



Poland Daily

HEADLINES...

POL: Today the Monetary Policy Council ends policy meeting. We expect the MPC to keep interest rates unchanged to repeat guidance for steady interest rates in the medium term. Over last five months stance of hawkish camp (3 members) with the MPC became more hawkish. At the same time neutral faction consolidated (3 members) while dominating dovish camp (4 members, including NBP President) became slightly more neutral. It means that likelihood of rate hike is now very small as inflation stabilised at 2% level, still below the centre of MPC target. As all factions within the MPC has comparable size, the Council still retains ability to react quickly, if inflation rises.

USA: Manufacturing ISM rises 3.2pts to 61.3 in August, above mkt.

EMU: PPI rises 0.4% mom/4.0% yoy in July, above mkt.

THE DAY AHEAD...

POL: MPC decision

USA: Trade balance (Jul)

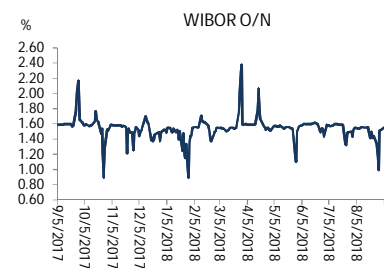
DEU: PMI services (Sep)

EMU: PMI services (Sep), retail sales (Jul)

TODAY'S FOCUS:

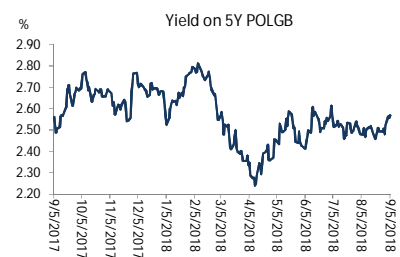
Today the MPC ends their policy meeting. Economic calendar contains US trade balance for July, and euro-zones services PMIs and retail sales.

Figure 1: WIBOR O/N



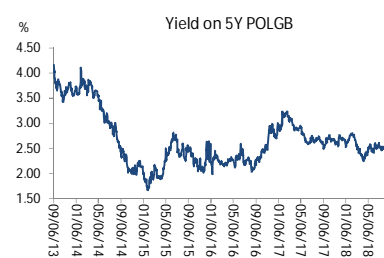
Source: Bloomberg

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	7:55	PMI services (Aug)	55.3	55.0	55.2
EMU	8:00	PMI services (Aug)	54.5	54.4	54.4
EMU	9:00	Retail sales (Jul)	-0.1%		-0.1%
POL	8:00	MPC decision	1.50%		1.50%
USA	12:30	Trade balance (Jul)	-USD46.5bn		-USD50.2bn



Foreign Exchange

Today in the morning the zloty was 0.3% weaker versus the USD and was 0.2% weaker versus the EUR compared to the last NBP fixing. The zloty weakened today in the morning together with its regional peers due to firming of the USD. Today the zloty should be moving within a range of PLN4.3000-4.3300 per EUR.

The USD firmed as risk aversion increased after rising concerns on economic and financial stance of such EM countries as Turkey, Argentina and Philippines.

Fixed Income

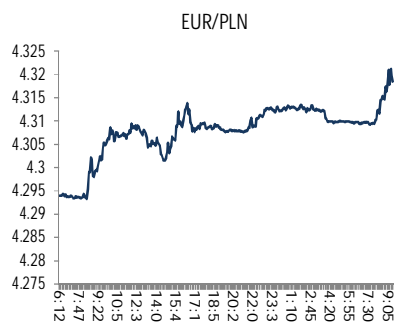
The yields on Poland's government bonds were 1bp up in 2-year and 10-year sectors.

Interest Rates

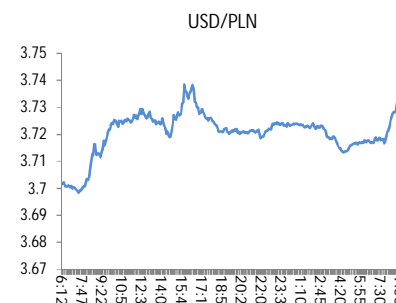
Today the O/N bid rate should be within a range of 1,20%-1.40%. Swap rates were steady across the curve.

Equities

On Friday the Dow Jones index closed 0.05% down. Today in the morning the FTSE index fell by 0.43%, the CAC index decreased by 0.68% and the DAX index was 0.58% down. The Nikkei index closed 0.51% down. Today in the morning the WIG20 index fell by 0.63% and the WIG index decreased by 0.54%. Weaker sentiment on EM weighed on European stock markets.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 5 September 2018 (7:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7361	3.7241	0.3%	SPOT	3.7355	3.7367	SPOT	4.3159	4.3169
EUR/PLN	4.3164	4.3073	0.2%	S/N	3.7353	3.7366	S/N	4.3166	4.3177
GBP/PLN	4.7933	4.7790	0.3%	1W	3.7352	3.7364	1W	4.3176	4.3187
CHF/PLN	3.8319	3.8287	0.1%	1M	3.7334	3.7348	1M	4.3238	4.3251
SEK/PLN	0.4096	0.4073	0.6%	2M	3.7310	3.7323	2M	4.3308	4.3321
NOK/PLN	0.4435	0.4429	0.1%	3M	3.7281	3.7298	3M	4.3376	4.3393
DKK/PLN	0.5791	0.5778	0.2%	6M	3.7181	3.7201	6M	4.3603	4.3628
CAD/PLN	2.8303	2.8348	-0.2%	12M	3.6981	3.7008	12M	4.4086	4.4125
CZK/PLN	0.1676	0.1673	0.2%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1553	1.1566	-0.1%	O/N	1.55 %	1 bp	1M		
USD/JPY	111.46	111.45	0.0%	1W	1.55 %	0 bp	3M	%	bp
GBP/USD	1.2830	1.2833	0.0%	1M	1.64 %	0 bp	6M	%	bp
USD/CHF	0.9751	0.9727	0.2%	3M	1.71 %	0 bp	9M	%	bp
EUR/JPY	128.77	128.90	-0.1%	6M	1.79 %	0 bp	12M	%	bp
EUR/GBP	0.9005	0.9013	-0.1%	9M	1.82 %	0 bp			
USD/CAD	1.3201	1.3137	0.5%	12M	1.87 %	0 bp			
FRAs (mid)	Last closing			IRS (mid)	Today's opening	1-day change	T-Bonds (mid)	Today's opening	1-day change
1X2	1.67	1X7	1.80	2Y	1.92 %	0 bp	2Y	1.62 %	1 bp
2X3	1.67	3X9	1.81	5Y	2.43 %	0 bp	5Y	2.57 %	0 bp
1X4	1.72	6X12	1.84	10Y	2.89 %	0 bp	10Y	3.23 %	1 bp
3X6	1.73			5Y-2Y	51 bp	0 bp			
6X9	1.75			10Y-5Y	46 bp	0 bp			
9X12	1.80			10Y-2Y	98 bp	0 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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