



## Poland Daily

### HEADLINES...

POL: Government contemplates subsidies for households and companies in energy-intensive industries to compensate for rise in energy prices (wholesale electricity prices were 60-70% up yoy in September). Poland may use revenues from sale of carbon emission allowances, which may rise to PLN5.4bn this year, to finance tax allowance or subsidy in PIT tax. Government plans to use maximum 1/3 of carbon emission allowances to compensate firms in energy-intensive industries and the remainder is planned as subsidies for persons that pay PIT in the first tax bracket. According to experts' estimates such subsidy would almost completely compensate for the expected rise in next year retail energy prices (estimated at PLN250 per household per year). However, companies not in energy-intensive industries would face full impact of higher energy prices. Government considers two variants of help: (1) subsidy (cash or a cut in excise tax) for energy brokers in exchange for freeze in retail prices or (2) tax allowance or subsidy in personal income tax for low income households.

POL: MPC member Kamil Zubelewicz said that the MPC was following adaptive monetary policy, increasing risk of reacting too late to accelerating inflation. In his opinion the MPC should react pre-emptively to rising inflation. He maintained his earlier view that interest rates should be hiked in order to keep inflation below the MPC target.

POL: In the period of January-August 2018, trade balance was -EUR2.0bn, exports rose by 6.7% yoy to EUR143.6bn while imports were 7.7% up yoy to EUR145.6bn.

### THE DAY AHEAD...

POL: Poland's rating review by S&P and Fitch Ratings.

DEU: Inflation (Sep)

EMU: Industrial production (Aug)

USA: Univ. of Michigan consumer confidence (Oct)

### TODAY'S FOCUS:

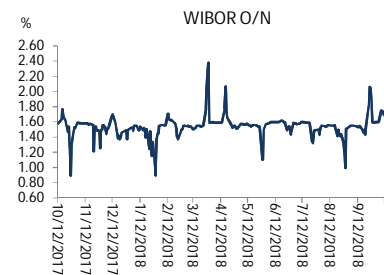
Today market participants will be focusing on Poland's rating review by S&P and Fitch and on euro-zone's industrial production and US consumer sentiment.

### DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	6:00	Inflation (wrz)	0.4%	0.4% (2.3%)	0.4% (2.3%)
EMU	9:00	Industrial production (Aug)	0.5%		0.5% (-0.2%)
USA	12:30	Consumer confidence (Oct)			100.5
POL		S&P reviews Poland's rating	BBB+ (positive)		
POL		Fitch Ratings reviews Poland's rating	A-(stable)		

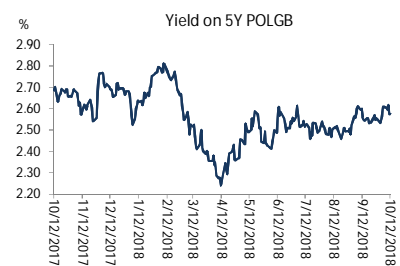
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



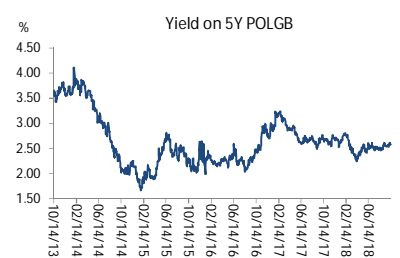
Source: Bloomberg

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 0.8% firmer versus the USD and was 0.4% firmer versus the EUR compared to the last NBP fixing. Today the zloty should be moving within a range of PLN4.2850-4.3200 per EUR.

The USD weakened further after lower than expected US inflation for September.

### Fixed Income

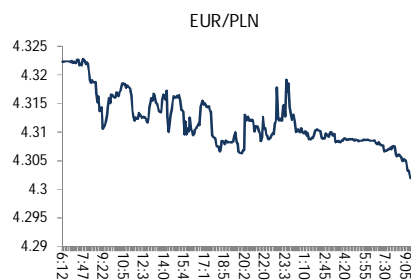
The yields on Poland's government bonds were unchanged in all tenors.

### Interest Rates

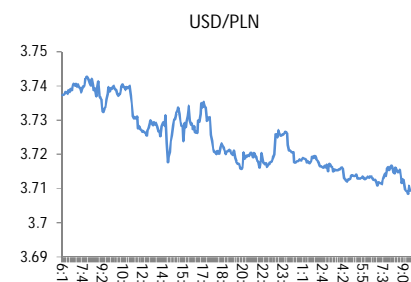
Today the O/N bid rate should be within a range of 1.30%-1.50%. Swap rates were 1-2 bps up in all tenors.

### Equities

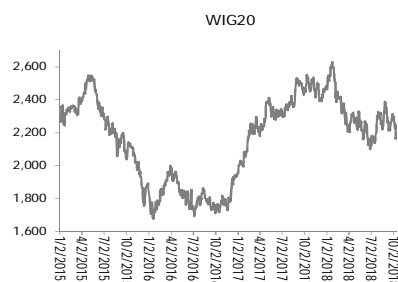
A sell-off in bourses worldwide continued yesterday with the biggest drops in China, Greece and Philippines. Yesterday the Dow Jones index closed 2.13% down and SP500 index fell by 2.06%. Today in the morning the FTSE index rose by 0.45%, the CAC index increased by 0.95% and the DAX index was 1.00% up. The Nikkei index closed 0.46% up. Today in the morning the WIG20 index rose by 1.00% and the WIG index increased by 0.85%. Bourses in Asia and Europe were supported by robust China's trade data.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

### Polish local market data 12 October 2018 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7083	3.7399	-0.8%	SPOT	3.7078	3.7088	SPOT	4.3020	4.3030
EUR/PLN	4.3025	4.3179	-0.4%	S/N	3.7077	3.7087	S/N	4.3022	4.3033
GBP/PLN	4.9150	4.9336	-0.4%	1W	3.7073	3.7083	1W	4.3037	4.3048
CHF/PLN	3.7500	3.7818	-0.8%	1M	3.7053	3.7064	1M	4.3095	4.3106
SEK/PLN	0.4145	0.4154	-0.2%	2M	3.7027	3.7039	2M	4.3169	4.3183
NOK/PLN	0.4534	0.4547	-0.3%	3M	3.6977	3.6991	3M	4.3254	4.3270
DKK/PLN	0.5767	0.5788	-0.4%	6M	3.6877	3.6899	6M	4.3479	4.3506
CAD/PLN	2.8518	2.8651	-0.5%	12M	3.6664	3.6689	12M	4.3968	4.4011
CZK/PLN	0.1666	0.1670	-0.3%						
				<b>WIBOR</b>	<b>Last fixing</b>	<b>1-day change</b>	<b>T-bills (mid)</b>	<b>Today's opening</b>	<b>1-day change</b>
EUR/USD	1.1602	1.1545	0.5%	O/N	1.69 %	-5 bp			
USD/JPY	112.34	112.27	0.1%	1W	1.61 %	-1 bp			
GBP/USD	1.3254	1.3192	0.5%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9891	0.9889	0.0%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	130.34	129.62	0.6%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.8754	0.8752	0.0%	9M	1.82 %	0 bp	9M	%	bp
USD/CAD	1.3005	1.3053	-0.4%	12M	1.87 %	0 bp	12M	%	bp
<b>FRAs (mid)</b>	<b>Last closing</b>			<b>IRS (mid)</b>	<b>Today's opening</b>	<b>1-day change</b>	<b>T-Bonds (mid)</b>	<b>Today's opening</b>	<b>1-day change</b>
1X2	1.68	1X7	1.81	2Y	2.04 %	1 bp	2Y	1.61 %	0 bp
2X3	1.68	3X9	1.83	5Y	2.64 %	2 bp	5Y	2.58 %	0 bp
1X4	1.73	6X12	1.88	10Y	3.10 %	1 bp	10Y	3.28 %	0 bp
3X6	1.76			5Y-2Y	60 bp	1 bp			
6X9	1.80			10Y-5Y	46 bp	-1 bp			
9X12	1.85			10Y-2Y	106 bp	-1 bp			



# Appendix 1

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### Additional information available upon request

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