



Poland Daily

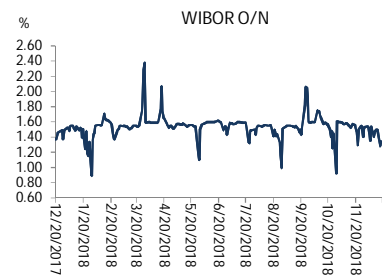
HEADLINES...

POL: In November industrial output fell by 3.6% mom and rose by 4.7% yoy, slightly above expectations. Seasonally adjusted industrial output rose by 0.1% mom and was 5.5% up yoy. On an annual basis industrial output rose in 31 (out of 34) branches of industry including other transport equipment (up 28.6% yoy), electrical machinery (up 16.5% yoy), recycling (up 13.2% yoy), energy production and distribution (up 9.6% yoy), paper (up 9.6% yoy), beverages (up 7.7% yoy), products of other non-metallic raw-materials (up 7.6% yoy) and rubber and plastics (up 7.3% yoy). A decline in output was reported in pharmaceutical industry (down 28.8% yoy), leather and products thereof (down 13.1% yoy) and coal mining (down 6.5% yoy). In November construction output rose by 17.1% yoy mainly due to increased infrastructure investments.

POL: In November producer prices fell by 0.5% mom and rose by 2.7% yoy.

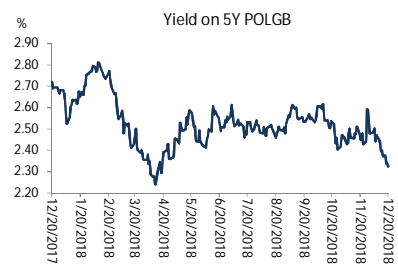
USA: The FOMC, as expected, hiked interest rates by 25 bps. FOMC's median forecast for fed funds rate pointed to two hikes in 2019, one hike less than expected before. The Fed signaled slower pace of rate hikes in 2019.

Figure 1: WIBOR O/N



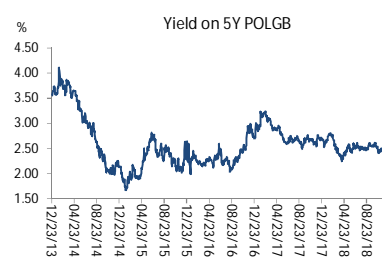
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

Figure 3: Yield on 5Y POLGB – long term trend



Source: Bloomberg

THE DAY AHEAD...

POL: Minutes from MPC meeting

UK: Bank of England decision

CZK: CNB decision

USA: Philadelphia Fed Index (Dec), Leading indicators index (Nov)

TODAY'S FOCUS:

Today Bank of England most likely will keep its policy rate at 0.75%. The CNB is also likely to keep interest rates unchanged today. US Philadelphia Fed index for December and leading indicators index for November is worth noting today.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
UK	11:00	Bank of England decision	0.75%		0.75%
CZK	11:00	CNB decision	1.75%		1.75%
POL	12:00	Minutes from MPC meeting			
USA	12:30	Philadelphia Fed Index (Dec)	15.0		15.0
USA	14:00	Leading indicators index (Nov)	-0.1%		0.0%



Foreign Exchange

Today in the morning the zloty was 0.6% firmer 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 PLN4.2700-4.2950 per EUR.

The USD weakened across the board as the FOMC signalled slower pace of rate hikes in 2019.

Fixed Income

The yields on Poland's government bonds were 2bps down in 2-yr and 5-yr sectors and declined by 4 bps in 10-yr one.

Interest Rates

Today the O/N bid rate should be within a range of 1.00%-1.25%. Swap rates were 1-3 bps down in all tenors.

Equities

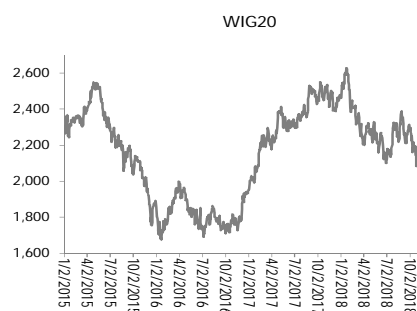
Yesterday the Dow Jones index closed 1.49% down while the S&P 500 index decreased by 1.54%. Today in the morning the FTSE index fell by 1.11%, the CAC index decreased by 1.50% and the DAX index was 1.15% down. Today the Nikkei index closed 2.84% down. Today in the morning the WIG20 index decreased by 1.24% and the WIG index was 1.12% down.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 20 December 2018 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN			
				forwards	bid	offer	forwards	bid	offer	
USD/PLN	3.7392	3.7619	-0.6%	SPOT	3.7386	3.7397	SPOT	4.2838	4.2848	
EUR/PLN	4.2843	4.2846	0.0%	S/N	3.7384	3.7395	S/N	4.2845	4.2856	
GBP/PLN	4.7402	4.7607	-0.4%	1W	3.7379	3.7391	1W	4.2855	4.2867	
CHF/PLN	3.7760	3.7875	-0.3%	1M	3.7353	3.7366	1M	4.2931	4.2945	
SEK/PLN	0.4169	0.4153	0.4%	2M	3.7320	3.7335	2M	4.3009	4.3025	
NOK/PLN	0.4312	0.4329	-0.4%	3M	3.7291	3.7307	3M	4.3077	4.3094	
DKK/PLN	0.5739	0.5737	0.0%	6M	3.7196	3.7214	6M	4.3311	4.3338	
CAD/PLN	2.7755	2.7935	-0.6%	12M	3.7001	3.7042	12M	4.3786	4.3838	
CZK/PLN	0.1664	0.1664	0.0%							
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change	
EUR/USD	1.1458	1.1389	0.6%	O/N	1.33 %	-2 bp	1M			
USD/JPY	111.85	112.35	-0.4%	1W	1.52 %	-1 bp	3M			
GBP/USD	1.2678	1.2655	0.2%	1M	1.64 %	0 bp	6M			
USD/CHF	0.9902	0.9932	-0.3%	3M	1.72 %	0 bp	9M			
EUR/JPY	128.18	127.96	0.2%	6M	1.79 %	0 bp	12M			
EUR/GBP	0.9038	0.9000	0.4%	9M	1.82 %	0 bp				
USD/CAD	1.3472	1.3467	0.0%	12M	1.87 %	0 bp				
				FRAs (mid)	Last closing		T-Bonds (mid)	Today's opening	1-day change	
				1X2	1.64	1X7	1.79	2Y	1.38 %	-2 bp
				2X3	1.64	3X9	1.80	5Y	2.31 %	-2 bp
				1X4	1.72	6X12	1.81	10Y	2.87 %	-4 bp
				3X6	1.73					
				6X9	1.75					
				9X12	1.78					
				IRS (mid)	Today's opening	1-day change				
				2Y	1.85 %	-1 bp				
				5Y	2.19 %	-3 bp				
				10Y	2.56 %	-2 bp				
				5Y-2Y	35 bp	-2 bp				
				10Y-5Y	37 bp	1 bp				
				10Y-2Y	71 bp	-1 bp				



Appendix 1

Important Disclosures

Additional information available upon request

Deutsche Bank Polska S.A. represents that the data contained in this publication are of information nature only, and the content presented herein does not constitute an offer within the meaning of Art. 66 of the Civil Code of 23 April 1964, an invitation to offer or a recommendation to enter into any transaction. This publication may not be treated as advice and does not perform any function of advice. All information used in this publication has been obtained from generally accessible sources which are generally recognized as reliable. Deutsche Bank Polska S.A. has exercised due diligence to verify the above information and bring it up to date, but it disclaims any and all liability for its accuracy or completeness, or for any damage that the Client or third parties may incur as a result of decisions made in reliance on the information contained in this publication.

The transactions or products listed herein may not be appropriate for all investors. Before making a decision on entering into a transaction or acquiring a product the Client should, without relying only on the information provided in this publication, make an independent assessment of the economic risk of such transaction and his ability to incur it, its tax and legal nature, the legal consequences of the transaction and potential benefits and losses associated with it, as well as assess the market characteristics.

The assumptions, simulations and opinions contained in this publication constitute the sole judgment of Deutsche Bank Polska S.A.'s / persons preparing it as at the date of publication of this document which is subject to change without a requirement to publish it. Any and all projections are based on assumptions pertaining to market conditions and there is no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results.

Deutsche Bank Polska S.A. represents that the information presented above should not be in any case treated by the Client as Deutsche Bank Polska S.A.'s recommendation or advice. This publication may not be duplicated or distributed in any way, in particular through mass media, without the prior written consent of Deutsche Bank Polska S.A., ul. Lecha Kaczynskiego 26, 00-609 Warsaw, NIP no. 676-01-07-416, District Court for the capital city of Warsaw, 12th Corporate Division of the National Court Register, file number KRS 0000022493, share capital PLN 1,744,449,384 paid up in full.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Arkadiusz Krześniak