



Poland Daily

HEADLINES...

POL: MPC member Eryk Lon said that the NBP should start purchasing shares of most liquid companies in Warsaw Bourse as a part of its reserve management policy. According to Lon, NBP's reserves should be extended to the level above Poland's GDP – while currently official reserve assets amount to slightly above 20% of Poland's GDP. In his view, unconventional monetary policy in the form of purchases of shares may be useful channel of transmission of monetary policy in particular in the wake of economic slowdown or financial crisis. Stock purchases, in his view, may be conducted by company controlled by the NBP. He expressed a view that such policy would increase NBP profit and hence central budget revenues. He added that the central bank might be also purchasing stocks in primary market if market funding were difficult for listed companies. According to Lon, the NBP as shareholder may be also influencing strategy of listed companies, among other pertaining to employment policy. In our view, such far reaching change to NBP's mandate would require amending NBP bill and will substantially alter the role of the central bank in Poland's financial system and last but not least would likely increase risk of managing central bank's reserve assets.

THE DAY AHEAD...

POL: balance of payment (Jun)

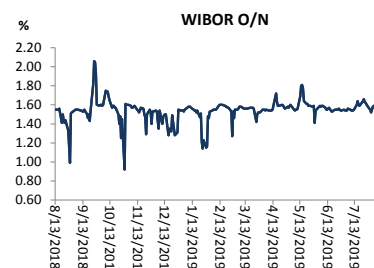
DEU: HICP (Jul), ZEW (Aug)

USA: Inflation (Jul), core inflation (Jul)

TODAY'S FOCUS:

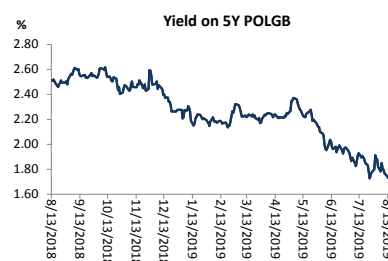
Today economic calendar contain Poland's balance of payments data for June and US and German inflation for July.

Figure 1: WIBOR O/N



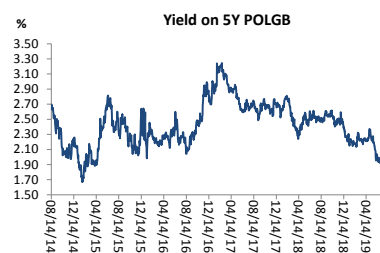
Source: Bloomberg

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	HICP (Jul)	(1.1%)	0.4% (1.1%)	0.4% (1.1%)
DEU	9:00	ZEW (Aug)		-43.6	
POL	12:00	Current account (Jun)	EUR130mn		-EUR10mn
POL	12:00	Trade balance (Jun)	-EUR350mn		EUR70mn
USA	12:30	Inflation (Jul)	0.3%		0.3% (1.7%)
USA	12:30	Core inflation (Jul)	0.1%		0.2% (2.1%)

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was unchanged versus the USD and was 0.2% weaker versus the EUR compared to the last NBP fixing. The zloty should be moving within a range of PLN4.3250-4.3470 per EUR today.

The EUR firmed by 0.1% versus the USD. The CHF remained under pressure to firm due to rise in risk aversion and likelihood of further interventions on the CHF and rate cut by the SNB increased.

Fixed Income

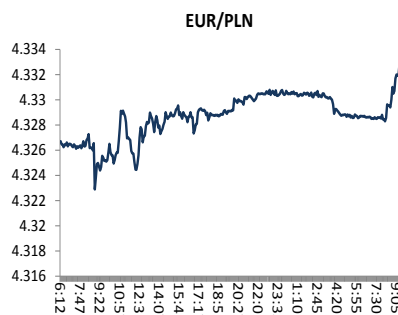
The yields on Poland's government bonds were 2-3bps down in 5-year and 10-year sectors, as NBP President Glapiński on Friday suggested that next move of the MPC might be rate cut.

Interest Rates

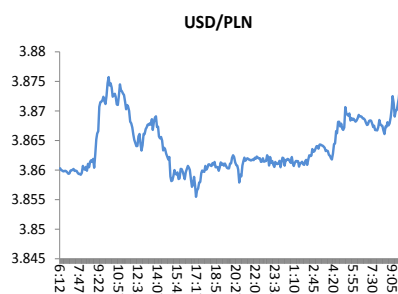
Today the O/N bid rate should be within a range of 1.30%-1.45%. Swap rates were falling following decline in yields on POLGBs.

Equities

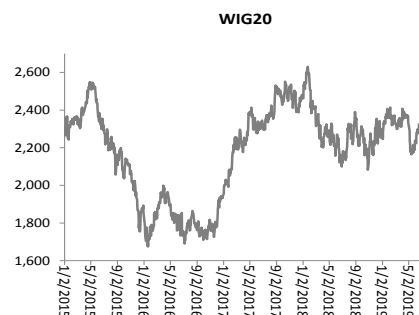
Yesterday the Dow Jones index fell by 1.48% and the S&P 500 index was 1.22% down. Today in the morning the FTSE 100 index was 0.12% down, the CAC 40 index was 0.18% down and the DAX index was 0.33% down. Today the Nikkei index decreased by 1.11%. Today in the morning the WIG20 index fell by 0.06% and the WIG index was 0.54% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 13 August 2019 (8:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN			
				forwards	bid	offer	forwards	bid	offer	
USD/PLN	3.8722	3.8711	0.0%	SPOT	3.8718	3.8726	SPOT	4.3327	4.3336	
EUR/PLN	4.3332	4.3262	0.2%	S/N	3.8722	3.8730	S/N	4.3331	4.3340	
GBP/PLN	4.6684	4.6704	0.0%	1W	3.8722	3.8730	1W	4.3331	4.3340	
CHF/PLN	3.9852	3.9746	0.3%	1M	3.8722	3.8730	1M	4.3331	4.3340	
SEK/PLN	0.4046	0.4036	0.2%	2M	3.8722	3.8730	2M	4.3331	4.3340	
NOK/PLN	0.4338	0.4331	0.2%	3M	3.8722	3.8730	3M	4.3331	4.3340	
DKK/PLN	0.5806	0.5796	0.2%	6M	3.8722	3.8730	6M	4.3331	4.3340	
CAD/PLN	2.9205	2.9247	-0.1%	12M	3.8722	3.8730	12M	4.3331	4.3340	
CZK/PLN	0.1677	0.1673	0.2%							
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change	
EUR/USD	1.1190	1.1176	0.1%	O/N	1.80 %	bp				
USD/JPY	105.26	105.28	0.0%	1W	1.65 %	bp				
GBP/USD	1.2056	1.2065	-0.1%	1M	1.64 %	bp	1M			
USD/CHF	0.9718	0.9740	-0.2%	3M	1.72 %	bp	3M	%	bp	
EUR/JPY	117.79	117.66	0.1%	6M	1.79 %	bp	6M	%	bp	
EUR/GBP	0.9282	0.9263	0.2%	9M	1.81 %	bp	9M	%	bp	
USD/CAD	1.3259	1.3236	0.2%	12M	1.86 %	bp	12M	%	bp	
				FRAs (mid)	Last closing		T-Bonds (mid)	Today's opening	1-day change	
				1X2	1.64	1X7	1.77	2Y	1.55 %	-1 bp
				2X3	1.62	3X9	1.75	5Y	1.73 %	-2 bp
				1X4	1.70	6X12	1.69	10Y	1.89 %	-3 bp
				3X6	1.68					
				6X9	1.63					
				9X12	1.58					
				IRS (mid)	Today's opening	1-day change				
				2Y	1.64 %	bp				
				5Y	1.60 %	bp				
				10Y	1.67 %	bp				
				5Y-2Y	-4 bp	bp				
				10Y-5Y	7 bp	bp				
				10Y-2Y	3 bp	bp				



Appendix 1

Important Disclosures

Additional information available upon request

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