



Poland Daily

HEADLINES...

POL: Manufacturing PMI fell to 48.4pts in June from 48.8pts in May. In June the production and new orders declined at accelerated pace, partially offset by improvement in job creation. In June new orders declined for eighth month in a row driven mainly by decline in domestic orders that resulted in a stronger fall in production output. In June expectations on future production in the horizon of 12 months were least optimistic since December 2012. In June inflationary pressure alleviated, costs of production rose at the slowest pace since October 2016 and prices of finished goods rose at the slowest pace in 32 month.

POL: Today the MPC starts two-day monetary policy meeting. We expect the MPC to keep interest rates unchanged and to maintain their guidance for no change in interest rates in the coming quarters. An increase of inflation to 2.6% y/y or above inflation goal will be balanced by firming of the PLN as risk appetite returned to financial markets after US and China returned to negotiations table.

THE DAY AHEAD...

DEU: Retail sales (May)

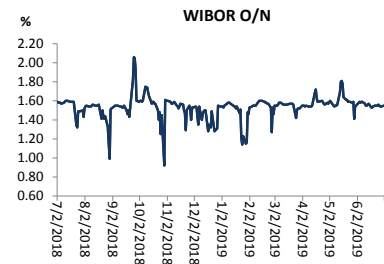
HUN: Trade balance (Apr)

EMU: PPI (May)

TODAY'S FOCUS:

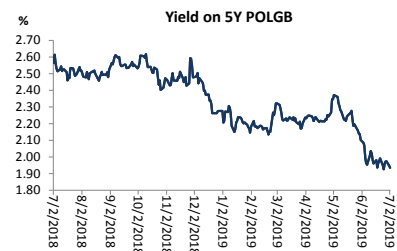
Today economic calendar contains retail sales for May from Germany, trade balance for April from Hungary and PPI for May from euro-zone.

Figure 1: WIBOR O/N



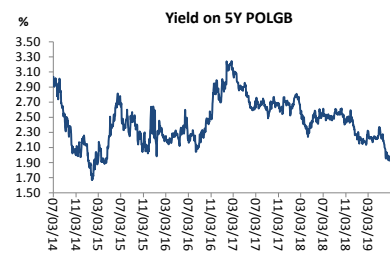
Source: Bloomberg

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	6:00	Retail sales (May)	(2.7%)	-0.6% (4.0%)	0.5% (2.7%)
HUN	7:00	Trade balance (Apr)		EUR245mn	
EMU	9:00	PPI (May)	(1.7%)		0.1% (1.7%)



Foreign Exchange

Today in the morning the zloty was 0.4% 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 PLN4.2350-4.2550 per EUR today.

The USD firmed by 0.3% versus EUR as truce in US-China trade war reduced pressure on the FOMC to cut interest rates.

Fixed Income

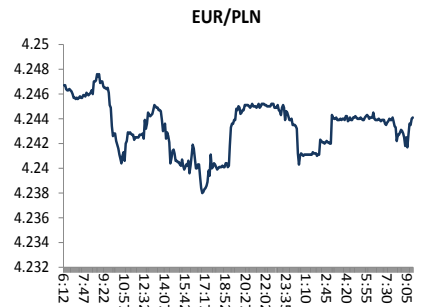
The yields on Poland's government bonds were 1bp down across the curve.

Interest Rates

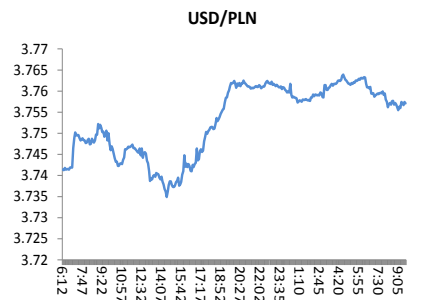
Today the O/N bid rate should be within a range of 1.20%-1.35%. Swap rates were 1bp down in all sectors.

Equities

Yesterday the Dow Jones index rose by 0.44% and the S&P 500 index was 0.77% up. Today in the morning the FTSE 100 index was 0.22% up, the CAC 40 index was 0.04% up and the DAX index was 0.19% down. Today the Nikkei index increased by 0.11%. Today in the morning the WIG20 index fell by 0.57% and the WIG index was 0.60% down.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 28 June 2019 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN			
				forwards	bid	offer	forwards	bid	offer	
USD/PLN	3.7565	3.7430	0.4%	SPOT	3.7560	3.7569	SPOT	4.2441	4.2448	
EUR/PLN	4.2445	4.2406	0.1%	S/N	3.7564	3.7573	S/N	4.2445	4.2452	
GBP/PLN	4.7431	4.7323	0.2%	1W	3.7564	3.7573	1W	4.2445	4.2452	
CHF/PLN	3.8075	3.8034	0.1%	1M	3.7564	3.7573	1M	4.2445	4.2452	
SEK/PLN	0.4022	0.4024	-0.1%	2M	3.7564	3.7573	2M	4.2445	4.2452	
NOK/PLN	0.4389	0.4379	0.2%	3M	3.7564	3.7573	3M	4.2445	4.2452	
DKK/PLN	0.5687	0.5681	0.1%	6M	3.7564	3.7573	6M	4.2445	4.2452	
CAD/PLN	2.8654	2.8571	0.3%	12M	3.7564	3.7573	12M	4.2445	4.2452	
CZK/PLN	0.1668	0.1666	0.1%							
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change	
EUR/USD	1.1299	1.1329	-0.3%	O/N	1.55 %	bp				
USD/JPY	108.29	108.26	0.0%	1W	1.57 %	bp				
GBP/USD	1.2627	1.2643	-0.1%	1M	1.64 %	bp	1M			
USD/CHF	0.9866	0.9841	0.2%	3M	1.72 %	bp	3M	%	bp	
EUR/JPY	122.36	122.65	-0.2%	6M	1.79 %	bp	6M	%	bp	
EUR/GBP	0.8948	0.8961	-0.1%	9M	1.81 %	bp	9M	%	bp	
USD/CAD	1.3110	1.3101	0.1%	12M	1.86 %	bp	12M	%	bp	
				FRAs (mid)	Last closing		T-Bonds (mid)	Today's opening	1-day change	
				1X2	1.64	1X7	1.79	2Y	1.61 %	0 bp
				2X3	1.64	3X9	1.78	5Y	1.93 %	-1 bp
				1X4	1.72	6X12	1.77	10Y	2.36 %	-1 bp
				3X6	1.72					
				6X9	1.71					
				9X12	1.69					
				IRS (mid)	Today's opening	1-day change				
				2Y	1.74 %	bp				
				5Y	1.82 %	bp				
				10Y	2.07 %	bp				
				5Y-2Y	9 bp	bp				
				10Y-5Y	25 bp	bp				
				10Y-2Y	33 bp	bp				



Appendix 1

Important Disclosures

Additional information available upon request

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