



Poland Daily

HEADLINES...

POL: European Commission's economic sentiment indicator ESI for Poland fell to 106.8 pts in October from 107.7 pts in September. The ESI indicator fell in all surveyed sectors: manufacturing, services, retail trade, construction and within consumers.

POL: The International Monetary Fund (IMF) estimates Poland's general government deficit at record low 0.3% of GDP in 2018 after 1.4% of GDP in 2017. The IMF expects that inflation in 2019 will rise to 2.5% yoy, the center of NBP target. The IMF maintained Poland's GDP growth forecast of 4.5% in 2018 and 3.5% in 2019.

POL: The government wants to close negotiations on 2021-2027 financial framework before elections to the European Parliament scheduled for May 2019. If this plan fails, government intends to negotiate amendments to the EU budget that are favourable for Poland. According to government's assessment, Poland has only small chances for getting a smaller EUR64bn worth regional development funds. Poland together with Hungary plans to fight for higher cohesion funds.

THE DAY AHEAD...

FRA : Inflation, (prel. Oct)

DEU: Retail sales (Sep)

POL: Inflation, (prel. Oct)

EMU: Unemployment rate (Sep), Inflation, (prel. Oct), Core Inflation, (prel. Oct)

USA: Chicago PMI (Oct), ADP employment (Oct)

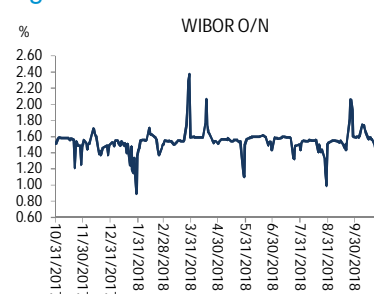
TODAY'S FOCUS:

Today economic calendar contains Poland's flash CPI for October, euro-zone's CPI for October and US Chicago PMI for October.

DIARY (Today)

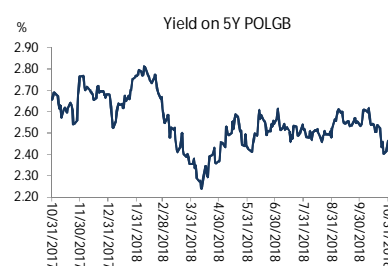
Country	GMT	Release	DB Expected	Actual	Consensus
DEU	6:00	Retail sales (Oct)		0.1% (-2.6%)	0.5% (1.0%)
FRA	6:45	Inflation (prel., Oct)		0.1% (2.2%)	0.2% (2.3%)
POL	8:00	Inflation (prel., Oct)	0.4% (1.9%)	0.4% (1.7%)	0.4% (1.8%)
EMU	9:00	Unemployment rate (Sep)	8.1%		8.1%
EMU	9:00	Core Inflation (prel., Oct)			(1.1%)
EMU	9:00	Inflation (prel., Oct)	(2.2%)		(2.2%)
USA	12:45	Chicago PMI (Oct)	60.0		60.0

Figure 1: WIBOR O/N



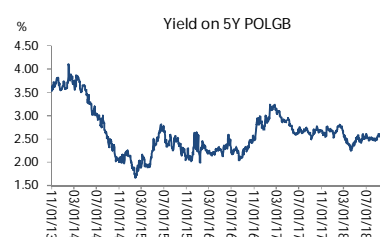
Source: Bloomberg

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 0.2% weaker versus the USD and was 0.1% weaker versus the EUR compared to the last NBP fixing. The zloty has been weakening ahead of flash CPI data for October, that came lower than expected. Today the zloty should be moving within a range of PLN4.3100-4.3400 per EUR.

The EUR weakened versus the USD ahead of today's euro-zone's CPI data as French CPI for October was lower than forecast.

Fixed Income

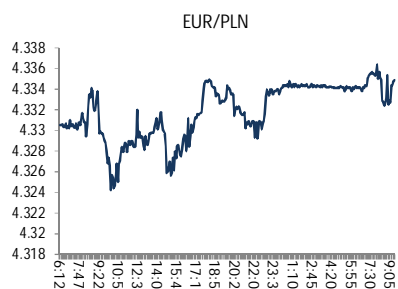
The yields on Poland's government bonds were 3 bps up in 10-year sector and remained practically unchanged elsewhere.

Interest Rates

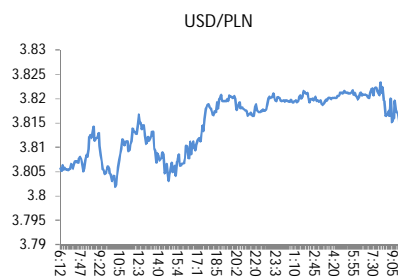
Today the O/N bid rate should be within a range of 1.20%-1.50%. The over-liquidity in money market has ended. Swap rates were 2 bps up in the long end of the curve.

Equities

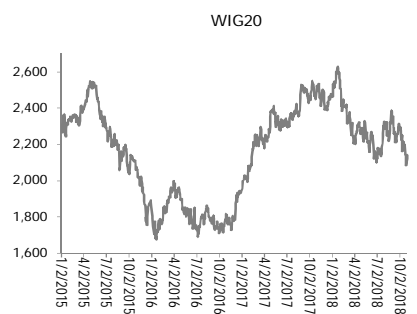
Yesterday the Dow Jones index closed 1.77% up and the S&P 500 index increased by 1.57%. Today in the morning the FTSE index rose by 1.51%, the CAC index increased by 2.03% and the DAX index was 1.41% up. Today the Nikkei index closed 2.16% up. Today in the morning the WIG20 index rose by 0.85% and the WIG index increased by 0.84%.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 31 October 2018 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.8136	3.8062	0.2%	SPOT	3.8131	3.8140	SPOT	4.3302	4.3313
EUR/PLN	4.3308	4.3258	0.1%	S/N	3.8130	3.8140	S/N	4.3305	4.3316
GBP/PLN	4.8620	4.8585	0.1%	1W	3.8126	3.8136	1W	4.3322	4.3334
CHF/PLN	3.7990	3.7977	0.0%	1M	3.8105	3.8117	1M	4.3376	4.3390
SEK/PLN	0.4164	0.4154	0.2%	2M	3.8052	3.8065	2M	4.3469	4.3487
NOK/PLN	0.4536	0.4536	0.0%	3M	3.8019	3.8033	3M	4.3543	4.3562
DKK/PLN	0.5804	0.5798	0.1%	6M	3.7915	3.7935	6M	4.3773	4.3799
CAD/PLN	2.9065	2.9002	0.2%	12M	3.7679	3.7708	12M	4.4257	4.4303
CZK/PLN	0.1671	0.1673	-0.1%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1356	1.1365	-0.1%	O/N	1.61 %	bp			
USD/JPY	113.11	112.82	0.2%	1W	1.56 %	bp			
GBP/USD	1.2748	1.2765	-0.1%	1M	1.64 %	bp	1M		
USD/CHF	1.0041	1.0022	0.2%	3M	1.72 %	bp	3M	%	bp
EUR/JPY	128.43	128.23	0.2%	6M	1.79 %	bp	6M	%	bp
EUR/GBP	0.8907	0.8904	0.0%	9M	1.82 %	bp	9M	%	bp
USD/CAD	1.3121	1.3124	0.0%	12M	1.87 %	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	1.65	1X7	1.81	2Y	2.01 %	0 bp	2Y	1.55 %	0 bp
2X3	1.66	3X9	1.82	5Y	2.51 %	1 bp	5Y	2.46 %	1 bp
1X4	1.73	6X12	1.86	10Y	2.92 %	2 bp	10Y	3.21 %	3 bp
3X6	1.75			5Y-2Y	50 bp	bp			
6X9	1.78			10Y-5Y	41 bp	bp			
9X12	1.84			10Y-2Y	91 bp	bp			



Appendix 1

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Additional information available upon request

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