



Poland Daily

HEADLINES...

POL: In September industrial output increased by 3.5% mom and rose by 2.8% yoy, as we expected. Industrial output in constant prices rose by 5.4% yoy in September. An increase in industrial output was reported in 24 out of 34 branches of industry. The highest growth in output was reported in utilities (up 10.4% yoy), metal production (up 8.1% yoy), machinery and appliances (7.9% yoy), electrical appliances (7.2% yoy), products of other non-metal raw materials (6.5% yoy). In August growth in industrial output was concentrated in sectors producing investment goods and exporting sectors underperformed. In year on year terms industrial output declined the most in pharmaceuticals (down 28.8% yoy), leather and products thereof (down 16.1% yoy), computers, electronic and optical devices (down 6.4% yoy) and coal mining (down 4.4% yoy). Producer prices rose by 0.4% mom and increased by 2.9% yoy, what was in line with market consensus.

POL: In September construction output rose by 16.4% yoy and was below market consensus view (18.1% yoy). Growth in construction output was mainly driven by infrastructure investments (up 23.1% yoy) and building construction (up 18.6% yoy).

THE DAY AHEAD...

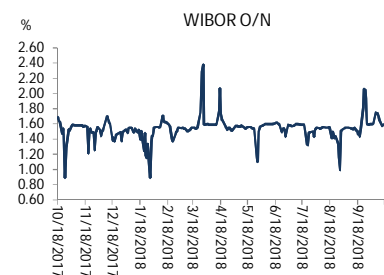
UK: retail sales (Sep)

USA: Philadelphia Fed Index (Oct), index of leading indicators (Sep), initial jobless claims

TODAY'S FOCUS:

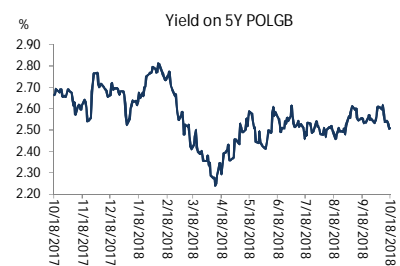
Today economic calendar contains retail sales from the UK, Philadelphia Fed Index and leading indicators from the US.

Figure 1: WIBOR O/N



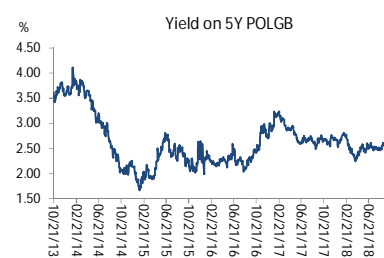
Source: Bloomberg

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
UK	8:30	Retail sales (Sep)			-0.4% (3,6%)
USA	12:30	Philadelphia Fed Index (Sep)	20,0		20,0
USA	12:30	Initial jobless claims	211 tys.		211 tys.
USA	14:00	Leading indicators index (Sep)			0,5%



Foreign Exchange

Today in the morning the zloty was 0.6% weaker 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 PLN4.2850-4.3050 per EUR.

The USD firmed after Fed minutes showed the Fed was confident in US economic growth and that in Fed's opinion US economic growth would be only slightly affected by US-China trade war and as some FOMC members shared opinion that interest rates may have to be temporarily kept above their long-term levels.

Fixed Income

The yields on Poland's government bonds were 1-2 bps up in medium and long tenors.

Interest Rates

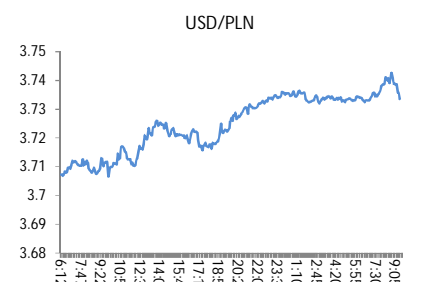
Today the O/N bid rate should be within a range of 1.20%-1.50%. Swap rates were 1bp up in 5Y and 10Y sectors.

Equities

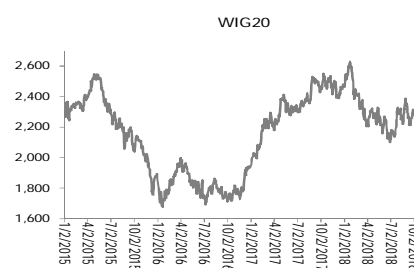
Yesterday the Dow Jones index closed 0.36% down and the S&P 500 index fell by 0.03%. Today in the morning the FTSE index rose by 0.23%, the CAC index increased by 0.47% and the DAX index was 0.55% up. Today the Nikkei index closed 0.80% down. Today in the morning the WIG20 index fell by 0.10% and the WIG index decreased by 0.14%.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 18 October 2018 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7351	3.7123	0.6%	SPOT	3.7346	3.7356	SPOT	4.2946	4.2957
EUR/PLN	4.2952	4.2936	0.0%	S/N	3.7345	3.7355	S/N	4.2948	4.2959
GBP/PLN	4.8906	4.8794	0.2%	1W	3.7340	3.7351	1W	4.2962	4.2974
CHF/PLN	3.7540	3.7456	0.2%	1M	3.7320	3.7330	1M	4.3022	4.3035
SEK/PLN	0.4160	0.4168	-0.2%	2M	3.7295	3.7307	2M	4.3097	4.3112
NOK/PLN	0.4546	0.4555	-0.2%	3M	3.7244	3.7257	3M	4.3185	4.3201
DKK/PLN	0.5758	0.5755	0.0%	6M	3.7143	3.7163	6M	4.3415	4.3441
CAD/PLN	2.8636	2.8677	-0.1%	12M	3.6923	3.6948	12M	4.3903	4.3942
CZK/PLN	0.1662	0.1661	0.1%						
				WIBOR			T-bills (mid)		
					Last fixing	1-day change		Today's opening	1-day change
EUR/USD	1.1499	1.1566	-0.6%	O/N	1.59 %	0 bp			
USD/JPY	112.58	112.22	0.3%	1W	1.59 %	0 bp			
GBP/USD	1.3094	1.3144	-0.4%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9951	0.9911	0.4%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	129.46	129.79	-0.3%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.8783	0.8799	-0.2%	9M	1.82 %	0 bp	9M	%	bp
USD/CAD	1.3045	1.2945	0.8%	12M	1.87 %	0 bp	12M	%	bp
				FRAs			T-Bonds (mid)		
					Last closing	1-day change		Today's opening	1-day change
				IRS (mid)	Today's opening	1-day change			
1X2	1.68	1X7	1.81	2Y	2.05 %	0 bp	2Y	1.57 %	0 bp
2X3	1.68	3X9	1.83	5Y	2.60 %	1 bp	5Y	2.51 %	1 bp
1X4	1.73	6X12	1.88	10Y	3.04 %	1 bp	10Y	3.21 %	2 bp
3X6	1.76			5Y-2Y	55 bp	1 bp			
6X9	1.79			10Y-5Y	44 bp	0 bp			
9X12	1.85			10Y-2Y	99 bp	1 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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