



Poland Daily

HEADLINES...

POL: MPC member Eryk Lon said that the next move in monetary policy should be rate cut as the key US stock index S&P 500 has reached its historical peak and started to decline. In his opinion it is hard to say how long policy of steady interest rates in Poland will last. He added that inflation was about the optimal level and inflation target had been set at a proper level.

POL: According to government's estimates, monthly PLN500 subsidy to disabled persons would cost central budget about PLN3bn per annum. This program will be partially funded from retail tax on supermarkets (annual revenue of PLN1.5-1.7bn) and partially from "solidarity tax" (4% personal income tax on excess income above PLN1million annually).

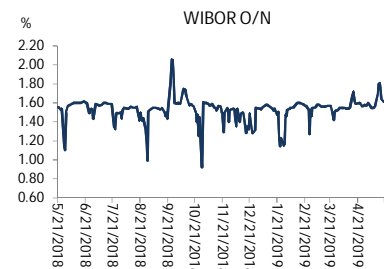
THE DAY AHEAD...

- POL: average wage (Apr), average employment (Apr),
- EMU: OECD publishes Economic Outlook, consumer confidence (May)
- USA: Existing home sales (Apr)

TODAY'S FOCUS:

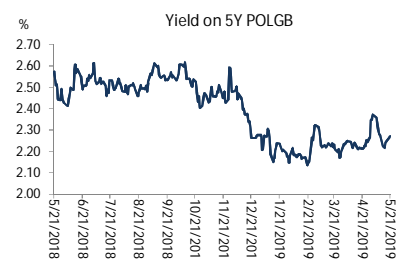
Today economic calendar contains average wage and average employment in enterprises' sector for April, consumer confidence from euro-zone for May and US existing home sales for April.

Figure 1: WIBOR O/N



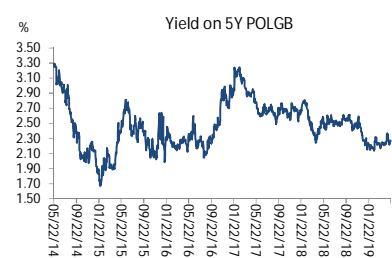
Source: Bloomberg

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	8:00	Average wage (Apr)	-0.5% (6.1%)	0.4% (7.1%)	-0.1% (6.5%)
POL	8:00	Average employemnt (Apr)	0.1% (3.1%)	0.0% (2.9%)	0.1% (3.0%)
EMU	9:00	OECD Economic Outlook			
EMU	14:00	Consumer confidence (May)	-7.7		-7.7
USA	14:00	Existing home sales (Apr)	0.8%		2.7%



Foreign Exchange

Today in the morning the zloty was 0.1% weaker versus the USD and was 0.1% weaker versus the EUR compared to the last NBP fixing. The zloty should be moving within a range of PLN4.2900-4.3150 per EUR today.

The USD firmed on increased risk aversion as Google threatened to ban Huawei from using some of Android functionalities and as Huawei informed they will implement their own mobile operating system soon.

Fixed Income

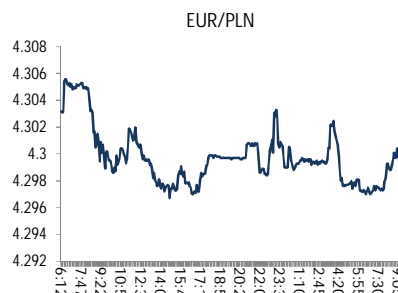
The yields on Poland's government bonds rose by 5bps in 5-year and 10-year sectors and were unchanged in the short end of the curve. Today the Finance Ministry will publish supply at switching auction on May 23.

Interest Rates

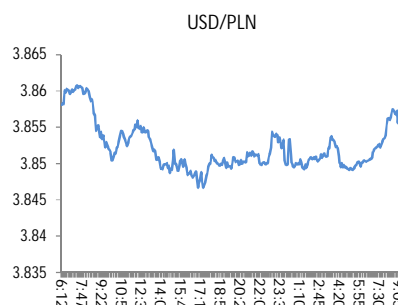
Today the O/N bid rate should be within a range of 1.20%-1.35%. Swap rates rose by 5 bps in 5-year and 10-year sectors and remained steady in the short end of the curve.

Equities

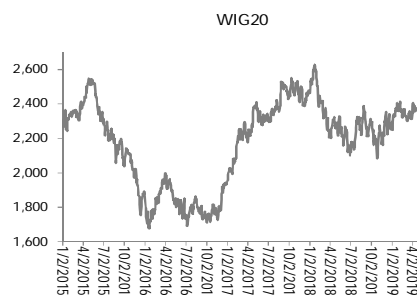
Yesterday the Dow Jones index fell by 0.33% and the S&P 500 index was 0.67% down. Today in the morning the FTSE index was 0.53% up, the CAC 40 index was 0.21% up and the DAX index was 0.62% up. Today the Nikkei index decreased by 0.14%. Today in the morning the WIG20 index rose by 0.28% and the WIG index was 0.26% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

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

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN			
				forwards	bid	offer	forwards	bid	offer	
USD/PLN	3.8591	3.8543	0.1%	SPOT	3.8586	3.8596	SPOT	4.3026	4.3034	
EUR/PLN	4.3030	4.2995	0.1%	S/N	3.8585	3.8595	S/N	4.3028	4.3037	
GBP/PLN	4.8972	4.9117	-0.3%	1W	3.8579	3.8590	1W	4.3043	4.3052	
CHF/PLN	3.8218	3.8189	0.1%	1M	3.8553	3.8565	1M	4.3103	4.3114	
SEK/PLN	0.3988	0.3995	-0.2%	2M	3.8523	3.8535	2M	4.3175	4.3186	
NOK/PLN	0.4390	0.4389	0.0%	3M	3.8491	3.8504	3M	4.3248	4.3261	
DKK/PLN	0.5761	0.5757	0.1%	6M	3.8402	3.8425	6M	4.3477	4.3502	
CAD/PLN	2.8733	2.8670	0.2%	12M	3.8262	3.8292	12M	4.3944	4.3990	
CZK/PLN	0.1669	0.1668	0.0%							
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change	
EUR/USD	1.1150	1.1155	0.0%	O/N	1.61 %	-20 bp				
USD/JPY	110.09	110.01	0.1%	1W	1.59 %	-4 bp				
GBP/USD	1.2691	1.2743	-0.4%	1M	1.64 %	0 bp	1M		bp	
USD/CHF	1.0099	1.0093	0.1%	3M	1.72 %	0 bp	3M	%	bp	
EUR/JPY	122.76	122.72	0.0%	6M	1.79 %	0 bp	6M	%	bp	
EUR/GBP	0.8786	0.8754	0.4%	9M	1.81 %	0 bp	9M	%	bp	
USD/CAD	1.3431	1.3444	-0.1%	12M	1.87 %	0 bp	12M	%	bp	
				FRAs (mid)	Last closing		T-Bonds (mid)	Today's opening	1-day change	
				1X2	1.66	1X7	1.79	2Y	1.67 %	1 bp
				2X3	1.67	3X9	1.79	5Y	2.27 %	5 bp
				1X4	1.72	6X12	1.81	10Y	2.90 %	5 bp
				3X6	1.72					
				6X9	1.74					
				9X12	1.74					
				IRS (mid)	Today's opening	1-day change				
				2Y	1.84 %	3 bp				
				5Y	2.07 %	5 bp				
				10Y	2.40 %	6 bp				
				5Y-2Y	22 bp	2 bp				
				10Y-5Y	33 bp	1 bp				
				10Y-2Y	55 bp	3 bp				



Appendix 1

Important Disclosures

Additional information available upon request

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