



Poland Daily

HEADLINES...

POL: According to flash estimate in July Poland's inflation was flat m/m and rose by 2.9% y/y, much above market consensus view. In July food prices rose by 0.3% m/m and increased by 6.8% y/y what was the main reason for higher inflation. In July fuel prices fell by 1.6% m/m and were 0.7% up y/y while prices of energy were unchanged m/m and fell by 1.0% y/y. We expect inflation to stabilize above 3% in the coming months due to a decline in fuel prices. Food inflation should also decelerate in the summer, despite the fact that at least part of food inflation was related to start of holiday season in July.

THE DAY AHEAD...

POL: Inflation (Jul, flash)

FRA: HICP (Jul)

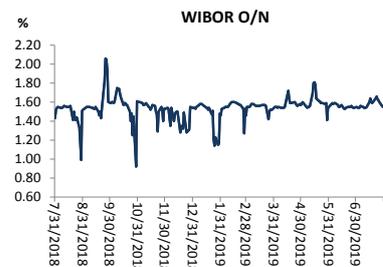
EMU: GDP (Q2), inflation (Jul)

USA: Change in ADP employment (Jul), FOMC decision

TODAY'S FOCUS:

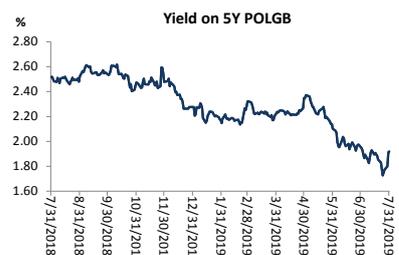
Today economic calendar contains flash CPI from Poland for July, Q2 GDP and inflation for July from euro-zone and US change in ADP employment for July. The main event this week will be US FOMC decision this evening (DB expects 25 bps cut in fed funds rate and adoption of an easing bias).

Figure 1: WIBOR O/N



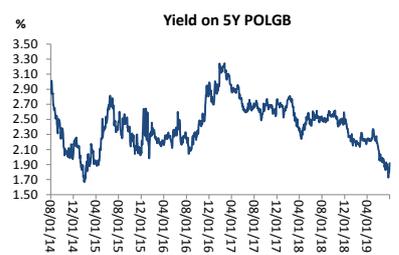
Source: Bloomberg

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
FRA	6:45	Inflation (Jul)		(1.1%)	(1.1%)
POL	8:00	Inflation (Jul, flash)	-0.1% (2.7%)	0.0% (2.9%)	-0.1% (2.6%)
EMU	9:00	GDP (Q2)	0.2% (1.0%)		0.2% (1.0%)
EMU	9:00	Inflation (Jul)	(1.1%)		(1.1%)
USA	13:45	Change in ADP employment (Jul)	150k		150k
USA	18:00	FOMC decision	2.25%		2.25%

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was unchanged 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 PLN4.2700-4.3050 per EUR today.

The EUR firmed versus the USD by 0.1% ahead of FOMC decision this evening. GBP stabilised versus the USD after sharp decline in recent days.

Fixed Income

The yields on Poland's government bonds were 2bps up in 5-year sector and increased by 4bps in the long end of the curve as market participants closed long positions in POLGBs.

Interest Rates

Today the O/N bid rate should be within a range of 1.20%-1.35%. Swap rates were 2-4bps up across the curve following a rise in yields on POLGBs.

Equities

Yesterday the Dow Jones index fell by 0.09% and the S&P 500 index was 0.26% down. Today in the morning the FTSE 100 index was 0.30% down, the CAC 40 index was 0.05% up and the DAX index was 0.17% up. Today the Nikkei index decreased by 0.86%. Today in the morning the WIG20 index rose by 0.23% and the WIG index was 0.10% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 31 July 2019 (7:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.8498	3.8493	0.0%	SPOT	3.8493	3.8503	SPOT	4.2941	4.2950
EUR/PLN	4.2946	4.2906	0.1%	S/N	3.8497	3.8507	S/N	4.2945	4.2954
GBP/PLN	4.6839	4.6846	0.0%	1W	3.8497	3.8507	1W	4.2945	4.2954
CHF/PLN	3.8864	3.8859	0.0%	1M	3.8497	3.8507	1M	4.2945	4.2954
SEK/PLN	0.4025	0.4031	-0.1%	2M	3.8497	3.8507	2M	4.2945	4.2954
NOK/PLN	0.4397	0.4412	-0.4%	3M	3.8497	3.8507	3M	4.2945	4.2954
DKK/PLN	0.5752	0.5747	0.1%	6M	3.8497	3.8507	6M	4.2945	4.2954
CAD/PLN	2.9291	2.9217	0.3%	12M	3.8497	3.8507	12M	4.2945	4.2954
CZK/PLN	0.1674	0.1672	0.1%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1155	1.1146	0.1%	O/N	1.55 %	-1 bp			
USD/JPY	108.55	108.58	0.0%	1W	1.58 %	0 bp			
GBP/USD	1.2166	1.2170	0.0%	1M	1.64 %	0 bp	1M		
USD/CHF	0.9905	0.9906	0.0%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	121.09	121.03	0.0%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.9169	0.9159	0.1%	9M	1.81 %	0 bp	9M	%	bp
USD/CAD	1.3144	1.3175	-0.2%	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	1.77 %	2 bp	2Y	1.54 %	0 bp
2X3	1.64	3X9	1.79	5Y	1.85 %	3 bp	5Y	1.91 %	2 bp
1X4	1.72	6X12	1.78	10Y	2.05 %	4 bp	10Y	2.21 %	4 bp
3X6	1.72			5Y-2Y	8 bp	1 bp			
6X9	1.72			10Y-5Y	20 bp	1 bp			
9X12	1.70			10Y-2Y	28 bp	2 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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