



Poland Daily

HEADLINES...

POL: The monetary policy council, as expected, didn't change interest rates and reiterated the message that the current level of interest rates was conducive for Poland's economic stability. NBP President Adam Glapinski said that the NBP assumed wait-and-see approach and that this approach was most appropriate. In his view a motion to hike interest rates that was rejected in November, was "exotic" in the light of MPC discussion that was conducted at that meeting. He added that there was no reason to hike interest rates in 2019. In his opinion inflation will somewhat accelerate in 2019 but will be still very low. Referring to level of interest rates in 2020 he said that it was likely that they will be unchanged but it was not so certain. NBP President added that Poland's economy was stable and there were no macro-economic imbalances. MPC member Grazyna Ancyparowicz said she admitted a possibility that rates would be hiked in Q4 2019 and expected GDP growth to be at 4% or above in 2019. NBP President Glapinski underlined that the main two factors impacting consumer prices, namely oil prices and food prices in global markets were declining what reduced upward risks to inflation in 2019.

THE DAY AHEAD...

DEU: Factory orders (Oct)

CZK: Retail sales (Oct)

HUN: Industrial production (Oct)

USA: Trade balance (Oct), initial jobless claims, ISM services (Nov),
Factory orders (Oct), durable goods orders (Oct)

TODAY'S FOCUS:

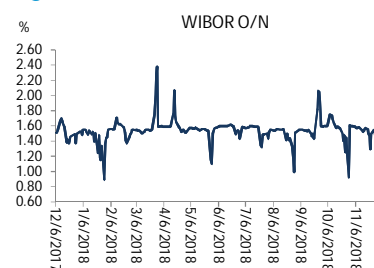
Today market participants will be focusing on US trade balance and industrial orders from the US and Germany.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	6:00	Factory orders (Oct)	(-3.1%)	(-2.7%)	(-3.1%)
CZK	7:00	Retail sales (Oct)		(3.1%)	(2.7%)
HUN	7:00	Industrial production (Oct)		(3.3%)	(2.2%)
USA	12:30	Trade balance (Oct)	-USD55.0bn		-USD55.0bn
USA	14:00	ISM services (Nov)	59.0		59.0
USA	14:00	Factory orders (Oct)	-1.0%		-2.0%

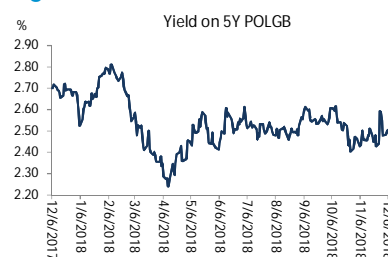
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



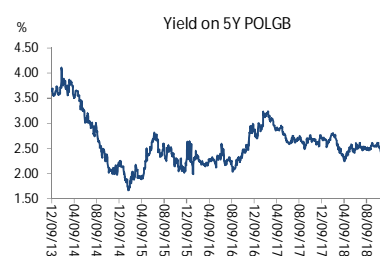
Source: Bloomberg

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 0.1% weaker versus the USD and was unchanged versus the EUR compared to the last NBP fixing. Today the zloty should be moving within a range of PLN4.2750-4.3050 per EUR.

The USD was steady versus the EUR as US market was closed due to mourning after the death of President George H.W. Bush.

Fixed Income

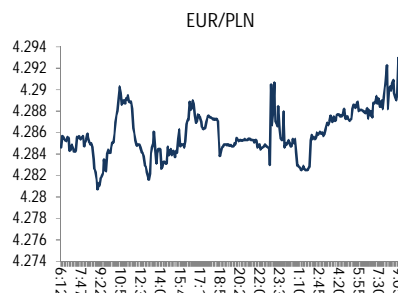
The yields on Poland's government bonds were 1-2bp up in 5-year and 10-year sectors.

Interest Rates

Today the O/N bid rate should be within a range of 1.05%-1.35%. Swap rates remained practically steady in all tenors.

Equities

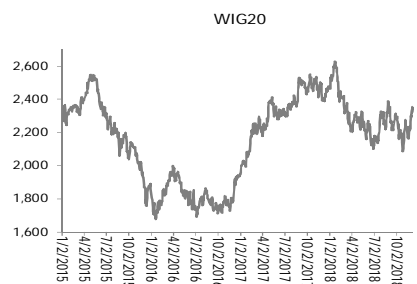
Today in the morning the FTSE index fell by 1.31%, the CAC index decreased by 1.50% and the DAX index was 1.55% down. Today the Nikkei index closed 1.91% down. Today in the morning the WIG20 index decreased by 1.48% and the WIG index fell by 1.18%.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 6 December 2018 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7861	3.7832	0.1%	SPOT	3.7856	3.7866	SPOT	4.2888	4.2900
EUR/PLN	4.2894	4.2896	0.0%	S/N	3.7855	3.7865	S/N	4.2890	4.2902
GBP/PLN	4.8202	4.8144	0.1%	1W	3.7850	3.7861	1W	4.2904	4.2917
CHF/PLN	3.7922	3.7899	0.1%	1M	3.7819	3.7831	1M	4.2980	4.2997
SEK/PLN	0.4208	0.4201	0.2%	2M	3.7788	3.7801	2M	4.3058	4.3076
NOK/PLN	0.4432	0.4443	-0.3%	3M	3.7756	3.7770	3M	4.3123	4.3143
DKK/PLN	0.5748	0.5747	0.0%	6M	3.7654	3.7678	6M	4.3356	4.3388
CAD/PLN	2.8224	2.8469	-0.9%	12M	3.7436	3.7466	12M	4.3824	4.3872
CZK/PLN	0.1657	0.1656	0.0%						
				WIBOR			T-bills (mid)		
					Last fixing	1-day change		Today's opening	1-day change
EUR/USD	1.1329	1.1339	-0.1%	O/N	1.43 %	-10 bp	1M		
USD/JPY	112.96	112.97	0.0%	1W	1.54 %	-1 bp	3M	%	bp
GBP/USD	1.2731	1.2726	0.0%	1M	1.64 %	0 bp	6M	%	bp
USD/CHF	0.9984	0.9982	0.0%	3M	1.72 %	0 bp	9M	%	bp
EUR/JPY	127.98	128.09	-0.1%	6M	1.79 %	0 bp	12M	%	bp
EUR/GBP	0.8899	0.8910	-0.1%	9M	1.81 %	0 bp			
USD/CAD	1.3415	1.3289	0.9%	12M	1.87 %	0 bp			
				FRAs			T-Bonds (mid)		
					Last closing	1-day change		Today's opening	1-day change
				IRS (mid)	Today's opening	1-day change	2Y	1.56 %	1 bp
				2Y	1.88 %	0 bp	5Y	2.49 %	1 bp
				5Y	2.27 %	1 bp	10Y	3.05 %	2 bp
				10Y	2.66 %	1 bp			
				5Y-2Y	39 bp	1 bp			
				10Y-5Y	39 bp	0 bp			
				10Y-2Y	78 bp	1 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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