



Poland Daily

HEADLINES...

POL: Final inflation for September was 0.2% mom and 1.9% yoy and was slightly higher than initial inflation estimate of 1.8% yoy. In September food prices rose by 0.6% mom, footwear and clothing prices were 2.4% up mom, transport prices were 0.3% down mom, communication prices were 2.3% down mom, education prices were 1.4% up mom.

POL: In August current account deficit was –EUR549mn and trade gap amounted to –EUR329mn. In August exports were 7.4% up yoy to EUR17.2bn while imports increased by 11.2% yoy to EUR17.5bn. Services balance was positive at EUR1.58bn but primary and secondary income accounts were negative (respectively –EUR1.412bn and –EUR383mn).

POL: MPC member Grazyna Ancyparowicz said that the Council might consider rate hike in the second half of 2019, possibly in Q4. In her opinion, easy fiscal policy and new pension plans PPK may increase inflation starting from 2021. In her view, there was no need for hiking interest rates now as stable interest rates support investors' confidence.

POL: Finance Minister Irena Czerwinska estimated that general government deficit would amount to about 1% of GDP in 2018. Investments and Development Minister Jerzy Kwiecinski expects GDP growth in 2019 at 4-5% per annum.

THE DAY AHEAD...

POL: Average wage (Sep), Average employment (Sep), Core inflation (Sep)

DEU: ZEW (Oct)

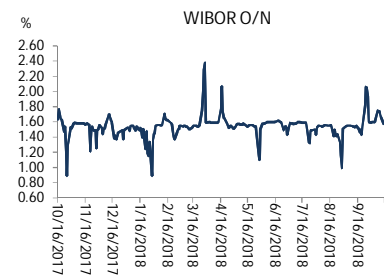
HUN: NBH decision

USA: Industrial production (Sep)

TODAY'S FOCUS:

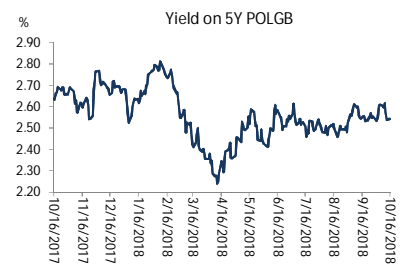
Today market participants will be focusing on domestic wage and employment data for September and on US industrial production for September.

Figure 1: WIBOR O/N



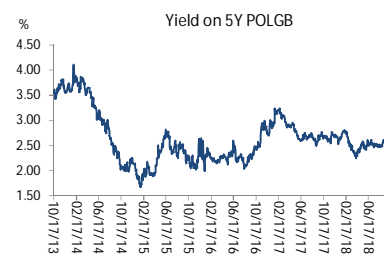
Source: Bloomberg

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
POL	8:00	Average wage (Sep)	-0.5% (6.7%)	-0.6% (6.7%)	-0.2% (7.1%)
POL	8:00	Average employment (Sep)	0.0% (3.3%)	-0.1% (3.2%)	0.1% (3.4%)
DEU	9:00	ZEW (Oct)	-8.2		
POL	12:00	Core inflation (Sep)	0.0% (0.8%)		0.0% (0.8%)
HUN	12:00	NBH decision	0.90%		0.90%
USA	13:15	Industrial production (Sep)	0.2%		0.2%

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.2% firmer versus the USD and was unchanged versus the EUR compared to the last NBP fixing. Today the zloty should be moving within a range of PLN4.2850-4.3100 per EUR.

The EUR/USD remained relatively steady ahead of German ZEW index and US industrial production data.

Fixed Income

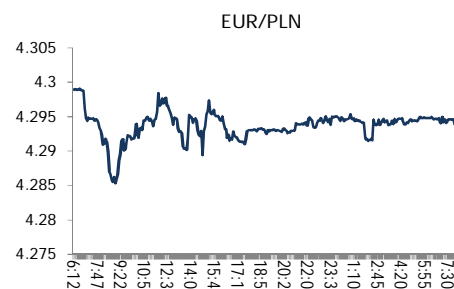
The yields on Poland's government bonds were 3-4 bps down in all tenors.

Interest Rates

Today the O/N bid rate should be within a range of 1.20%-1.50%. Swap rates were 2-3 bps down in 5Y and 10Y sectors.

Equities

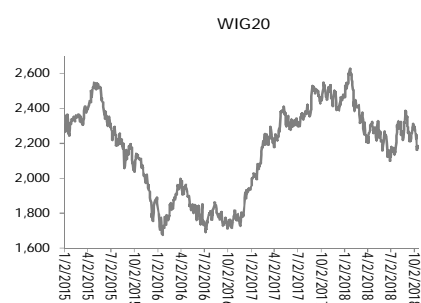
Yesterday the Dow Jones index closed 0.35% down and the SP500 index fell by 0.59%. Today in the morning the FTSE index fell by 0.03%, the CAC index increased by 0.40% and the DAX index was 0.38% up. The Nikkei index closed 1.25% up. Today in the morning the WIG20 index rose by 0.76% and the WIG index increased by 0.58%.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 16 October 2018 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7000	3.7091	-0.2%	SPOT	3.6995	3.7004	SPOT	4.2906	4.2917
EUR/PLN	4.2912	4.2927	0.0%	S/N	3.6994	3.7003	S/N	4.2908	4.2919
GBP/PLN	4.8804	4.8720	0.2%	1W	3.6989	3.6999	1W	4.2922	4.2934
CHF/PLN	3.7473	3.7502	-0.1%	1M	3.6969	3.6979	1M	4.2981	4.2994
SEK/PLN	0.4146	0.4129	0.4%	2M	3.6944	3.6955	2M	4.3048	4.3063
NOK/PLN	0.4553	0.4543	0.2%	3M	3.6892	3.6906	3M	4.3138	4.3156
DKK/PLN	0.5752	0.5754	0.0%	6M	3.6794	3.6815	6M	4.3364	4.3391
CAD/PLN	2.8501	2.8492	0.0%	12M	3.6578	3.6602	12M	4.3852	4.3891
CZK/PLN	0.1662	0.1664	-0.2%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1598	1.1573	0.2%	O/N	1.57 %	-12 bp			
USD/JPY	112.13	111.64	0.4%	1W	1.59 %	-2 bp			
GBP/USD	1.3191	1.3135	0.4%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9875	0.9890	-0.2%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	130.05	129.21	0.6%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.8793	0.8811	-0.2%	9M	1.82 %	0 bp	9M	%	bp
USD/CAD	1.2983	1.3018	-0.3%	12M	1.87 %	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	1.68	1X7	1.81	2Y	2.05 %	1 bp	2Y	1.58 %	-3 bp
2X3	1.68	3X9	1.83	5Y	2.62 %	-2 bp	5Y	2.54 %	-4 bp
1X4	1.73	6X12	1.88	10Y	3.07 %	-3 bp	10Y	3.24 %	-4 bp
3X6	1.76			5Y-2Y	56 bp	-4 bp			
6X9	1.79			10Y-5Y	46 bp	-1 bp			
9X12	1.85			10Y-2Y	102 bp	-4 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