



Poland Daily

HEADLINES...

POL: In October core inflation (excluding food and fuel prices) was 0.3% mom and 0.9% yoy, in line with market consensus view. There are no secondary effects of rising wages visible in consumer inflation nor core inflation data. The reason for that, among others, is constant inflow of workforce from abroad. Very high GDP growth in Q3 2018, besides the effect of increased investments in infrastructure before October's local government elections might be caused also by increase of grey economy in labour market. Core inflation remains low what coupled with headline inflation stabilising slightly below 2% renders a scenario of no change in NBP interest rates in 2019 more and more likely.

THE DAY AHEAD...

CZK: PPI (Oct)

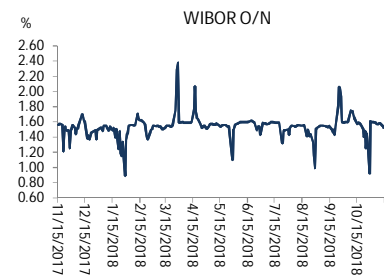
EMU: Inflation (Oct), core inflation (Oct)

USA: Industrial production (Oct)

TODAY'S FOCUS:

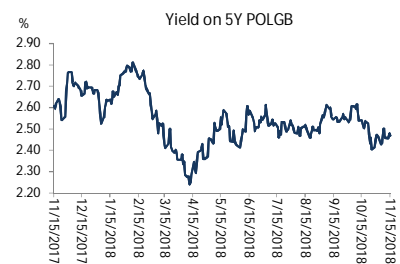
After more than 2% decline in GBP and resignation of four minister from Theresa May's cabinet yesterday, today market participants will continue to focus on risks related to Brexit. Due to diminishing support from Tories for draft agreement on Brexit with the European Union, PM May ordered voting discipline in approaching vote in parliament.

Figure 1: WIBOR O/N



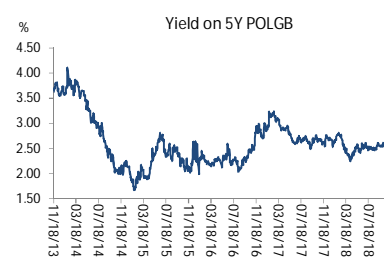
Source: Bloomberg

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
CZK	7:00	PPI (Oct)		0.7% (3.9%)	0.2% (3.3%)
EMU	9:00	Inflation (Oct)			0.2% (2.2%)
EMU	9:00	Core inflation (Oct)			1.1%
USA	13:15	Industrial production (Oct)	0.2%		0.2%



Foreign Exchange

Today in the morning the zloty was 0.8% firmer versus the USD and was 0.2% firmer versus the EUR compared to the last NBP fixing. The zloty continued to firm on higher than expected inflation and much stronger than forecast Q3 GDP. Today the zloty should be moving within a range of PLN4.2700-4.3000 per EUR.

The GBP fell by more than 2% versus the USD after resignation of four ministers from May's cabinet in protest versus preliminary deal with the UE on Brexit. The GBP remains vulnerable as hard Brexit risks mount.

Fixed Income

The yields on Poland's government bonds were 2-3 bps up in 5-year and 10-year sectors. Yesterday at switching auction the Finance Ministry sold bonds worth PLN2.22bn and bought-back bonds worth PLN8.1bn. After the switching auction Poland financed 93% of borrowing needs for 2018 and pre-financed 11% of borrowing needs for 2019.

Interest Rates

Today the O/N bid rate should be within a range of 1.20%-1.50%. Swap rates fell by 1bp across the curve.

Equities

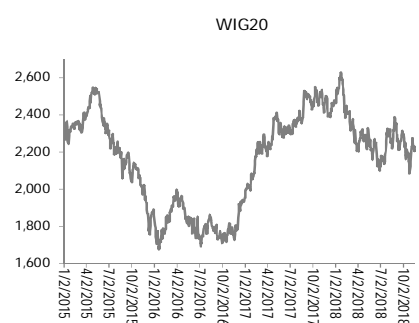
Yesterday the Dow Jones index closed 0.83% up and the S&P 500 index increased by 1.06%. Today in the morning the FTSE index rose by 0.51%, the CAC index increased by 0.69% and the DAX index was 0.70% up. Today the Nikkei index closed 0.57% down. Today in the morning the WIG20 index increased by 0.50% and the WIG index rose by 0.51%.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

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

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7778	3.8074	-0.8%	SPOT	3.7772	3.7783	SPOT	4.2884	4.2896
EUR/PLN	4.2890	4.2970	-0.2%	S/N	3.7771	3.7782	S/N	4.2886	4.2899
GBP/PLN	4.8423	4.8686	-0.5%	1W	3.7766	3.7778	1W	4.2900	4.2913
CHF/PLN	3.7540	3.7814	-0.7%	1M	3.7748	3.7760	1M	4.2955	4.2969
SEK/PLN	0.4176	0.4181	-0.1%	2M	3.7694	3.7708	2M	4.3056	4.3073
NOK/PLN	0.4460	0.4469	-0.2%	3M	3.7664	3.7680	3M	4.3126	4.3145
DKK/PLN	0.5748	0.5758	-0.2%	6M	3.7560	3.7584	6M	4.3349	4.3379
CAD/PLN	2.8720	2.8795	-0.3%	12M	3.7327	3.7358	12M	4.3825	4.3870
CZK/PLN	0.1651	0.1653	-0.2%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1353	1.1286	0.6%	O/N	1.54 %	2 bp			
USD/JPY	113.31	113.41	-0.1%	1W	1.56 %	0 bp			
GBP/USD	1.2818	1.2787	0.2%	1M	1.64 %	0 bp	1M		
USD/CHF	1.0065	1.0069	0.0%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	128.65	127.99	0.5%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.8858	0.8826	0.4%	9M	1.82 %	0 bp	9M	%	bp
USD/CAD	1.3155	1.3222	-0.5%	12M	1.87 %	0 bp	12M	%	bp
FRAs	Last closing			IRS (mid)	Today's opening	1-day change	T-Bonds (mid)	Today's opening	1-day change
1X2	1.65	1X7	1.80	2Y	1.99 %	-1 bp	2Y	1.61 %	1 bp
2X3	1.65	3X9	1.82	5Y	2.50 %	-1 bp	5Y	2.50 %	3 bp
1X4	1.73	6X12	1.89	10Y	2.92 %	-1 bp	10Y	3.26 %	2 bp
3X6	1.74			5Y-2Y	51 bp	0 bp			
6X9	1.78			10Y-5Y	42 bp	0 bp			
9X12	1.85			10Y-2Y	93 bp	0 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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