



Poland Daily

HEADLINES...

POL: MPC member Eryk Lon said that the Monetary Policy Council should be ready for discussion on interest rate cut should deflation risk appears on the horizon. Eryk Lon added that his central scenario was keeping interest rates unchanged but he didn't exclude that in order to counteract potential deflation, if it appeared, the MPC should be ready to cut interest rates and to consider using non-conventional tools of monetary policy. In our view the MPC will keep interest rates unchanged in the coming 4-6 quarters, but likelihood that next move will be rate cut or rate hike are currently symmetric.

THE DAY AHEAD...

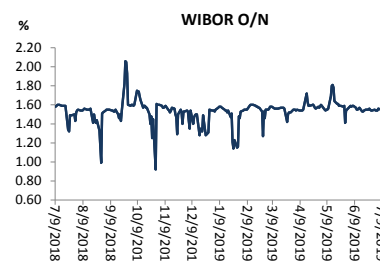
CZK: Retail sales (May)

HUN: Inflation (Jun), trade balance (May)

TODAY'S FOCUS:

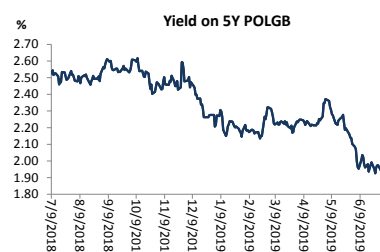
Today economic calendar contains only retail sales for May from Czech Republic and inflation for June and trade balance for May from Hungary.

Figure 1: WIBOR O/N



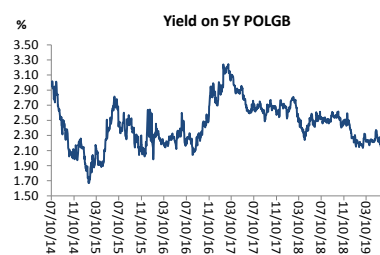
Source: Bloomberg

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
CZE	7:00	Retail sales (May)		2.3% (2.7%)	4.0% (5.1%)
HUN	7:00	Inflation (Jun)		-0.2% (3.4%)	0.0% (3.7%)
HUN	7:00	Trade balance (May)		EUR678mn	EUR372mn



Foreign Exchange

Today in the morning the zloty was 0.6% weaker versus the USD and was 0.3% weaker versus the EUR compared to the last NBP fixing. Today the zloty weakened after a comment from MPC member Lon that the MPC should be ready to consider interest rate cut. The zloty should be moving within a range of PLN4.2550-4.2750 per EUR today.

The USD firmed by 0.3% versus the EUR on expectations that FOMC Chairman Powell would not sound too dovish during his speech on Wednesday.

Fixed Income

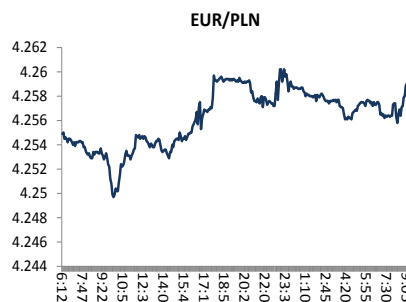
The yields on Poland's government bonds were 1 bp up across the curve.

Interest Rates

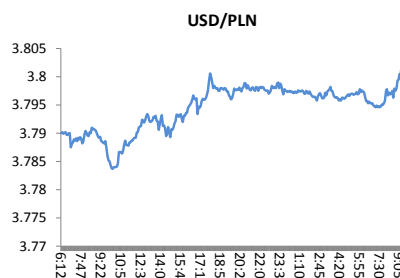
Today the O/N bid rate should be within a range of 1.20%-1.35%. Swap rates were 1bp up in 2-year and 5-year sectors.

Equities

Yesterday the Dow Jones index closed 0.43% down and the S&P 500 index was 0.48% down. Today in the morning the FTSE 100 index was 0.33% down, the CAC 40 index was 0.72% down and the DAX index was 1.29% down. Today the Nikkei index increased by 0.14%. today in the morning the WIG20 index fell by 1.46% and the WIG index was 0.88% down.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 9 July 2019 (9:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN forwards	bid	offer	EUR/PLN forwards	bid	offer
USD/PLN	3.8080	3.7857	0.6%	SPOT	3.8075	3.8084	SPOT	4.2633	4.2641
EUR/PLN	4.2637	4.2519	0.3%	S/N	3.8079	3.8088	S/N	4.2637	4.2645
GBP/PLN	4.7465	4.7446	0.0%	1W	3.8079	3.8088	1W	4.2637	4.2645
CHF/PLN	3.8293	3.8194	0.3%	1M	3.8079	3.8088	1M	4.2637	4.2645
SEK/PLN	0.4011	0.4015	-0.1%	2M	3.8079	3.8088	2M	4.2637	4.2645
NOK/PLN	0.4391	0.4398	-0.2%	3M	3.8079	3.8088	3M	4.2637	4.2645
DKK/PLN	0.5714	0.5697	0.3%	6M	3.8079	3.8088	6M	4.2637	4.2645
CAD/PLN	2.9003	2.8965	0.1%	12M	3.8079	3.8088	12M	4.2637	4.2645
CZK/PLN	0.1670	0.1668	0.1%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1197	1.1231	-0.3%	O/N	1.54 %	bp			
USD/JPY	108.91	108.39	0.5%	1W	1.58 %	bp			
GBP/USD	1.2465	1.2533	-0.5%	1M	1.64 %	bp	1M		
USD/CHF	0.9944	0.9912	0.3%	3M	1.72 %	bp	3M	%	bp
EUR/JPY	121.95	121.73	0.2%	6M	1.79 %	bp	6M	%	bp
EUR/GBP	0.8983	0.8962	0.2%	9M	1.81 %	bp	9M	%	bp
USD/CAD	1.3131	1.3070	0.5%	12M	1.86 %	bp	12M	%	bp
FRA (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	1.71 %	bp	2Y	1.58 %	1 bp
2X3	1.64	3X9	1.77	5Y	1.78 %	bp	5Y	1.85 %	1 bp
1X4	1.72	6X12	1.75	10Y	1.98 %	bp	10Y	2.23 %	1 bp
3X6	1.71			5Y-2Y	7 bp	bp			
6X9	1.71			10Y-5Y	20 bp	bp			
9X12	1.67			10Y-2Y	27 bp	bp			



Appendix 1

Important Disclosures

Additional information available upon request

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