



Poland Daily

HEADLINES...

POL: In July PMI manufacturing fell to 47.4pts from 48.4pts in June, declining to the lowest level since April 2013. Significant deterioration in business conditions in July stemmed from further declines in sales and output. The pace of decline in new orders was fast and similar to that reported in June. Demand weakened in domestic and foreign markets, in particular in the EU market. In July production of finished goods declined a bit slower than in June. In July employment in manufacturing declined partially due to lower demand and partially caused by workers quitting their jobs. In July cost inflation was relatively weak that caused minor increase in prices of final goods. In July confidence in manufacturing sector fell to almost the lowest level in history of the survey.

THE DAY AHEAD...

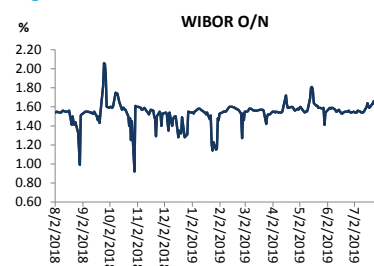
EMU: Retail sales (Jun), PPI (Jun)

USA: Change in non-farm payrolls (Jul), unemployment rate (Jul), trade balance (Jun).

TODAY'S FOCUS:

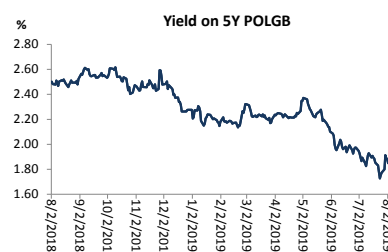
Today market participants will be focusing on US employment report for July. Economic calendar contains also retail sales and PPI from euro-zone for June and US trade balance for June. Bourses are under strongly negative impact of recently announced by President Trump a 10% hike in tariffs on imports from China to the US worth USD300bn starting from September 1.

Figure 1: WIBOR O/N



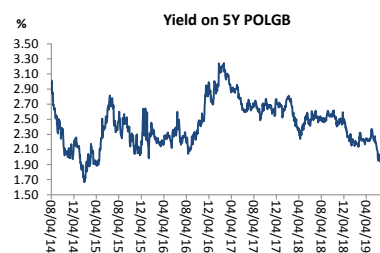
Source: Bloomberg

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
EMU	9:00	PPI (Jun)	(0.8%)		-0.3% (0.8%)
EMU	9:00	Retail sales (Jun)	(1.3%)		0.3% (1.3%)
USA	12:30	Change in non-farm payrolls (Jun)	150k		165k
USA	12:30	Unemployment rate (Jul)	3.7%		3.6%
USA	12:30	Trade balance (Jun)	-USD55.2bn		-USD54.6bn



Foreign Exchange

Today in the morning the zloty was 0.1% weaker versus the USD and was 0.5% versus the EUR compared to the last NBP fixing. The zloty should be moving within a range of PLN4.2850-4.3250 per EUR today.

The EUR firmed by 0.4% versus the USD as President Trump announced a 10% hike in tariffs on imports from China to the US worth USD300bn starting from September 1.

Fixed Income

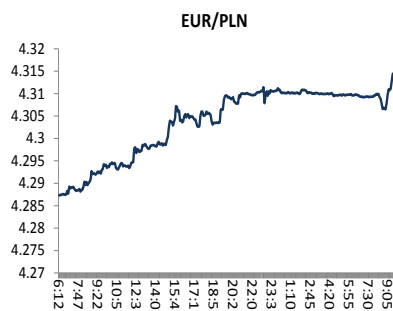
The yields on Poland's government bonds were 2bps down in 2-year sector, declined by 6bps in 5-year one and fell by 9bps in 10-year one after much weaker than expected Poland's manufacturing PMI for July.

Interest Rates

Today the O/N bid rate should be within a range of 1.20%-1.35%. Swap rates were 7-8bps down in 5-year and 10-year sectors.

Equities

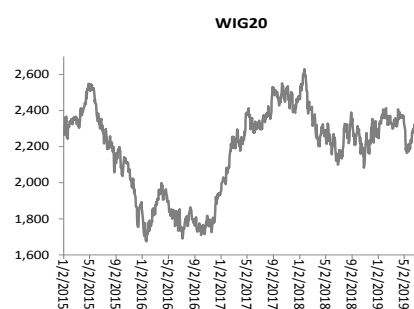
Yesterday the Dow Jones index fell by 1.05% and the S&P 500 index was 0.90% down. Today in the morning the FTSE 100 index was 1.67% down, the CAC 40 index was 2.45% down and the DAX index was 2.17% down. Today the Nikkei index decreased by 2.11%. Today in the morning the WIG20 index fell by 0.57% and the WIG index was 0.48% down. Bourses were negatively impacted by escalation of trade war between the US and China.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 2 August 2019 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.8892	3.8860	0.1%	SPOT	3.8887	3.8897	SPOT	4.3134	4.3144
EUR/PLN	4.3139	4.2931	0.5%	S/N	3.8891	3.8901	S/N	4.3138	4.3148
GBP/PLN	4.7137	4.7071	0.1%	1W	3.8891	3.8901	1W	4.3138	4.3148
CHF/PLN	3.9396	3.9058	0.9%	1M	3.8891	3.8901	1M	4.3138	4.3148
SEK/PLN	0.4024	0.4021	0.1%	2M	3.8891	3.8901	2M	4.3138	4.3148
NOK/PLN	0.4359	0.4379	-0.5%	3M	3.8891	3.8901	3M	4.3138	4.3148
DKK/PLN	0.5779	0.5749	0.5%	6M	3.8891	3.8901	6M	4.3138	4.3148
CAD/PLN	2.9400	2.9402	0.0%	12M	3.8891	3.8901	12M	4.3138	4.3148
CZK/PLN	0.1673	0.1670	0.1%						
				WIBOR			T-bills (mid)		
				O/N	Last fixing	1-day change		Today's opening	1-day change
EUR/USD	1.1092	1.1048	0.4%	1W	1.55 %	3 bp	1M		
USD/JPY	106.87	109.09	-2.0%	1M	1.59 %	2 bp	3M	%	bp
GBP/USD	1.2120	1.2113	0.1%	3M	1.64 %	0 bp	6M	%	bp
USD/CHF	0.9873	0.9949	-0.8%	6M	1.72 %	0 bp	9M	%	bp
EUR/JPY	118.54	120.51	-1.6%	9M	1.79 %	0 bp	12M	%	bp
EUR/GBP	0.9152	0.9120	0.3%	12M	1.81 %	0 bp			
USD/CAD	1.3229	1.3217	0.1%		1.86 %	0 bp			
				FRAs			T-Bonds (mid)		
				IRS (mid)	Today's opening	1-day change	2Y	Today's opening	1-day change
1X2	Last closing	1X7	1.79	2Y	1.75 %	-2 bp	5Y	1.53 %	-2 bp
2X3	1.64	3X9	1.79	5Y	1.78 %	-7 bp	10Y	1.85 %	-6 bp
1X4	1.72	6X12	1.79	10Y	1.97 %	-8 bp			
3X6	1.71			5Y-2Y	3 bp	-5 bp			
6X9	1.71			10Y-5Y	20 bp	0 bp			
9X12	1.70			10Y-2Y	23 bp	-5 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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