



Poland Daily

HEADLINES...

POL: Yesterday the Monetary Policy Council, as expected, didn't change monetary policy settings. Central path of inflation was moderately lowered in 2018 and 2020 and lifted marginally in 2019. According to the July projection based on the NECMOD model, there is a 50-percent probability that annual price growth will be in the range of 1.5-2.1% in 2018 (against 1.6-2.5% in the March 2018 projection), 1.9-3.5% in 2019 (compared to 1.7-3.6%) and 1.7-3.9% in 2020 (compared to 1.9-4.1%). GDP growth path was hiked in 2018 and moderately lowered in 2019 and 2020. Annual GDP growth – in line with July's projection – will be with a 50-percent probability in the range of 4.0-5.2% in 2018 (against 3.5-5.0% in the March 2018 projection), 2.8-4.7% in 2019 (compared to 2.8-4.8%) and 2.4-4.3% in 2020 (compared to 2.6-4.6%). New inflation and GDP projections suggest that likelihood of steady interest rates in 2019 increased. NBP President Adam Glapiński reiterated that in his opinion, interest rates would be steady in 2020 as well. The MPC also signalled readiness to act if macro-economic conditions change.

POL: In the period of January-May 2018 exports rose by 6.1% yoy to EUR88.9bn while imports increased by 7.9% yoy to EUR89.3bn. In the period of January-May there was a EUR0.4bn trade gap compared to EUR1.0bn surplus in the corresponding period last year.

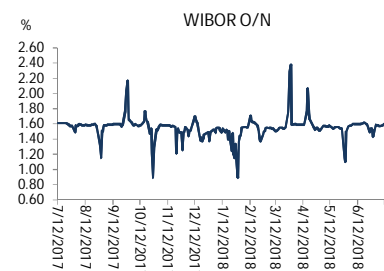
THE DAY AHEAD...

- DEU: Inflation (Jun)
- FRA: Inflation (Jun)
- EMU: Industrial production (May)
- USA: Inflation (Jun), initial jobless claims

TODAY'S FOCUS:

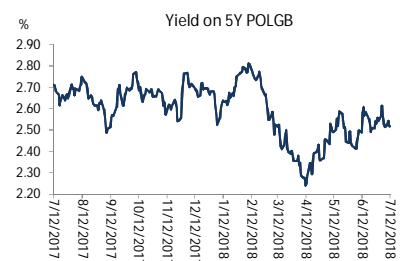
Today economic calendar contains US, German and French inflation for June and industrial production from euro-zone for May.

Figure 1: WIBOR O/N



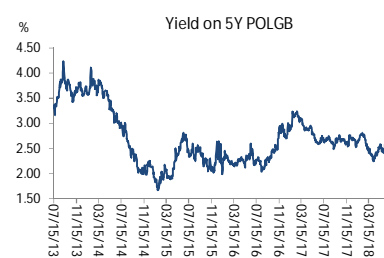
Source: Bloomberg

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	6:00	Inflation (Jun)	(2.1%)	0.1% (2.1%)	0.1% (2.1%)
FRA	6:45	Inflation (Jun)		0.0% (2.3%)	0.1% (2.4%)
EMU	9:00	Industrial production (May)	1.2%	1.2% (2.4%)	1.2% (2.4%)
USA	12:30	Inflation (Jun)	0.3%		0.2% (2.9%)
USA	12:30	Core Inflation (Jun)	0.2%		0.2% (2.3%)

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was unchanged versus the USD and was 0.2% firmer versus the EUR compared to the last NBP fixing. Today the zloty should be moving within a range of PLN4.3050-4.3450 per EUR.

The USD firmed versus major currencies as US government published extended list of Chinese goods worth USD200bn that may be subject to higher US tariffs by 10%. Final decision is to be taken by the end of August.

Fixed Income

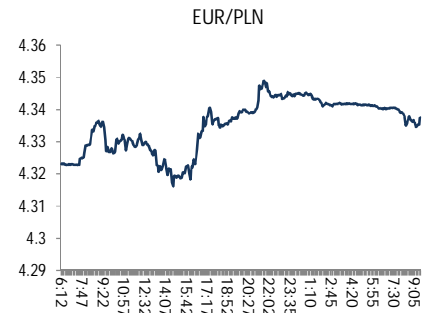
The yields on Poland's government bonds were 1bp down all tenors. Today at switching auction on the Finance Ministry offers zero-coupon 2-year bonds series OK0720, 5-year bonds with a fixed coupon PS0123 and 10-year bonds with a fixed coupon WS0428 and floaters WZ0524 and WZ0528.

Interest Rates

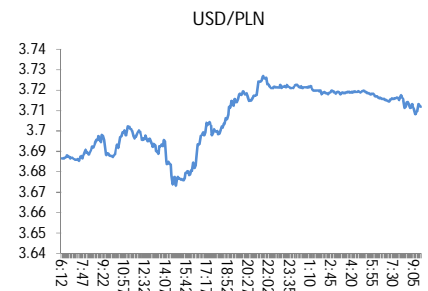
Today the O/N bid rate should be within a range of 1.35%-1.55%. Swap rates were 1-2bps down in all tenors.

Equities

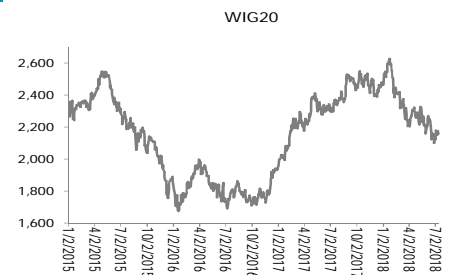
Yesterday the Dow Jones index closed 0.88% down. Today in the morning the FTSE index was 0.42% up, the CAC index rose by 0.18% and the DAX index was 0.17% up. The Nikkei index closed 1.17% up. Today in the morning the WIG20 index was 0.30% up and the WIG index was 0.25% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 12 July 2018 (8:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7005	3.7000	0.0%	SPOT	3.6997	3.7012	SPOT	4.3245	4.3262
EUR/PLN	4.3254	4.3322	-0.2%	S/N	3.6997	3.7012	S/N	4.3247	4.3265
GBP/PLN	4.8921	4.9048	-0.3%	1W	3.6994	3.7010	1W	4.3262	4.3281
CHF/PLN	3.7139	3.7255	-0.3%	1M	3.6981	3.6998	1M	4.3322	4.3341
SEK/PLN	0.4189	0.4217	-0.7%	2M	3.6965	3.6982	2M	4.3402	4.3423
NOK/PLN	0.4567	0.4590	-0.5%	3M	3.6943	3.6961	3M	4.3476	4.3498
DKK/PLN	0.5803	0.5812	-0.2%	6M	3.6856	3.6876	6M	4.3707	4.3737
CAD/PLN	2.8048	2.8130	-0.3%	12M	3.6677	3.6702	12M	4.4178	4.4229
CZK/PLN	0.1669	0.1672	-0.2%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1689	1.1709	-0.2%	O/N	1.60 %	1 bp			
USD/JPY	112.32	111.16	1.0%	1W	1.56 %	0 bp			
GBP/USD	1.3220	1.3256	-0.3%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9964	0.9932	0.3%	3M	1.70 %	0 bp	3M	%	bp
EUR/JPY	131.29	130.15	0.9%	6M	1.78 %	0 bp	6M	%	bp
EUR/GBP	0.8842	0.8833	0.1%	9M	1.79 %	0 bp	9M	%	bp
USD/CAD	1.3195	1.3153	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	1.65	1X7	1.78	2Y	1.95 %	-2 bp	2Y	1.64 %	-1 bp
2X3	1.65	3X9	1.80	5Y	2.47 %	-1 bp	5Y	2.52 %	-1 bp
1X4	1.70	6X12	1.83	10Y	2.95 %	-1 bp	10Y	3.18 %	-1 bp
3X6	1.72			5Y-2Y	52 bp	1 bp			
6X9	1.74			10Y-5Y	48 bp	0 bp			
9X12	1.80			10Y-2Y	100 bp	1 bp			



Appendix 1

Important Disclosures

Additional information available upon request

Deutsche Bank Polska S.A. represents that the data contained in this publication are of information nature only, and the content presented herein does not constitute an offer within the meaning of Art. 66 of the Civil Code of 23 April 1964, an invitation to offer or a recommendation to enter into any transaction. This publication may not be treated as advice and does not perform any function of advice. All information used in this publication has been obtained from generally accessible sources which are generally recognized as reliable. Deutsche Bank Polska S.A. has exercised due diligence to verify the above information and bring it up to date, but it disclaims any and all liability for its accuracy or completeness, or for any damage that the Client or third parties may incur as a result of decisions made in reliance on the information contained in this publication.

The transactions or products listed herein may not be appropriate for all investors. Before making a decision on entering into a transaction or acquiring a product the Client should, without relying only on the information provided in this publication, make an independent assessment of the economic risk of such transaction and his ability to incur it, its tax and legal nature, the legal consequences of the transaction and potential benefits and losses associated with it, as well as assess the market characteristics.

The assumptions, simulations and opinions contained in this publication constitute the sole judgment of Deutsche Bank Polska S.A.'s / persons preparing it as at the date of publication of this document which is subject to change without a requirement to publish it. Any and all projections are based on assumptions pertaining to market conditions and there is no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results.

Deutsche Bank Polska S.A. represents that the information presented above should not be in any case treated by the Client as Deutsche Bank Polska S.A.'s recommendation or advice. This publication may not be duplicated or distributed in any way, in particular through mass media, without the prior written consent of Deutsche Bank Polska S.A., ul. Lecha Kaczynskiego 26, 00-609 Warsaw, NIP no. 676-01-07-416, District Court for the capital city of Warsaw, 12th Corporate Division of the National Court Register, file number KRS 0000022493, share capital PLN 2,651,449,384 paid up in full.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Arkadiusz Krześniak