



Poland Daily

HEADLINES...

POL: The Monetary Policy Council, as expected, didn't change interest rates and kept their guidance for steady interest rates in coming quarters. The MPC stated that good economic conditions prevail in global economy, but in some economies there were signals of weaker business conditions. The MPC underlined that incoming data point to robust business conditions in Poland but GDP growth in Q3 2018 would be below that of 1H2018. The MPC added that despite relatively high GDP growth faster growth in wages, inflation remained moderate and core inflation was low. According to November's projection inflation will be with 50-percent likelihood within the range of 1.7-1.9% in 2018 (versus 1.2-2.1% in July's projection), 2.6-3.9% in 2019 (versus 1.9-3.5% in July) and 1.9-3.9% in 2020 (versus 1.7-3.9% in July). According to November's projection GDP growth will be with 50-percent likelihood within the range of 4.4-5.2% in 2018 (versus 4.0-5.2% in July), 2.7-4.4% in 2019 (versus 2.8%-4.7%) and 2.3-4.2% in 2020 (versus 2.4-4.3%). Central path of inflation is 1.8% in 2018 (no change versus July), 3.25% in 2019 (an increase of 0.55 p.p.) and 2.9% in 2020 (an increase of 0.1p.p.). Strong rise in central path of inflation in 2019 resulted from NBP's assumption that hikes in energy prices would have maximum impact on consumer inflation. This assumption is not necessarily shared by majority of MPC members. Central path of GDP growth is 4.8% in 2018 (up 0.2 p.p. versus July), 3.55% in 2019 (down 0.2 p.p.) and 3.25% in 2020 (down 0.1 p.p. versus July). At the press conference NBP President Adam Glapinski maintained his earlier view that interest rates would likely stay unchanged in 2019.

THE DAY AHEAD...

USA: FOMC decision, initial jobless claims

DEU: trade balance (Sep)

EMU: European Commission economic forecasts

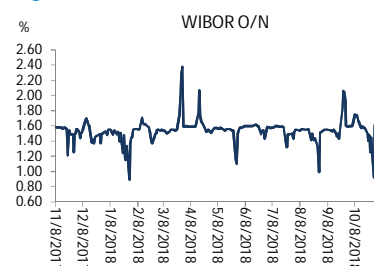
TODAY'S FOCUS:

Today market participants will be focusing on FOMC decision and economic forecasts of the European Commission.

DIARY (Today)

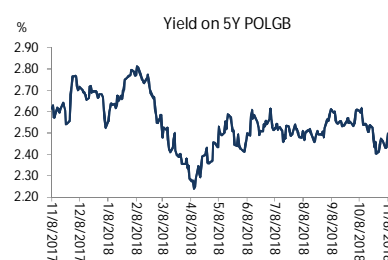
Country	GMT	Release	DB Expected	Actual	Consensus
DEU	6:00	Trade balance (Sep)		EUR18.4bn	EUR20.0bn
EMU	9:00	EC economic forecasts			
USA	12:30	Initial jobless claims	215k		213k
USA	18:00	FOMC decision	2.00-2.25%		2.00-2.25%

Figure 1: WIBOR O/N



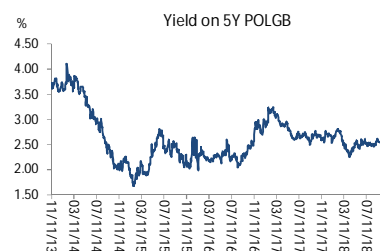
Source: Bloomberg

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 0.4% weaker versus the USD and was 0.1% firmer versus the EUR compared to the last NBP fixing. Today the zloty should be moving within a range of PLN4.2800-4.3100 per EUR.

The USD firmed versus the EUR almost recovering all yesterday's losses as US bourses gained on robust European earnings.

Fixed Income

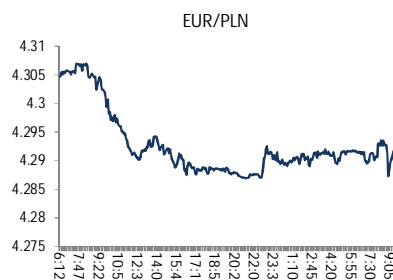
The yields on Poland's government bonds were 4bp up in 2-year sector and rose in 5-year and 10-year sectors as the NBP raised by more than 0.5 p.p. inflation projection for 2019.

Interest Rates

Today the O/N bid rate should be within a range of 1.20%-1.50%. Swap rates increased by 4-6 bps across the curve.

Equities

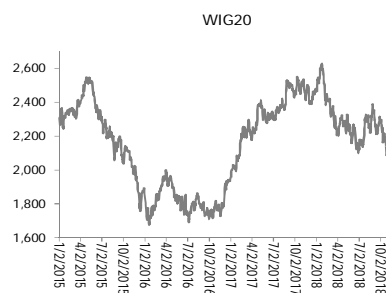
Yesterday the Dow Jones index closed 2.13% up and the S&P 500 index increased by 2.12%. Today in the morning the FTSE index rose by 0.32%, the CAC index increased by 0.33% and the DAX index was 0.30% up. Today the Nikkei index closed 1.28% up. Today in the morning the WIG20 index rose by 0.07% and the WIG index increased by 0.19%.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 8 November 2018 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7564	3.7398	0.4%	SPOT	3.7559	3.7569	SPOT	4.2923	4.2933
EUR/PLN	4.2928	4.2972	-0.1%	S/N	3.7558	3.7568	S/N	4.2925	4.2936
GBP/PLN	4.9343	4.9235	0.2%	1W	3.7554	3.7564	1W	4.2940	4.2951
CHF/PLN	3.7490	3.7522	-0.1%	1M	3.7537	3.7548	1M	4.2996	4.3008
SEK/PLN	0.4182	0.4160	0.5%	2M	3.7487	3.7501	2M	4.3099	4.3117
NOK/PLN	0.4510	0.4500	0.2%	3M	3.7457	3.7472	3M	4.3174	4.3191
DKK/PLN	0.5755	0.5761	-0.1%	6M	3.7355	3.7377	6M	4.3399	4.3426
CAD/PLN	2.8685	2.8588	0.3%	12M	3.7116	3.7146	12M	4.3886	4.3930
CZK/PLN	0.1661	0.1662	-0.1%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1428	1.1490	-0.5%	O/N	1.57 %	0 bp			
USD/JPY	113.70	113.06	0.6%	1W	1.56 %	0 bp			
GBP/USD	1.3136	1.3165	-0.2%	1M	1.64 %	0 bp	1M		
USD/CHF	1.0021	0.9967	0.5%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	129.94	129.92	0.0%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.8700	0.8728	-0.3%	9M	1.82 %	0 bp	9M	%	bp
USD/CAD	1.3097	1.3082	0.1%	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	1.65	1X7	1.81	2Y	2.05 %	4 bp	2Y	1.58 %	4 bp
2X3	1.66	3X9	1.83	5Y	2.56 %	6 bp	5Y	2.50 %	8 bp
1X4	1.73	6X12	1.90	10Y	2.95 %	5 bp	10Y	3.25 %	8 bp
3X6	1.76			5Y-2Y	51 bp	2 bp			
6X9	1.83			10Y-5Y	40 bp	-1 bp			
9X12	1.89			10Y-2Y	91 bp	1 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