



Poland Daily

HEADLINES...

POL: In July industrial output fell by 5.4% mom and increased by 10.3% yoy. Seasonally adjusted industrial production rose by 7.8% yoy. On an annual basis the strongest growth was reported in production of machinery and equipment (up 25.0% yoy), ships (up 20.6% yoy), products of metal (up 18.0% yoy), electrical machinery (up 17.5% yoy), supply and production of electricity, natural gas, steam, and hot water (up 15.9% yoy), coke and oil refining (up 13.1% yoy). In July output rose in branches producing investments goods and goods for exports. A decline was reported in production of leather and products thereof (down 4.7% yoy), pharmaceuticals (down 3.3% yoy), and computers, electronics and optical equipment (down 2.6% yoy). In July PPI was 0.1% mom and 3.4% yoy.

POL: In July construction output increased by 18.7% yoy and fell by 1.5% mom. Strong growth was reported in construction of specialized structures (up 21.9% yoy) and infrastructure investments (up 20.6% yoy).

POL: Finance Minister Teresa Czerwinska said that in macro-economic scenario for 2019 budget government would keep forecast of 3.8% GDP growth in 2019. In her opinion Poland's economy is already passing peak of activity, and next year government will have to scale back social expenditures to slower GDP growth. According to Finance Ministry's estimates, budget gap in 2018 will amount to 60-70% of -PLN41.5 deficit envisaged in budget bill.

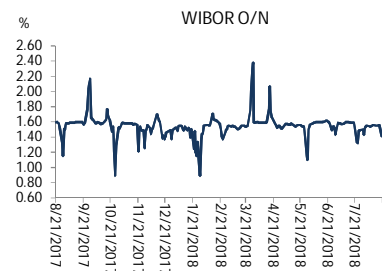
THE DAY AHEAD...

HUN: NBH decision

TODAY'S FOCUS:

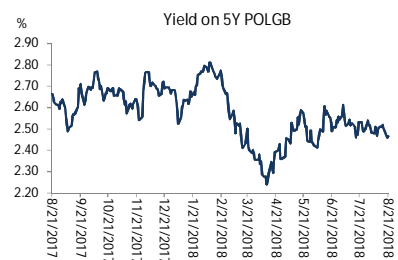
Today the National Bank of Hungary (NBH) will take decision on monetary policy. We expect the NBH to maintain monetary policy settings at today's meeting.

Figure 1: WIBOR O/N



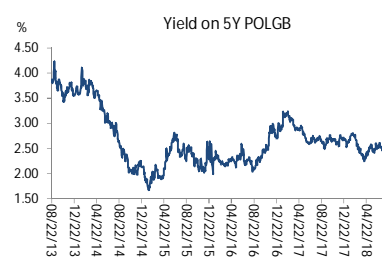
Source: Bloomberg

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
HUN	14:00	NBH decision	0.90%		0.90%



Foreign Exchange

Today in the morning the zloty was 0.8% firmer versus the USD and was 0.1% weaker versus the EUR compared to the last NBP fixing. Today the zloty should be moving within a range of PLN4.2900-4.3150 per EUR.

The USD weakened versus the EUR to above USD1.15 per EUR after President Trump's comments that China and euro-zone manipulated their currencies and as President Trump said he would continue criticising Fed's Chairman Jerome Powell if Fed continues to hike interest rates.

Fixed Income

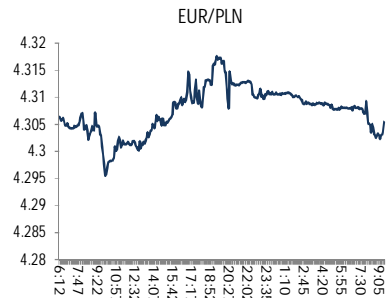
The yields on Poland's government bonds were 1-2bp down in all tenors.

Interest Rates

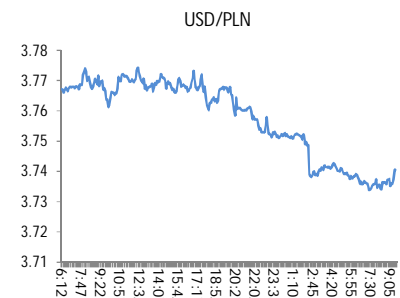
Today the O/N bid rate should be within a range of 1.10%-1.40%. Swap rates were 1-3 bps down across the curve.

Equities

Yesterday the Dow Jones index closed 0.35% up. Today in the morning the FTSE index was 0.10% down, the CAC index fell by 0.06% and the DAX index was 0.14% up. The Nikkei index closed 0.09% up. Today in the morning the WIG20 index rose by 0.61% and the WIG index was 0.41% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 21 August 2018 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7405	3.7695	-0.8%	SPOT	3.7398	3.7412	SPOT	4.3036	4.3050
EUR/PLN	4.3043	4.2997	0.1%	S/N	3.7397	3.7412	S/N	4.3038	4.3052
GBP/PLN	4.7969	4.8009	-0.1%	1W	3.7393	3.7408	1W	4.3051	4.3067
CHF/PLN	3.7845	3.7838	0.0%	1M	3.7381	3.7396	1M	4.3113	4.3129
SEK/PLN	0.4092	0.4106	-0.4%	2M	3.7360	3.7377	2M	4.3187	4.3206
NOK/PLN	0.4431	0.4459	-0.6%	3M	3.7337	3.7356	3M	4.3265	4.3285
DKK/PLN	0.5771	0.5765	0.1%	6M	3.7246	3.7269	6M	4.3508	4.3535
CAD/PLN	2.8706	2.8851	-0.5%	12M	3.7049	3.7087	12M	4.3962	4.4015
CZK/PLN	0.1674	0.1672	0.1%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1507	1.1407	0.9%	O/N	1.41 %	bp			
USD/JPY	110.09	110.66	-0.5%	1W	1.54 %	bp			
GBP/USD	1.2825	1.2736	0.7%	1M	1.64 %	bp	1M		
USD/CHF	0.9883	0.9962	-0.8%	3M	1.71 %	bp	3M	%	bp
EUR/JPY	126.68	126.22	0.4%	6M	1.79 %	bp	6M	%	bp
EUR/GBP	0.8973	0.8956	0.2%	9M	1.80 %	bp	9M	%	bp
USD/CAD	1.3030	1.3065	-0.3%	12M	1.84 %	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	1.91 %	-1 bp	2Y	1.59 %	-2 bp
2X3	1.66	3X9	1.80	5Y	2.39 %	-3 bp	5Y	2.46 %	-2 bp
1X4	1.71	6X12	1.83	10Y	2.85 %	-3 bp	10Y	3.12 %	-1 bp
3X6	1.72			5Y-2Y	48 bp	-3 bp			
6X9	1.74			10Y-5Y	47 bp	0 bp			
9X12	1.79			10Y-2Y	94 bp	-2 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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