



Poland Daily

HEADLINES...

POL: Today the Monetary Policy Council starts two-day policy meeting. We expect the MPC to keep interest rates unchanged and to reiterate their policy guidance for steady interest rates in the longer term (at least during the whole 2019 as indicated by NBP governor Glapinski). Keeping the current neutral bias by the Council will be easier as recent macro-economic data showed there were no signs of inflationary pressure mounting in Poland's economy. Another factor delaying start of hiking cycle in Poland is the fact that major central banks in developed economies are very cautious in tightening of monetary policy. The MPC in their post-meeting communique will publish new central path of inflation and GDP from a new, July's inflation report. The report will be released next Monday, 16 July. Elements of new NBP's projection will be of interest for market participants. Analysts will be interested in whether new central inflation path is below central inflation path from March NBP projection. Another interesting point at today's press conference will be MPC's assessment of future GDP growth in medium term, and in particular the impact of moderate slowdown in Germany on Poland's GDP growth.

POL: Labour Ministry informed that currently about 1.5 million foreign citizens work in Poland, of which pension fees are paid by some 400 thousand foreigners. Since January 1, 2018 citizens of Armenia, Georgia, Moldova, Russia and Ukraine may work in Poland on the basis of declaration, without the need for work permit if their employment period is up to 6 months within the next 12 months. Poland is considering extending the above list of countries to include Philippines and Vietnam.

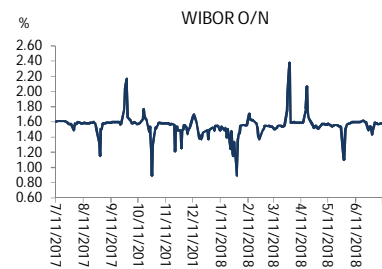
THE DAY AHEAD...

- POL: MPC decision
- CZK: Inflation (Jun)
- USA: PPI (Jun)
- CAN: Decision of Bank of Canada

TODAY'S FOCUS:

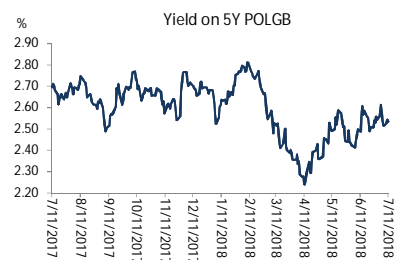
Today economic calendar contains US PPI, Poland's MPC decision (we expect no change in policy and neutral stance) and decision of Bank of Canada (25 bps hike is expected).

Figure 1: WIBOR O/N



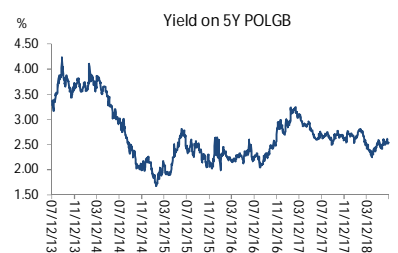
Source: Bloomberg

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
CZK	7:00	Inflation (Jun)		0.4% (2.6%)	0.3% (2.5%)
POL		MPC decision	1.50%		1.50%
USA	12:30	PPI (Jun)	0.3%		0.2% (3.1%)
CAN	14:00	BoC decision	1.50%		1.50%

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Appendix 1

Important Disclosures

Additional information available upon request

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