



Poland Daily

HEADLINES...

POL: Government plans to create fund aimed at stabilization of electricity prices for households and small and medium enterprises. The fund will be financed by sale of carbon dioxide emission allowances, state subsidies and transfers from four main energy groups. Energy Minister Krzysztof Tchorzewski estimates that energy groups will be able to transfer about PLN1bn to the fund from cost-cutting in 2019. Energy Ministry estimates the cost of subsidies to households and small and medium enterprises at PLN4-5bn in 2019. The Ministry assumes that retail prices of electricity will rise by 25% to PLN302 per kWh in 2019 (versus an average 30% rise in prices proposed by energy producers). First compensations will be paid in April 2019.

UK: PM Theresa May postponed vote in the parliament on Brexit to the beginning of January 2019 due to lack of support for both: Brexit and Brexit deal with the UE. This month PM May will spend negotiating more favourable deal with the UE, hoping for getting more support for Brexit deal during the vote in January.

THE DAY AHEAD...

HUN: inflation (Oct)

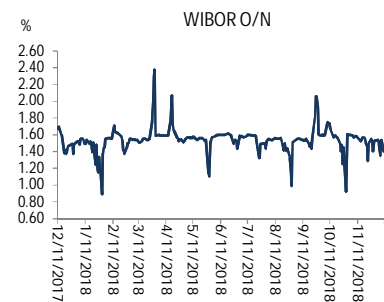
DEU: ZEW (Dec)

USA: PPI (Nov)

TODAY'S FOCUS:

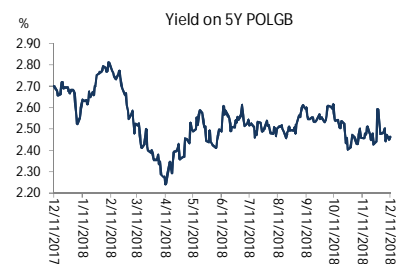
Today economic calendar contains German ZEW economic expectations index for December and US PPI for November.

Figure 1: WIBOR O/N



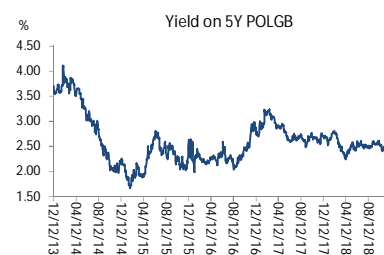
Source: Bloomberg

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	Inflation (Nov)		-0.3% (3.1%)	-0.1% (3.3%)
DEU	9:00	ZEW (Dec)			-25
USA	12:30	PPI (Nov)	0.1%		0.0%



Foreign Exchange

Today in the morning the zloty was 0.1% weaker versus the USD and was 0.4% weaker versus the EUR compared to the last NBP fixing. Today the zloty should be moving within a range of PLN4.2800-4.3100 per EUR.

The EUR firmed by 0.3% versus the USD ahead of ECB meeting this week, at which the ECB should signal rate hikes next year what contrasts with expectations of more gradual rate hikes by the Fed.

Fixed Income

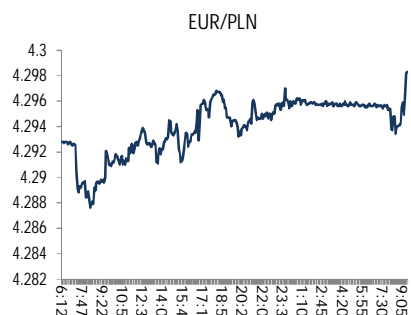
The yields on Poland's government bonds were 1bp up in 5-year and 10-year sectors.

Interest Rates

Today the O/N bid rate should be within a range of 1.00%-1.30%. Swap rates were practically unchanged in all sectors.

Equities

Yesterday the Dow Jones index closed 0.14% up and the S&P 500 index increased by 0.18%. Today in the morning the FTSE index rose by 0.33%, the CAC index increased by 0.65% and the DAX index was 0.66% up. Today the Nikkei index closed 0.34% down. Today in the morning the WIG20 index decreased by 0.05% and the WIG index was unchanged.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 11 December 2018 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7765	3.7600	0.4%	SPOT	3.7760	3.7769	SPOT	4.2971	4.2978
EUR/PLN	4.2975	4.2911	0.1%	S/N	3.7759	3.7768	S/N	4.2973	4.2980
GBP/PLN	4.7635	4.7852	-0.5%	1W	3.7754	3.7763	1W	4.2986	4.2994
CHF/PLN	3.8264	3.7996	0.7%	1M	3.7714	3.7726	1M	4.3063	4.3074
SEK/PLN	0.4170	0.4154	0.4%	2M	3.7687	3.7699	2M	4.3138	4.3150
NOK/PLN	0.4427	0.4435	-0.2%	3M	3.7655	3.7669	3M	4.3203	4.3217
DKK/PLN	0.5758	0.5749	0.1%	6M	3.7562	3.7580	6M	4.3438	4.3465
CAD/PLN	2.8165	2.8229	-0.2%	12M	3.7369	3.7397	12M	4.3911	4.3955
CZK/PLN	0.1662	0.1660	0.1%						
				WIBOR			T-bills		
				Last fixing	1-day change		(mid)	Today's opening	1-day change
EUR/USD	1.1380	1.1413	-0.3%	O/N	1.40 %	-12 bp			
USD/JPY	113.06	112.72	0.3%	1W	1.54 %	-2 bp			
GBP/USD	1.2614	1.2727	-0.9%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9870	0.9896	-0.3%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	128.66	128.65	0.0%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.9022	0.8967	0.6%	9M	1.82 %	0 bp	9M	%	bp
USD/CAD	1.3409	1.3320	0.7%	12M	1.87 %	0 bp	12M	%	bp
				FRAs			T-Bonds		
				Last closing	Today's opening	1-day change	(mid)	Today's opening	1-day change
1X2	1.64	1X7	1.79	2Y	1.85 %	0 bp	2Y	1.56 %	0 bp
2X3	1.64	3X9	1.80	5Y	2.21 %	1 bp	5Y	2.45 %	1 bp
1X4	1.72	6X12	1.82	10Y	2.58 %	1 bp	10Y	3.03 %	1 bp
3X6	1.73			5Y-2Y	35 bp	bp			
6X9	1.75			10Y-5Y	38 bp	bp			
9X12	1.77			10Y-2Y	73 bp	bp			



Appendix 1

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Additional information available upon request

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