



Poland Daily

HEADLINES...

POL: MPC member Kamil Zubelewicz said that July's projections of inflation and GDP provided more arguments for preemptive interest rate hike. He added that recent forecasts showed worrying rise in core inflation in the future. He stated that dovish rhetoric of the MPC unnecessarily weakened the zloty. In his view approaching elections poses a threat of loosening fiscal policy. He added that preemptive interest rate hike was needed as pressure on wages to rise mounted in labour market. In his opinion interest rate hike should occur in the second half of 2019 when core inflation will likely exceed 2%. He added that the central bank should keep core inflation one percentage point below the centre of inflation target (2.5%)

THE DAY AHEAD...

POL: Retail sales (Jun)
DEU: PPI (Jun)
EMU: Current account (May)

TODAY'S FOCUS:

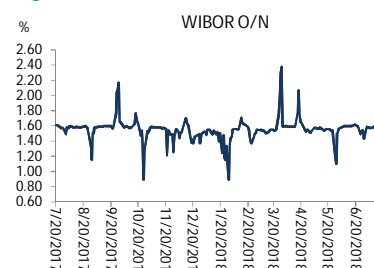
Today economic calendar contains Poland's retail sales for June, Germany's PPI for June and euro-zone's current account data for May.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	6:00	PPI (Jun)	(3.0%)	0.3% (3.0%)	0.3% (3.0%)
HUN	7:00	Average wage (May)		(10.9%)	(11.2%)
POL	8:00	Retail sales (Jun)	0.7% (7.4%)		1.5% (8.1%)
EMU	8:00	Current account (May)			

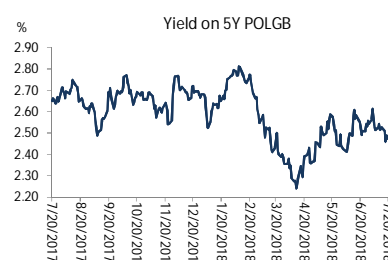
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



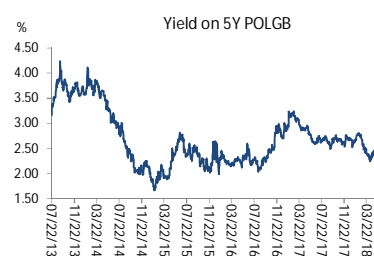
Source: Bloomberg

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 unchanged 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 PLN4.3100-4.3500 per EUR.

The EUR firmed by 0.4% versus the USD as President Donal Trump said in an interview that he was not thrilled by Fed's interest rate hikes.

Fixed Income

The yields on Poland's government bonds were 1-2bps down in short and medium segment of the curve.

Interest Rates

Today the O/N bid rate should be within a range of 1.30%-1.50%. Swap rates were 1-2 bps down in 5-year and 10-year sectors.

Equities

Yesterday the Dow Jones index closed 0.53% down. Yesterday at closing the FTSE index was 0.10% up, the CAC index fell by 0.56% and the DAX index was 0.62% down. The Nikkei index closed 0.29% down. Yesterday the WIG20 index closed 0.11% down and the WIG index was 0.26% up.

EUR/PLN



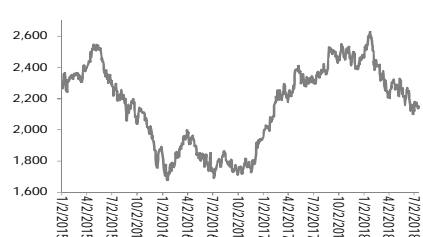
Source: Bloomberg

USD/PLN



Source: Bloomberg

WIG20



Source: Bloomberg

Polish local market data 20 July 2018 (7:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7178	3.7163	0.0%	SPOT	3.7170	3.7185	SPOT	4.3321	4.3338
EUR/PLN	4.3330	4.3155	0.4%	S/N	3.7169	3.7185	S/N	4.3323	4.3341
GBP/PLN	4.8411	4.8348	0.1%	1W	3.7166	3.7182	1W	4.3337	4.3355
CHF/PLN	3.7209	3.7121	0.2%	1M	3.7152	3.7168	1M	4.3396	4.3414
SEK/PLN	0.4178	0.4174	0.1%	2M	3.7134	3.7151	2M	4.3471	4.3491
NOK/PLN	0.4524	0.4521	0.1%	3M	3.7109	3.7127	3M	4.3546	4.3568
DKK/PLN	0.5814	0.5790	0.4%	6M	3.7020	3.7041	6M	4.3776	4.3805
CAD/PLN	2.8047	2.8114	-0.2%	12M	3.6828	3.6856	12M	4.4232	4.4288
CZK/PLN	0.1672	0.1668	0.2%						
				WIBOR			T-bills (mid)		
					Last fixing	1-day change		Today's opening	1-day change
EUR/USD	1.1655	1.1612	0.4%	O/N	1.59 %	0 bp	1M		
USD/JPY	112.36	112.94	-0.5%	1W	1.56 %	0 bp	3M	%	bp
GBP/USD	1.3021	1.3010	0.1%	1M	1.64 %	0 bp	6M	%	bp
USD/CHF	0.9992	1.0011	-0.2%	3M	1.70 %	0 bp	9M	%	bp
EUR/JPY	130.96	131.15	-0.2%	6M	1.78 %	0 bp	12M	%	bp
EUR/GBP	0.8951	0.8926	0.3%	9M	1.79 %	0 bp			
USD/CAD	1.3256	1.3219	0.3%	12M	1.82 %	0 bp			
				FRAs			T-Bonds		
					Last closing	1-day change		Today's opening	1-day change
				IRS (mid)	Today's opening	1-day change	(mid)	Today's opening	1-day change
1X2	1.66	1X7	1.79	2Y	1.92 %	0 bp	2Y	1.61 %	-1 bp
2X3	1.65	3X9	1.79	5Y	2.42 %	-1 bp	5Y	2.48 %	-2 bp
1X4	1.71	6X12	1.81	10Y	2.88 %	-2 bp	10Y	3.13 %	0 bp
3X6	1.71			5Y-2Y	50 bp	-1 bp			
6X9	1.73			10Y-5Y	46 bp	-1 bp			
9X12	1.77			10Y-2Y	96 bp	-2 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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