



Poland Daily

HEADLINES...

POL: Today the MPC ends two-day policy meeting. We expect the MPC to keep interest rates unchanged. Market participants will be interested in MPC members' comments after a sharp fall in inflation for November. It will be also interesting, to what extent hawkish wing within the MPC changed their expectations of inflation in 2019.

POL: Energy minister, Krzysztof Tchorzewski informed that planned by the government energy price subsidies to households and small and medium-sized enterprises providing services to households will cost the budget about PLN1.8-2.0bn in 2019. Hikes in retail prices of energy in 2019 may amount to about 30%. Energy Minister underlined that the current rise in wholesale prices of electricity stemmed, among others, from increase in prices of carbon dioxide emission allowances.

THE DAY AHEAD...

POL: MPC decision

HUN: GDP(Q3), minutes from NBH minutes

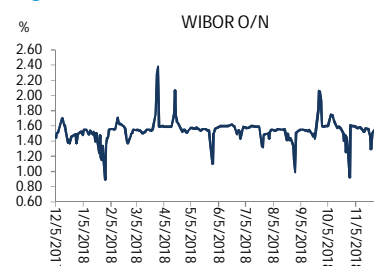
DEU: PMI services (Nov)

EMU: PMI services (Nov), retail sales (Oct)

TODAY'S FOCUS:

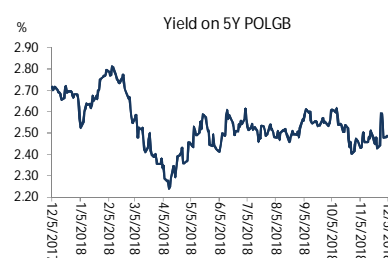
Today market participants will be focusing on services PMI and retail sales from euro-zone. On a domestic side MPC members' comments to low headline CPI for November will be also of interest .

Figure 1: WIBOR O/N



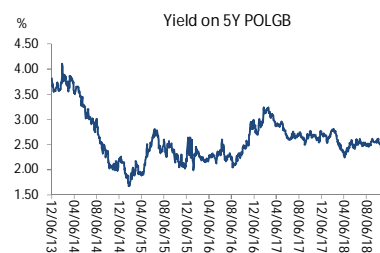
Source: Bloomberg

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
HUN	7:00	GDP (Q3)		1.3% (4.9%)	1.2% (4.8%)
DEU	7:55	PMI services (Nov)	53.2	53.3	53.3
EMU	8:00	PMI services (Nov)	53.1	53.4	53.1
EMU	9:00	Retail sales (Oct)	(2.0%)		0.2% (2.0%)
POL		MPC decision	1.50%		1.50%
HUN	12:00	Minutes from NBH meeting			



Foreign Exchange

Today in the morning the zloty was 0.6% weaker versus the USD and was unchanged versus the EUR compared to the last NBP fixing. Weakening of the zloty versus the USD stemmed from US dollar recovering yesterday's losses versus the euro. Today the zloty should be moving within a range of PLN4.2700-4.3000 per EUR.

The USD recovered yesterday losses as markets are concerned with potential deceleration in global economic growth in medium term.

Fixed Income

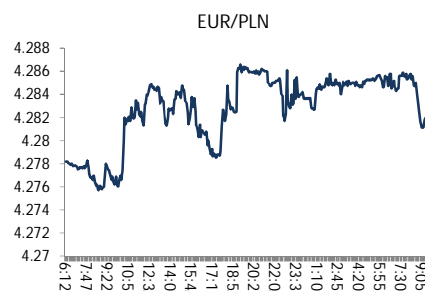
The yields on Poland's government bonds were 1bp up in 5-year and 10-year sectors.

Interest Rates

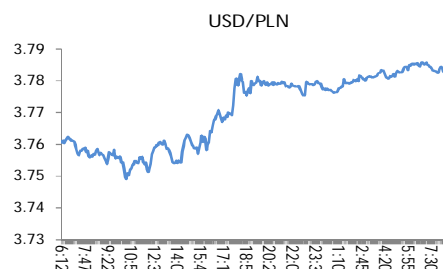
Today the O/N bid rate should be within a range of 1.10%-1.45%. Swap rates remained practically steady in all tenors.

Equities

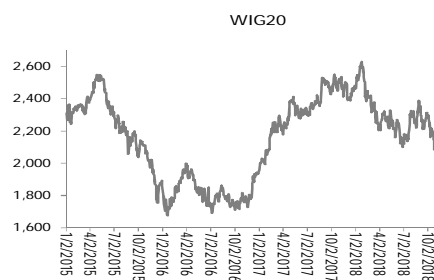
Yesterday the Dow Jones index closed 3.10% down and the S&P 500 index decreased by 3.24%. Today in the morning the FTSE index fell by 1.24%, the CAC index decreased by 1.06% and the DAX index was 0.95% down. Today the Nikkei index closed 0.53% down. Today in the morning the WIG20 index decreased by 1.24% and the WIG index fell by 0.99%.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 5 December 2018 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7749	3.7516	0.6%	SPOT	3.7743	3.7755	SPOT	4.2811	4.2821
EUR/PLN	4.2816	4.2810	0.0%	S/N	3.7741	3.7753	S/N	4.2817	4.2828
GBP/PLN	4.8101	4.8058	0.1%	1W	3.7737	3.7750	1W	4.2826	4.2837
CHF/PLN	3.7790	3.7765	0.1%	1M	3.7704	3.7718	1M	4.2904	4.2917
SEK/PLN	0.4196	0.4188	0.2%	2M	3.7674	3.7687	2M	4.2978	4.2994
NOK/PLN	0.4439	0.4434	0.1%	3M	3.7642	3.7658	3M	4.3045	4.3062
DKK/PLN	0.5737	0.5736	0.0%	6M	3.7542	3.7564	6M	4.3278	4.3308
CAD/PLN	2.8423	2.8499	-0.3%	12M	3.7323	3.7353	12M	4.3757	4.3805
CZK/PLN	0.1654	0.1651	0.2%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1342	1.1411	-0.6%	O/N	1.53 %	-1 bp			
USD/JPY	112.98	112.77	0.2%	1W	1.55 %	0 bp			
GBP/USD	1.2742	1.2810	-0.5%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9989	0.9934	0.5%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	128.14	128.69	-0.4%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.8902	0.8908	-0.1%	9M	1.81 %	-1 bp	9M	%	bp
USD/CAD	1.3281	1.3164	0.9%	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	1.79	2Y	1.88 %	1 bp	2Y	1.55 %	0 bp
2X3	1.64	3X9	1.81	5Y	2.26 %	0 bp	5Y	2.48 %	1 bp
1X4	1.72	6X12	1.83	10Y	2.65 %	-1 bp	10Y	3.03 %	1 bp
3X6	1.74								
6X9	1.77			5Y-2Y	38 bp	-1 bp			
9X12	1.79			10Y-5Y	39 bp	0 bp			
				10Y-2Y	77 bp	-1 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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