 1bp down in 5-year and 10-year segments.

## Equities

Yesterday the Dow Jones index closed 0.41% up. Today in the morning the FTSE index was 0.97% up, the CAC index rose by 1.17% and the DAX index was 1.02% up. The Nikkei index closed 0.15% up. Today in the morning the WIG20 index was 0.90% up and the WIG index was 0.66% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

## Polish local market data 29 June 2018 (7:15 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7468	3.7705	-0.6%	SPOT	3.7461	3.7474	SPOT	4.3574	4.3586
EUR/PLN	4.3580	4.3566	0.0%	S/N	3.7460	3.7473	S/N	4.3579	4.3591
GBP/PLN	4.9132	4.9339	-0.4%	1W	3.7456	3.7472	1W	4.3591	4.3605
CHF/PLN	3.7667	3.7764	-0.3%	1M	3.7443	3.7460	1M	4.3652	4.3667
SEK/PLN	0.4183	0.4184	0.0%	2M	3.7426	3.7441	2M	4.3735	4.3750
NOK/PLN	0.4603	0.4597	0.1%	3M	3.7405	3.7422	3M	4.3809	4.3830
DKK/PLN	0.5849	0.5848	0.0%	6M	3.7319	3.7340	6M	4.4048	4.4075
CAD/PLN	2.8338	2.8268	0.2%	12M	3.7133	3.7161	12M	4.4516	4.4559
CZK/PLN	0.1683	0.1673	0.6%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1631	1.1554	0.7%	O/N	1.53 %	0 bp			
USD/JPY	110.60	110.31	0.3%	1W	1.55 %	0 bp			
GBP/USD	1.3114	1.3086	0.2%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9948	0.9984	-0.4%	3M	1.70 %	0 bp	3M	%	bp
EUR/JPY	128.65	127.46	0.9%	6M	1.78 %	0 bp	6M	%	bp
EUR/GBP	0.8870	0.8830	0.5%	9M	1.79 %	0 bp	9M	%	bp
USD/CAD	1.3223	1.3338	-0.9%	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	1.80	2Y	1.94 %	1 bp	2Y	1.63 %	0 bp
2X3	1.66	3X9	1.81	5Y	2.43 %	-1 bp	5Y	2.56 %	1 bp
1X4	1.71	6X12	1.85	10Y	2.91 %	-1 bp	10Y	3.24 %	2 bp
3X6	1.74			5Y-2Y	49 bp	-2 bp			
6X9	1.77			10Y-5Y	48 bp	0 bp			
9X12	1.82			10Y-2Y	97 bp	-2 bp			



# Appendix 1

## Important Disclosures

### Additional information available upon request

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