



Poland Daily

HEADLINES...

POL: PM Mateusz Morawiecki said that pension system would be based on three pillars: state pension company ZUS, Employee Capital Plans (PPK) and personal pension accounts IKE. Under planned reform open pension funds (OFE) assets (about PLN160bn) will be transferred to IKE (by default) or ZUS. Assets transferred to IKE will be charged transformation fee of 15% (to be sent to ZUS) that will be distributed over two years. The fee is intended to account for the fact that pensions paid by ZUS are taxed by PIT and savings on IKE will not be subject to any tax. Open pension funds (OFE) will be transformed into open investment funds and minimal threshold for holding stocks will be gradually diminished, in order to minimize impact on the stock markets. Transformation fee will be funded from cash held by OFE and from sale of foreign stocks from OFE assets. The reform should be neutral for stocks markets but should be positive for government bond market as it will reduce borrowing needs by PLN20-24bn within two years (due to transfer fee).

POL: In March **inflation** was confirmed at 0.3% m/m and 1.7% y/y, unchanged from GUS flash estimate.

THE DAY AHEAD...

DEU: ZEW Index (Mar)

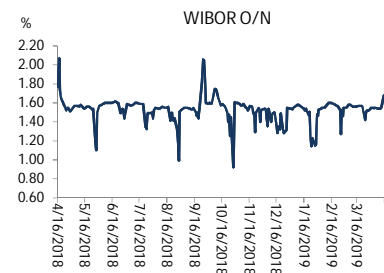
POL: Core inflation (Mar)

USA: Industrial production (Mar)

TODAY'S FOCUS:

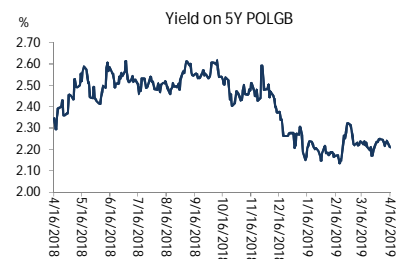
Today economic calendar contains domestic core inflation for March, German ZEW index for April and US industrial production for March.

Figure 1: WIBOR O/N



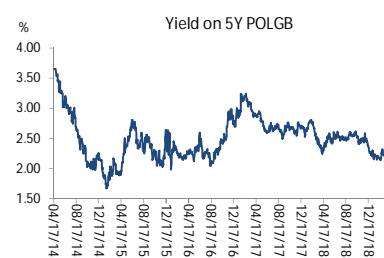
Source: Bloomberg

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
DEU	9:00	ZEW index (Apr)			
POL	12:00	Core inflation (Mar)	0.3% (1.3%)		0.3% (1.3%)
USA	13:15	Industrial production (Mar)	0.3%		0.2%



Foreign Exchange

Today in the morning the zloty was unchanged versus the USD and was unchanged versus the EUR compared to the last NBP fixing. The zloty should be moving within a range of PLN4.2650-4.2850 per EUR today.

The USD firmed marginally versus major currencies on US earnings.

Fixed Income

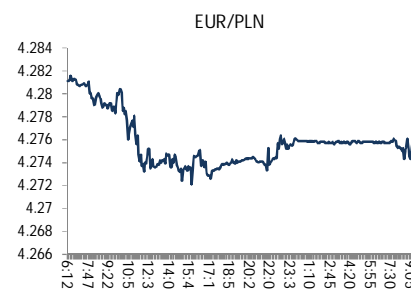
The yields on Poland's government bonds fell by 5bps across the curve, as market participants expect lower borrowing needs due to the pension reform.

Interest Rates

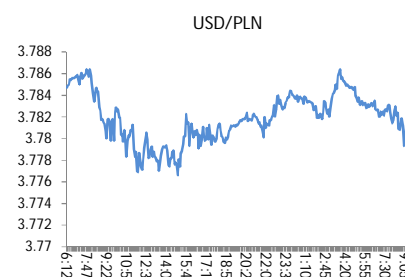
Today the O/N bid rate should be within a range of 1.20%-1.35%. Swap rates were 5bps down in 5-year and 10-year sectors.

Equities

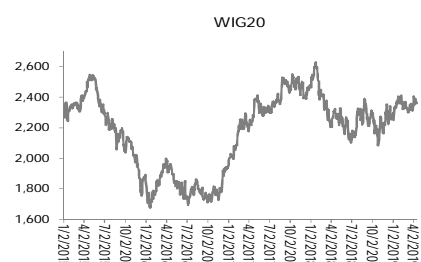
Yesterday the Dow Jones index fell by 0.10% and the S&P 500 index was 0,06% down. Today in the morning the FTSE index was 0.47% up, the CAC 40 index was 0.32% up and the DAX index was 0.75% up. Today the Nikkei index increased by 0.24%. Today in the morning the WIG20 index rose by 0.43% and the WIG index was 0.31% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 16 April 2019 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.7789	3.7789	0.0%	SPOT	3.7784	3.7794	SPOT	4.2742	4.2751
EUR/PLN	4.2747	4.2770	-0.1%	S/N	3.7783	3.7793	S/N	4.2754	4.2764
GBP/PLN	4.9468	4.9497	-0.1%	1W	3.7777	3.7788	1W	4.2759	4.2770
CHF/PLN	3.7656	3.7698	-0.1%	1M	3.7748	3.7761	1M	4.2817	4.2829
SEK/PLN	0.4083	0.4086	-0.1%	2M	3.7715	3.7728	2M	4.2883	4.2896
NOK/PLN	0.4455	0.4449	0.1%	3M	3.7680	3.7693	3M	4.2953	4.2966
DKK/PLN	0.5729	0.5731	0.0%	6M	3.7576	3.7596	6M	4.3162	4.3185
CAD/PLN	2.8223	2.8336	-0.4%	12M	3.7384	3.7413	12M	4.3604	4.3646
CZK/PLN	0.1667	0.1669	-0.1%						
				WIBOR			T-bills (mid)		
					Last fixing	1-day change		Today's opening	1-day change
EUR/USD	1.1312	1.1318	-0.1%	O/N	1.68 %	bp	1M		
USD/JPY	111.95	111.96	0.0%	1W	1.59 %	bp	3M	%	bp
GBP/USD	1.3091	1.3098	-0.1%	1M	1.64 %	bp	6M	%	bp
USD/CHF	1.0035	1.0024	0.1%	3M	1.72 %	bp	9M	%	bp
EUR/JPY	126.64	126.72	-0.1%	6M	1.79 %	bp	12M	%	bp
EUR/GBP	0.8642	0.8641	0.0%	9M	1.81 %	bp			
USD/CAD	1.3390	1.3336	0.4%	12M	1.87 %	bp			
				FRAs			T-Bonds (mid)		
					Last closing	1-day change		Today's opening	1-day change
1X2	1.67	1X7	1.79	IRS (mid)	Today's opening	1-day change	2Y	1.62 %	bp
2X3	1.66	3X9	1.79	2Y	1.83 %	bp	5Y	2.21 %	bp
1X4	1.72	6X12	1.80	5Y	2.05 %	bp	10Y	2.88 %	bp
3X6	1.72			10Y	2.40 %	bp			
6X9	1.73			5Y-2Y	23 bp	bp			
9X12	1.73			10Y-5Y	35 bp	bp			
				10Y-2Y	57 bp	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