



Poland Daily

HEADLINES...

POL: Today the MPC ends 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. A change in the post of President of the ECB and assumption of the post by Christine Lagarde, currently the IMF managing director means at least continuation of easy monetary policy of President Mario Draghi and potential introduction of further tools to boost euro-zone's economy. In the communique after the meeting the MPC will present inflation and GDP paths from new NBP projection.

THE DAY AHEAD...

DEU: PMI services (Jun)

FRA: PMI services (Jun)

EMU: PMI services (Jun)

POL: MPC decision

USA: trade balance (May), change in ADP employment (Jun), factory orders (May), PMI services (Jun)

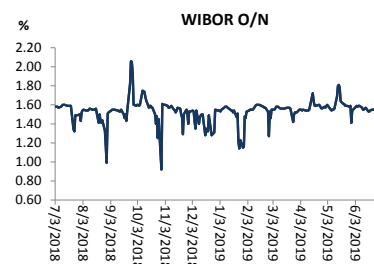
TODAY'S FOCUS:

Today economic calendar contains series of services PMIs from euro-zone and the US, Poland's central bank decision and trade balance, ADP employment change and factory orders from the US.

DIARY (Today)

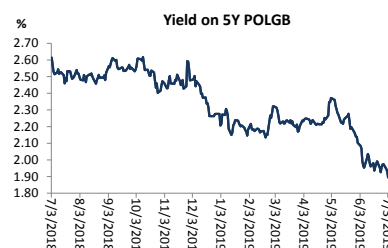
Country	GMT	Release	DB Expected	Actual	Consensus
DEU	7:55	PMI services (Jun)		55.8	55.6
EMU	8:00	PMI services (Jun)			
POL		MPC decision	1.50%		1.50%
USA	12:30	Trade balance (May)	-USD54.0bn		-USD54.0bn
USA	13:45	PMI services (Jun)			50.7
USA	14:00	Factory orders (May)	-1.0%		-0.6%

Figure 1: WIBOR O/N



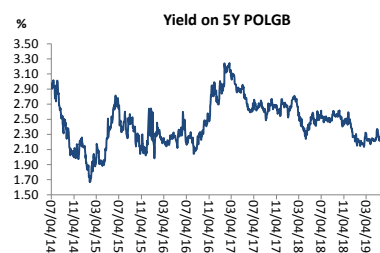
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

Figure 3: Yield on 5Y POLGB – long term trend



Source: Bloomberg



Foreign Exchange

Today in the morning the zloty was 0.1% weaker versus the USD and was unchanged versus the EUR compared to the last NBP fixing. The zloty should be moving within a range of PLN4.2350-4.2550 per EUR today.

The USD firmed by 0.1% versus EUR as Christine Lagarde was selected on the post of President of the ECB, a choice that most likely means continuation of easy monetary policy of ECB President Mario Draghi.

Fixed Income

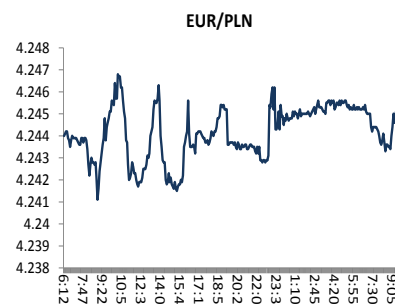
The yields on Poland's government bonds were 3-5bp down across the curve.

Interest Rates

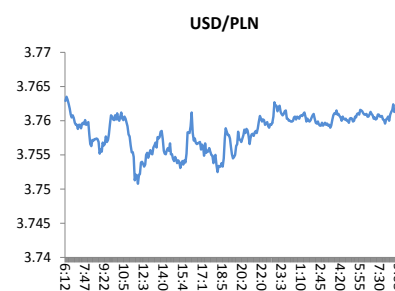
Today the O/N bid rate should be within a range of 1.20%-1.35%. Swap rates were 3-5bp down in 5-year and 10-year sector .

Equities

Yesterday the Dow Jones index rose by 0.26% and the S&P 500 index was 0.29% up. Today in the morning the FTSE 100 index was 0.55% up, the CAC 40 index was 0.57% up and the DAX index was 0,53% down. Today the Nikkei index decreased by 0.26%. Today in the morning the WIG20 index fell by 0.57% and the WIG index was 0.11% down.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 3 July 2019 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN forwards	bid	offer	EUR/PLN forwards	bid	offer
USD/PLN	3.7629	3.7593	0.1%	SPOT	3.7624	3.7634	SPOT	4.2436	4.2445
EUR/PLN	4.2441	4.2457	0.0%	S/N	3.7628	3.7638	S/N	4.2440	4.2449
GBP/PLN	4.7296	4.7433	-0.3%	1W	3.7628	3.7638	1W	4.2440	4.2449
CHF/PLN	3.8140	3.8056	0.2%	1M	3.7628	3.7638	1M	4.2440	4.2449
SEK/PLN	0.4039	0.4023	0.4%	2M	3.7628	3.7638	2M	4.2440	4.2449
NOK/PLN	0.4386	0.4389	-0.1%	3M	3.7628	3.7638	3M	4.2440	4.2449
DKK/PLN	0.5687	0.5688	0.0%	6M	3.7628	3.7638	6M	4.2440	4.2449
CAD/PLN	2.8690	2.8638	0.2%	12M	3.7628	3.7638	12M	4.2440	4.2449
CZK/PLN	0.1669	0.1669	0.0%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1279	1.1294	-0.1%	O/N	1.54 %	-1 bp			
USD/JPY	107.74	108.21	-0.4%	1W	1.57 %	0 bp			
GBP/USD	1.2570	1.2618	-0.4%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9865	0.9878	-0.1%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	121.52	122.21	-0.6%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.8973	0.8951	0.2%	9M	1.81 %	0 bp	9M	%	bp
USD/CAD	1.3117	1.3127	-0.1%	12M	1.86 %	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	1.64	1X7	1.79	2Y	1.73 %	-1 bp	2Y	1.58 %	-3 bp
2X3	1.64	3X9	1.78	5Y	1.80 %	-3 bp	5Y	1.90 %	-3 bp
1X4	1.72	6X12	1.76	10Y	2.02 %	-5 bp	10Y	2.31 %	-5 bp
3X6	1.71			5Y-2Y	7 bp	-2 bp			
6X9	1.71			10Y-5Y	23 bp	-2 bp			
9X12	1.69			10Y-2Y	30 bp	-4 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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