



Poland Daily

HEADLINES...

POL: In February 2019 industrial output declined by 1.5% m/m and rose by 6.9% y/y, above market consensus view. In February producer prices rose by 0.5% m/m and were 2.9% up y/y, above market consensus view.

POL: In the period of January-February 2019 there was PLN-795mn budget deficit after surplus of PLN6.59bn in January 2019.

USA: The FOMC, as expected, didn't change interest rates but market participants focused on downward revisions to Fed's GDP growth, inflation and "dot plot" projections that show that one rate hike is possible in 2019 and no rate hikes are expected in 2020 by the FOMC members. FOMC Chairman Powell underlined that interest rate decisions will be contingent on incoming data.

THE DAY AHEAD...

POL: Construction output (Feb), retail sales (Feb)

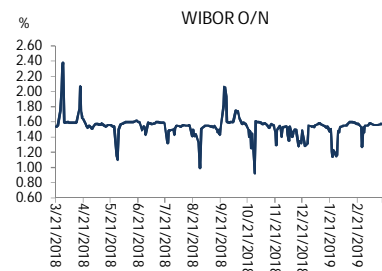
UK: Bank of England's decision

USA: Leading indicators index (Feb)

TODAY'S FOCUS:

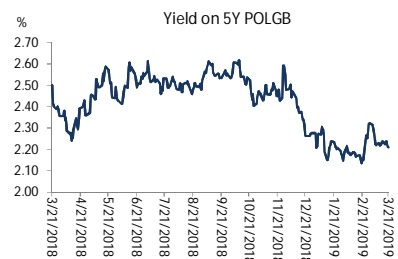
Today market participants will be focusing on domestic retail sales and construction output for February. On a foreign side Brexit negotiations at EU summit will draw market's attention.

Figure 1: WIBOR O/N



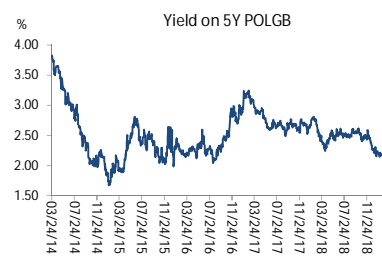
Source: Bloomberg

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
POL	9:00	Construction output (Feb)	(5.5%)	(15.1%)	(4.9%)
POL	9:00	Retail sales (Feb)	(7.1%)	-3.1% (6.5%)	(6.9%)
UK	12:00	Bank of England decision	0.750%		0.750%
USA	14:00	Leading indicators index (Feb)	0.1%		0.1%



Foreign Exchange

Today in the morning the zloty was 0.5% firmer versus the USD and was 0.1% firmer versus the EUR compared to the last NBP fixing. The zloty firmed as market participants reduced their expectations for rate hikes by the FOMC. The zloty should be moving within a range of PLN4.2700-4.3000 per EUR today.

The USD lost 0.8% versus the USD after publication of weaker than expected FOMC forecasts. Today in the morning the USD recovered part of its losses versus the EUR remaining 0.4% weaker versus the EUR comparing to its pre-FOMC level.

Fixed Income

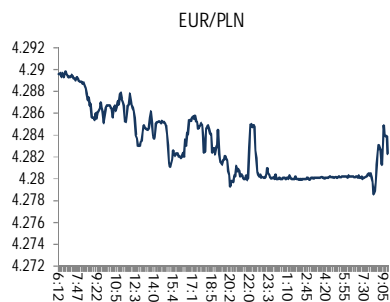
The yields on Poland's government bonds fell by 2bps in 2-year sector and declined by 3-4bps in 5-year and 10-year sectors ahead of today's switching auction of POLGBs.

Interest Rates

Today the O/N bid rate should be within a range of 1.20%-1.35%. Swap rates were 2bps down in 2-year sector and fell by 5bps in 5-year and 10-year ones.

Equities

Yesterday the Dow Jones index fell by 0.55% and the S&P 500 index decreased by 0.29%. Today in the morning the FTSE index was 0.49% up, the CAC 40 index was 0.04% up and the DAX index was 0.29% down. Today in the morning the WIG20 index rose by 0.06% and the WIG index was 0.07% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 21 March 2019 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7590	3.7767	-0.5%	SPOT	3.7585	3.7595	SPOT	4.2836	4.2844
EUR/PLN	4.2840	4.2864	-0.1%	S/N	3.7583	3.7594	S/N	4.2838	4.2846
GBP/PLN	4.9493	4.9955	-0.9%	1W	3.7576	3.7587	1W	4.2854	4.2864
CHF/PLN	3.7851	3.7781	0.2%	1M	3.7547	3.7559	1M	4.2908	4.2919
SEK/PLN	0.4112	0.4107	0.1%	2M	3.7509	3.7522	2M	4.2982	4.2994
NOK/PLN	0.4421	0.4423	0.0%	3M	3.7477	3.7490	3M	4.3046	4.3058
DKK/PLN	0.5740	0.5745	-0.1%	6M	3.7369	3.7389	6M	4.3248	4.3270
CAD/PLN	2.8241	2.8331	-0.3%	12M	3.7170	3.7200	12M	4.3669	4.3706
CZK/PLN	0.1671	0.1671	0.0%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1397	1.1350	0.4%	O/N	1.57 %	0 bp			
USD/JPY	110.42	111.56	-1.0%	1W	1.55 %	-1 bp			
GBP/USD	1.3166	1.3227	-0.5%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9930	0.9996	-0.7%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	125.84	126.61	-0.6%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.8656	0.8581	0.9%	9M	1.82 %	0 bp	9M	%	bp
USD/CAD	1.3311	1.3331	-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	1.67	1X7	1.79	2Y	1.78 %	-2 bp	2Y	1.63 %	-2 bp
2X3	1.66	3X9	1.78	5Y	1.97 %	-5 bp	5Y	2.21 %	-3 bp
1X4	1.72	6X12	1.78	10Y	2.30 %	-5 bp	10Y	2.87 %	-4 bp
3X6	1.71			5Y-2Y	19 bp	-3 bp			
6X9	1.70			10Y-5Y	33 bp	0 bp			
9X12	1.71			10Y-2Y	52 bp	-4 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., al. Armii Ludowej 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