



Poland Daily

HEADLINES...

POL: In October 2018 State Treasury debt amounted to PLN959.9bn and increased by PLN10.8bn (up 1.1%) in October and rose by PLN31.4bn (up 3.4%) versus the end of 2017. According to preliminary data, ST debt at the end of November 2018 amounted to about PLN954.1bn, i.e. decreased by PLN 5.7bn (-0.6%) mom and increased by PLN25.7bn (+2.8%) compared to the end of 2017. According to the place of issue criterion domestic debt was PLN672.2bn while foreign debt was PLN281.9bn (29.5% of total State Treasury debt) in November 2018.

POL: According to the minutes from MPC meeting on December 5, the Council noted that global economic conditions remained favourable, although incoming data suggest a weakening of growth in some economies, including Germany. The MPC noted recent decline in prices of raw materials including oil. The Council enumerated ongoing robust but somewhat weaker growth in consumption and strong infrastructure investments as factors that support GDP growth in Poland in contrast to weakening export growth. The MPC added that growth in demand for labour decelerated. The majority of the Council members shared opinion that in the monetary policy transmission horizon inflation would remain close to the target. The Council said that the current level of interest rates was conducive to keeping the Polish economy on a sustainable growth path and maintaining macroeconomic stability. The majority of the Council members expressed the opinion that, taking into account current information, interest rates were also likely to remain stable in the coming quarters.

THE DAY AHEAD...

POL: unemployment rate (Nov), retail sales (Nov)

UK: GDP (Q3)

USA: GDP (Q3)

TODAY'S FOCUS:

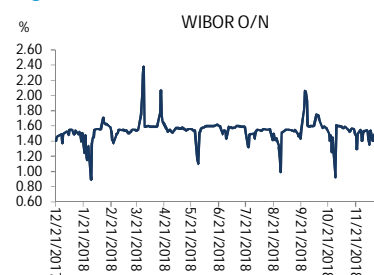
Today economic calendar contains Poland's unemployment rate and retail sales for November and Q3 GDP data from the US and the UK.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
POL	8:00	Retail sales (Nov)	-3.0% (7.9%)	-2.7% (8.2%)	-2.9% (7.9%)
POL	8:00	Unemployment rate (Nov)	5.8%	5.7%	5.8%
UK	8:30	GDP (Q3)	0.6% (1.5%)		0.6% (1.5%)
USA	12:30	GDP (Q3)	(3.5%)		(3.5%)

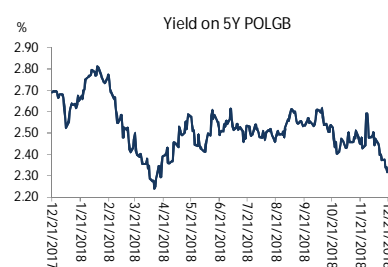
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



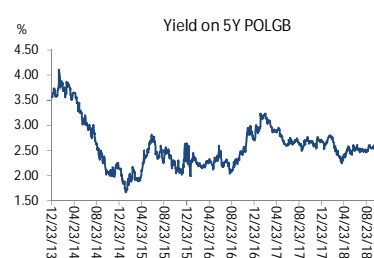
Source: Bloomberg

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 PLN4.2750-4.3000 per EUR.

The USD weakened versus the EUR as the FOMC signalled slower pace of rate hikes in 2019.

Fixed Income

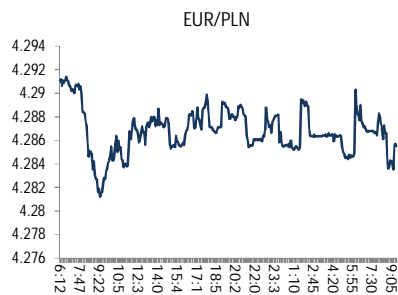
The yields on Poland's government bonds were 2bps down in 2-year sector and rose by 2 bps in 10-year one.

Interest Rates

Today the O/N bid rate should be within a range of 1.00%-1.20%. Swap rates were 2bps down in 5-year and 10-year sectors.

Equities

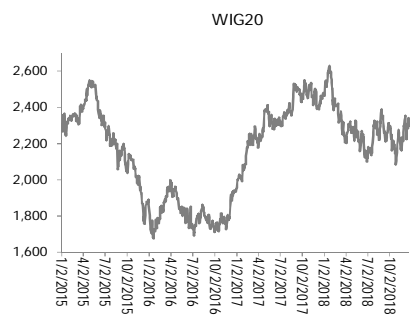
Yesterday the Dow Jones index closed 1.99% down while the S&P 500 index decreased by 1.58%. Today in the morning the FTSE index fell by 0.12%, the CAC index decreased by 0.59% and the DAX index was 0.56% down. Today the Nikkei index closed 1.11% down. Today in the morning the WIG20 index decreased by 0.30% and the WIG index was 0.26% down.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 21 December 2018 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7362	3.7331	0.1%	SPOT	3.7356	3.7367	SPOT	4.2844	4.2855
EUR/PLN	4.2850	4.2849	0.0%	S/N	3.7355	3.7366	S/N	4.2846	4.2858
GBP/PLN	4.7405	4.7357	0.1%	1W	3.7349	3.7361	1W	4.2870	4.2885
CHF/PLN	3.7872	3.7797	0.2%	1M	3.7323	3.7339	1M	4.2936	4.2951
SEK/PLN	0.4171	0.4172	0.0%	2M	3.7293	3.7308	2M	4.3008	4.3026
NOK/PLN	0.4319	0.4320	0.0%	3M	3.7262	3.7281	3M	4.3074	4.3095
DKK/PLN	0.5739	0.5738	0.0%	6M	3.7169	3.7187	6M	4.3317	4.3342
CAD/PLN	2.7668	2.7742	-0.3%	12M	3.6966	3.7009	12M	4.3786	4.3844
CZK/PLN	0.1662	0.1663	-0.1%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1469	1.1478	-0.1%	O/N	1.32 %	-1 bp			
USD/JPY	111.07	111.73	-0.6%	1W	1.53 %	1 bp			
GBP/USD	1.2689	1.2686	0.0%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9865	0.9877	-0.1%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	127.38	128.24	-0.7%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.9039	0.9048	-0.1%	9M	1.82 %	0 bp	9M	%	bp
USD/CAD	1.3505	1.3456	0.4%	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	1.84 %	0 bp	2Y	1.36 %	-2 bp
2X3	1.64	3X9	1.80	5Y	2.18 %	-2 bp	5Y	2.31 %	0 bp
1X4	1.72	6X12	1.82	10Y	2.54 %	-2 bp	10Y	2.89 %	2 bp
3X6	1.73			5Y-2Y	34 bp	-1 bp			
6X9	1.75			10Y-5Y	37 bp	0 bp			
9X12	1.77			10Y-2Y	70 bp	-1 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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