



Poland Daily

HEADLINES...

POL: The Central Statistical Office (GUS) informed that inflation in October was 0.4% mom and 1.8% yoy, above initial estimate of 0.4% mom and 1.7% yoy. Our estimates suggest that inflation will exceed the centre of MPC target in the beginning of Q4 2019. The main risks for inflation remain energy prices and fuel prices. Rising wages, as for now, hasn't triggered inflationary impulse.

POL: According to preliminary estimate of the GUS GDP growth in Q3 was 1.7% qoq and 5.1% yoy, much above market consensus view of 0.9% qoq and 4.6% yoy. Much stronger than expected quarterly GDP growth most likely resulted from increased public spending, mainly in regional/local projects ahead of October's local government elections. Very good Q3 GDP growth suggest that GDP growth in 2018 will amount to 4.8% yoy.

POL: Justice Ministry plans to propose new assistance programme for mortgage holders that includes measures allowing borrowers to hand over their real estate to the bank in exchange for debt cancellation.

POL: Government spokesperson informed that the current vice chairman of Polish Financial Supervision Authority (KNF) Marcin Pachucki will become acting chairman of the KNF.

THE DAY AHEAD...

POL: Core inflation (Oct)

UK : Retail sales (Oct)

EMU: Trade balance (Sep)

USA: Retail sales (Oct), initial jobless claims

TODAY'S FOCUS:

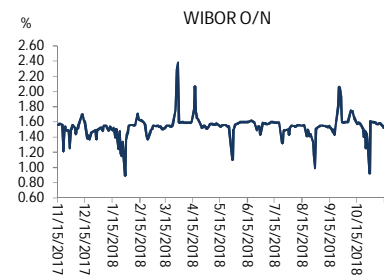
Today market participants will be focusing on risk related to Brexit since PM May is likely to face serious problems with Parliament's accepting the draft deal with the EU.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
EMU	9:00	Trade balance (Sep)			EUR16.3bn
POL	12:00	Core inflation (Oct)	0.3% (0.9%)		0.3% (0.9%)
USA:	12:30	Retail sales (Oct)	0.9%		0.5%

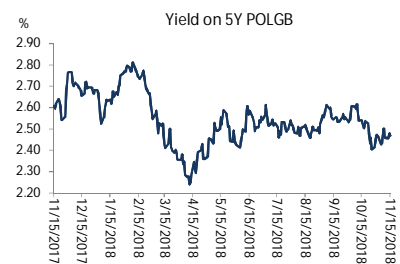
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



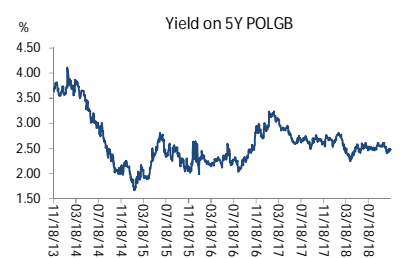
Source: Bloomberg

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 0.7% firmer versus the USD and was 0.1% firmer versus the EUR compared to the last NBP fixing. Higher than expected inflation and much stronger than forecast Q3 GDP growth supported the zloty. Today the zloty should be moving within a range of PLN4.2750-4.3050 per EUR.

The USD weakened across the board as UK's government accepted draft agreement on Brexit with the European Union. Government of Theresa May will have yet serious difficulties in obtaining Parliamentary approval for draft Brexit agreement.

Fixed Income

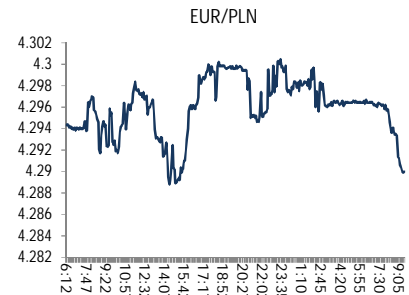
The yields on Poland's government bonds were 1-2 bps down in 5-year and 10-year sectors. Today at switching auction the Finance Ministry offers zero-coupon bonds series OK0521, fixed coupon bonds series PS0424 and WS0428 and floating rate bonds series WZ0524 and WZ0528.

Interest Rates

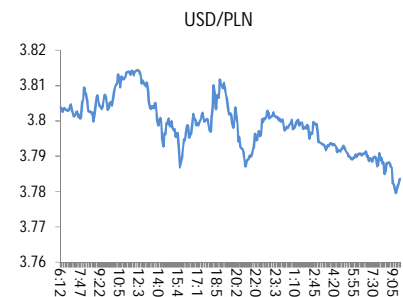
Today the O/N bid rate should be within a range of 1.20%-1.50%. Swap rates fell by 4-5bps across the curve.

Equities

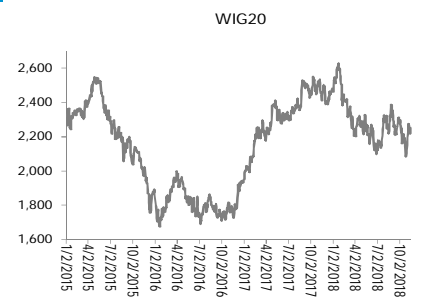
Yesterday the Dow Jones index closed 0.81% down and the S&P 500 index decreased by 0.76%. Today in the morning the FTSE index rose by 0.58%, the CAC index increased by 0.54% and the DAX index was 0.60% up. Today the Nikkei index closed 0.20% down. Today in the morning the WIG20 index increased by 0.96% and the WIG index rose by 0.74%.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 15 November 2018 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7832	3.8114	-0.7%	SPOT	3.7826	3.7837	SPOT	4.2885	4.2897
EUR/PLN	4.2891	4.2954	-0.1%	S/N	3.7825	3.7836	S/N	4.2887	4.2899
GBP/PLN	4.9015	4.9424	-0.8%	1W	3.7820	3.7832	1W	4.2901	4.2914
CHF/PLN	3.7662	3.7747	-0.2%	1M	3.7802	3.7814	1M	4.2956	4.2970
SEK/PLN	0.4183	0.4180	0.1%	2M	3.7746	3.7761	2M	4.3065	4.3082
NOK/PLN	0.4465	0.4473	-0.2%	3M	3.7719	3.7734	3M	4.3136	4.3154
DKK/PLN	0.5748	0.5757	-0.2%	6M	3.7614	3.7638	6M	4.3362	4.3390
CAD/PLN	2.8616	2.8787	-0.6%	12M	3.7378	3.7409	12M	4.3829	4.3874
CZK/PLN	0.1652	0.1654	-0.2%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1337	1.1270	0.6%	O/N	1.52 %	-6 bp			
USD/JPY	113.48	113.89	-0.4%	1W	1.56 %	0 bp			
GBP/USD	1.2957	1.2967	-0.1%	1M	1.64 %	0 bp	1M		
USD/CHF	1.0044	1.0097	-0.5%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	128.66	128.35	0.2%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.8750	0.8691	0.7%	9M	1.82 %	0 bp	9M	%	bp
USD/CAD	1.3222	1.3240	-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	1.64	1X7	1.80	2Y	2.00 %	-5 bp	2Y	1.60 %	1 bp
2X3	1.66	3X9	1.83	5Y	2.51 %	-5 bp	5Y	2.47 %	-2 bp
1X4	1.72	6X12	1.88	10Y	2.92 %	-4 bp	10Y	3.24 %	-1 bp
3X6	1.75			5Y-2Y	51 bp	0 bp			
6X9	1.79			10Y-5Y	42 bp	1 bp			
9X12	1.86			10Y-2Y	93 bp	0 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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