



Poland Daily

HEADLINES...

POL: In November manufacturing PMI fell to 49.5 pts from 50.4 pts in October, declining for the first time in 4 years below contraction threshold of 50 pts. A decline of manufacturing PMI for November resulted from a fall in new orders, in particular new export orders. Companies have been reducing employment for a second month in a row due to lower orders and difficulties in finding new skilled employees. In November companies' expectations on production in a 12-month horizon have been declining for a 8 month in a row to the lowest level since January 2013.

Today the MPC starts two-day policy meeting. After very low flash inflation for November prospects of rate hike within 12-month horizon delays significantly. Market participants will be interested in MPC's comment on recent decline of headline inflation in the context of projected significant rise in inflation path for 2019 in November's central bank inflation projection.

THE DAY AHEAD...

CZK: average wage (Q3)

EMU: PPI (Oct)

TODAY'S FOCUS:

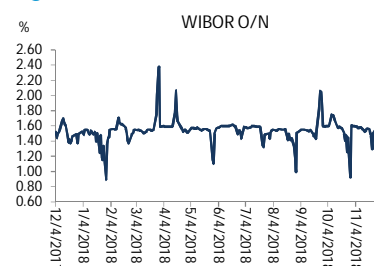
Today's macro-economic calendar contains indicators of secondary importance. The market should be still under positive impact of Trump-Xi agreement on 90-day freeze of any tariff hikes in US-China trade.

DIARY (Today)

| Country | GMT | Release | DB Expected | Actual | Consensus |
|---------|------|-------------------|-------------|--------|-------------|
| CZK | 7:00 | Average wage (Q3) | | (6.0%) | (5.8%) |
| EMU | 9:00 | PPI (Oct) | | | 4.5% (5.8%) |

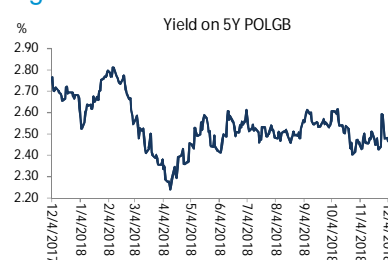
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



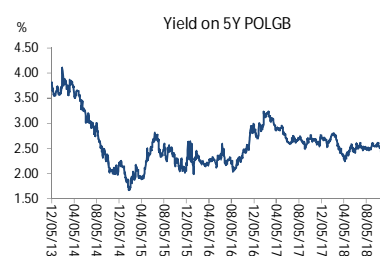
Source: Bloomberg

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 0.4% firmer versus the USD and was 0.1% firmer versus the EUR compared to the last NBP fixing. The zloty firmed on US-China temporary freeze of tariff hikes. Today the zloty should be moving within a range of PLN4.2700-4.2950 per EUR.

The EUR firmed on hopes that temporary freeze of tariffs in US-China trade will support international trade flows that already suffered from US-China trade war.

Fixed Income

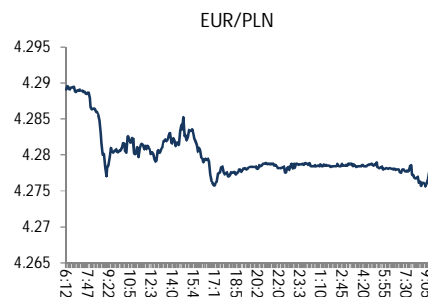
The yields on Poland's government bonds were 1-2bps down in all tenors following firming of the zloty.

Interest Rates

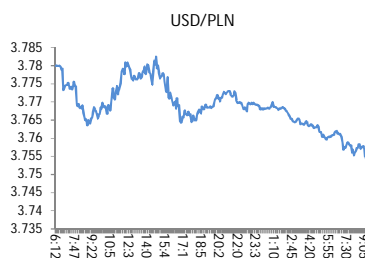
Today the O/N bid rate should be within a range of 1.10%-1.40%.

Equities

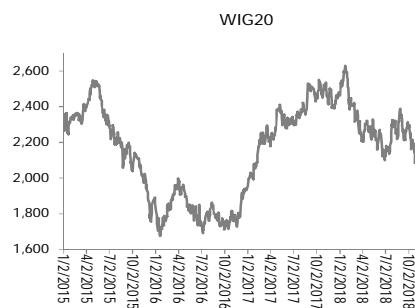
Yesterday the Dow Jones index closed 1.13% up and the S&P 500 index increased by 1.09%. Today in the morning the FTSE index rose by 0.24%, the CAC index decreased by 0.48% and the DAX index was 0.43% down. Today the Nikkei index closed 2.39% down. Today in the morning the WIG20 index decreased by 0.54% and the WIG index fell by 0.43%.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 4 December 2018 (7:30 GMT)

| Currency (mid) | Today | Last fixing | Change | USD/PLN | | | EUR/PLN | | |
|----------------|--------|-------------|--------|----------|--------------|--------------|----------|-----------------|--------------|
| | | | | forwards | bid | offer | forwards | bid | offer |
| USD/PLN | 3.7538 | 3.7672 | -0.4% | SPOT | 3.7533 | 3.7542 | SPOT | 4.2771 | 4.2779 |
| EUR/PLN | 4.2775 | 4.2818 | -0.1% | S/N | 3.7532 | 3.7541 | S/N | 4.2773 | 4.2781 |
| GBP/PLN | 4.7937 | 4.8148 | -0.4% | 1W | 3.7527 | 3.7537 | 1W | 4.2787 | 4.2796 |
| CHF/PLN | 3.7700 | 3.7768 | -0.2% | 1M | 3.7497 | 3.7508 | 1M | 4.2876 | 4.2889 |
| SEK/PLN | 0.4183 | 0.4177 | 0.1% | 2M | 3.7465 | 3.7477 | 2M | 4.2948 | 4.2962 |
| NOK/PLN | 0.4424 | 0.4421 | 0.1% | 3M | 3.7433 | 3.7447 | 3M | 4.3013 | 4.3029 |
| DKK/PLN | 0.5733 | 0.5738 | -0.1% | 6M | 3.7331 | 3.7354 | 6M | 4.3249 | 4.3278 |
| CAD/PLN | 2.8503 | 2.8582 | -0.3% | 12M | 3.7115 | 3.7143 | 12M | 4.3718 | 4.3768 |
| CZK/PLN | 0.1650 | 0.1650 | 0.0% | | | | | | |
| | | | | WIBOR | | | T-bills | | |
| | | | | | Last fixing | 1-day change | (mid) | Today's opening | 1-day change |
| EUR/USD | 1.1395 | 1.1366 | 0.3% | O/N | 1.54 % | bp | | | |
| USD/JPY | 113.04 | 113.44 | -0.4% | 1W | 1.55 % | bp | | | |
| GBP/USD | 1.2770 | 1.2781 | -0.1% | 1M | 1.64 % | bp | 1M | | |
| USD/CHF | 0.9957 | 0.9975 | -0.2% | 3M | 1.72 % | bp | 3M | % | bp |
| EUR/JPY | 128.81 | 128.93 | -0.1% | 6M | 1.79 % | bp | 6M | % | bp |
| EUR/GBP | 0.8923 | 0.8893 | 0.3% | 9M | 1.82 % | bp | 9M | % | bp |
| USD/CAD | 1.3170 | 1.3180 | -0.1% | 12M | 1.87 % | bp | 12M | % | bp |
| | | | | FRAs | | | T-Bonds | | |
| | | | | (mid) | Last closing | 1-day change | (mid) | Today's opening | 1-day change |
| | | | | 1X2 | 1.64 | 1X7 1.79 | 2Y | 1.55 % | -2 bp |
| | | | | 2X3 | 1.64 | 3X9 1.81 | 5Y | 2.47 % | -1 bp |
| | | | | 1X4 | 1.72 | 6X12 1.83 | 10Y | 3.02 % | -1 bp |
| | | | | 3X6 | 1.74 | | 5Y-2Y | 39 bp | bp |
| | | | | 6X9 | 1.76 | | 10Y-5Y | 40 bp | bp |
| | | | | 9X12 | 1.79 | | 10Y-2Y | 79 bp | bp |



Appendix 1

Important Disclosures

Additional information available upon request

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