



Poland Daily

HEADLINES...

POL: Core inflation for December was 0.0% mom and 0.6% yoy, below market consensus expectations.

POL: The Sejm approved budget bill for 2019 with budget deficit of PLN28.5bn. In 2019 budget revenues are envisaged at PLN387.6bn, including VAT revenues of PLN179.6bn, excise tax revenues of PLN73.0bn, PIT revenues of PLN38.4bn and CIT revenues of PLN31.8bn. Expenditures are envisaged at PLN 416.1bn, including social security expenditures of PLN88.9bn, PLN37.8bn transfers to families, PLN36.5bn defense budget, PLN29.2bn public debt servicing costs, PLN16.6bn higher education, PLN15.6bn public security, PLN14.5bn public administration, PLN13.3bn justice administration, PL11.5bn transport and communication.

UK: Theresa May's government won a non-confidence motion by 325 to 306 votes. PM May pledged to work out compromise cross-party agreement on Brexit until Monday. New agreement will be subsequently subject to discussion in the Parliament. Labour Party declined to participate in talks as hard Brexit remained still one of options within negotiation process.

THE DAY AHEAD...

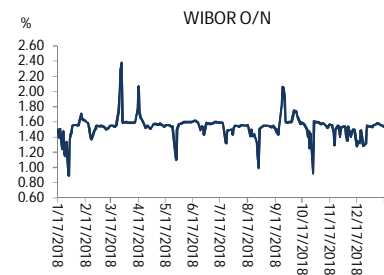
EMU: Inflation (Dec), core inflation (Dec)

USA: initial jobless claims, Philadelphia Fed Index (Jan)

TODAY'S FOCUS:

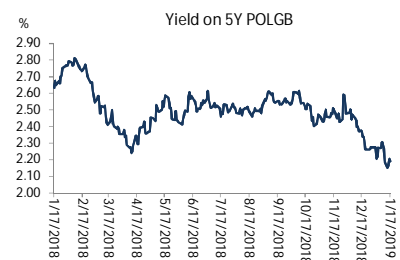
Market reaction to rejection of non-confidence motion against PM May was neutral. Today economic diary contains euro-zone inflation and US Philadelphia Fed Index.

Figure 1: WIBOR O/N



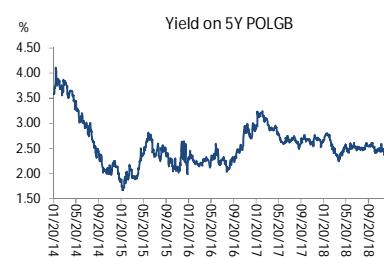
Source: Bloomberg

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
EMU	9:00	Inflation (Dec)	0.0% (1.6%)		0.0% (1.6%)
EMU	9:00	Core inflation (Dec)	(1.0%)		(1.0%)
USA	12:30	Philadelphia Fed Index (Jan)	8.0		9.5



Foreign Exchange

Today in the morning the zloty was unchanged versus the USD and was 0.1% firmer versus the EUR compared to the last NBP fixing. Today the zloty should be moving within a range of PLN4.2750-4.2950 per EUR.

The USD firmed marginally versus the EUR and the GBP remained steady as PM May's government won a non-confidence motion yesterday.

Fixed Income

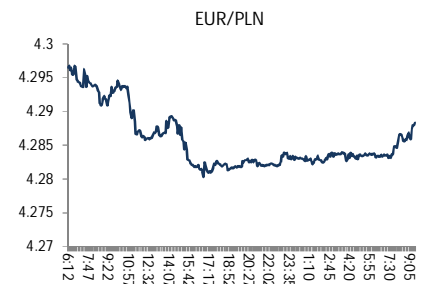
The yields on Poland's government bonds were practically unchanged across the curve.

Interest Rates

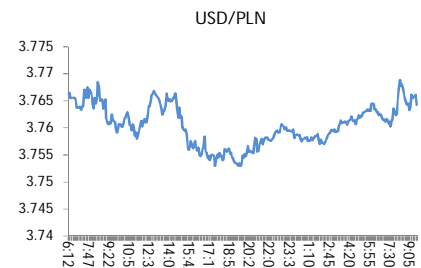
Today the O/N bid rate should be within a range of 1.00%-1.30%. Swap rates were steady in all tenors.

Equities

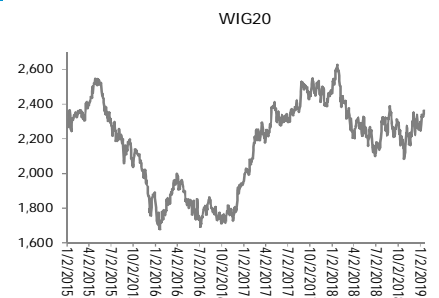
Yesterday the Dow Jones index closed 0.59% up and the S&P 500 index increased by 0.22%. Today in the morning the FTSE index fell by 0.31%, the CAC index decreased by 0.25% and the DAX index was 0.50% down. Today the Nikkei index fell by 0.20%. Today in the morning the WIG20 index increased by 0.08% and the WIG index was 0.10% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 17 January 2019 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7615	3.7619	0.0%	SPOT	3.7610	3.7620	SPOT	4.2865	4.2875
EUR/PLN	4.2870	4.2929	-0.1%	S/N	3.7609	3.7619	S/N	4.2867	4.2877
GBP/PLN	4.8419	4.8439	0.0%	1W	3.7603	3.7613	1W	4.2881	4.2892
CHF/PLN	3.7917	3.8066	-0.4%	1M	3.7578	3.7589	1M	4.2939	4.2952
SEK/PLN	0.4170	0.4194	-0.6%	2M	3.7552	3.7564	2M	4.3009	4.3024
NOK/PLN	0.4393	0.4409	-0.4%	3M	3.7521	3.7534	3M	4.3095	4.3111
DKK/PLN	0.5743	0.5752	-0.2%	6M	3.7430	3.7450	6M	4.3322	4.3348
CAD/PLN	2.8317	2.8365	-0.2%	12M	3.7240	3.7261	12M	4.3782	4.3834
CZK/PLN	0.1679	0.1678	0.0%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1397	1.1412	-0.1%	O/N	1.54 %	0 bp			
USD/JPY	108.83	108.63	0.2%	1W	1.55 %	0 bp			
GBP/USD	1.2872	1.2876	0.0%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9921	0.9883	0.4%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	124.04	123.96	0.1%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.8854	0.8862	-0.1%	9M	1.82 %	0 bp	9M	%	bp
USD/CAD	1.3285	1.3262	0.2%	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	1.63	1X7	1.78	2Y	1.76 %	0 bp	2Y	1.36 %	1 bp
2X3	1.62	3X9	1.77	5Y	2.02 %	0 bp	5Y	2.19 %	0 bp
1X4	1.71	6X12	1.76	10Y	2.40 %	0 bp	10Y	2.77 %	0 bp
3X6	1.70			5Y-2Y	26 bp	0 bp			
6X9	1.72			10Y-5Y	38 bp	0 bp			
9X12	1.69			10Y-2Y	64 bp	0 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