Deutsche Bank Polska S.A.

Poland

Market Commentary

Poland Daily

HEADLINES...

POL: In June there was a small surplus of EUR21mn in the current account. Trade deficit was –EUR77mn as exports fell by 1.6% y/y to EUR18.07bn and imports declined by 3.1% y/y to EUR18.15bn. A decline in trade flows in June correlated with weaker activity in manufacturing and declines in manufacturing PMIs in Poland and euro-zone. In June services account was strongly positive at EUR2.1bn (services' exports increased by 3.2% y/y to EUR5.1bn while services' imports rose by 1.2% y/y to EUR3.0bn). Primary income account was strongly negative (-EUR1.9bn) and secondary income account was –EUR99mn in June.

THE DAY AHEAD...

POL: GDP (Q2), inflation (Jul) EMU: GDP (Q2), industrial production (Jun) DEU: GDP (Q2)

TODAY'S FOCUS:

Today economic calendar contains flash Q2 GDP and final inflation for July from Poland. On a foreign side German Q2 GDP and euro-zone Q2 GDP and industrial production for June will draw investors' attention.

Date

14 August 2019

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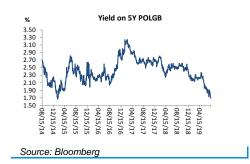
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Source: Bloomberg

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



DIARY (Today)

Country DEU	GMT 6:00	Release GDP (Q2)	DB Expected (0.1%)	Actual -0.1% (0.4%)	Consensus -0.1% (0.1%)
POL	8:00	GDP (Q2)	0.9% (4.5%)	0.8% (4.4%)	0.9% (4.5%)
POL	8:00	Inflation (Jul)	0.0% (2.9%)	0.0% (2.9%)	0.0% (2.9%)
EMU	9:00	GDP (Q2)	0.2% (1.1%)	0.2% (1.1%)	0.2% (1.1%)
EMU	9:00	Industrial production (Jun)	(-1.5%)	-1.6% (-2.6%)	(-1.5%)

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.4% weaker versus the USD and was 0.3% weaker versus the EUR compared to the last NBP fixing. The zloty weakened on fears of recession in Germany and after weaker foreign trade flows in Poland in June. The zloty should be moving within a range of PLN4.3250-4.3570 per EUR today.

The USD firmed by 0.1% versus the euro after US government informed that 10% tariff hike on Chinese imports worth ISD150bn would be delayed until December 15. A 10% hike in tariffs on remaining imports worth USD100bn will take place on September 1, as previously announced.

Fixed Income

The yields on Poland's government bonds were 4bps down in 2-year and 5-year sectors and fell by 7bps in the long end of the curve on signals that Poland's economy started to feel impact of economic slowdown in Germany.

Interest Rates

Today the O/N bid rate should be within a range of 1.20%-1.35%. Swap rates were 3bps down in 2-year sector and decreased by 6bps in 5-year and 10-year sectors.

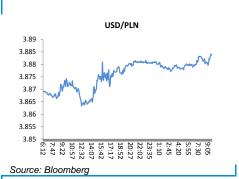
Equities

Yesterday the Dow Jones index rose by 1.44% and the S&P 500 index was 1.50% up. Today in the morning the FTSE 100 index was 0.13% down, the CAC 40 index was 0.58% down and the DAX index was 0.52% down. Today the Nikkei index increased by 0,98%. Today in the morning the WIG20 index fell by 1.13% and the WIG index was 0.89% down.

Polish local market data 14 August 2019 (8:00 GMT)

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Currency				USD/PLN			EUR/PLN		
(mid)	Today	Last fixing	Change	forwards	bid	offer	forwards	bid	offer
USD/PLN	3.8879	3.8714	0.4%	SPOT	3.8874	3.8883	SPOT	4.3455	4.3463
EUR/PLN	4.3459	4.3327	0.3%	S/N	3.8878	3.8887	S/N	4.3459	4.3467
GBP/PLN	4.6923	4.6714	0.4%	1W	3.8878	3.8887	1W	4.3459	4.3467
CHF/PLN	3.9920	3.9857	0.2%	1 M	3.8878	3.8887	1M	4.3459	4.3467
SEK/PLN	0.4065	0.4046	0.5%	2M	3.8878	3.8887	2M	4.3459	4.3467
NOK/PLN	0.4370	0.4335	0.8%	3M	3.8878	3.8887	3M	4.3459	4.3467
DKK/PLN	0.5824	0.5805	0.3%	6M	3.8878	3.8887	6M	4.3459	4.3467
CAD/PLN	2.9355	2.9207	0.5%	12M	3.8878	3.8887	12M	4.3459	4.3467
CZK/PLN	0.1682	0.1677	0.3%						
						1-day	T-bills	Today's	1-day
				WIBOR	Last fixing	change	(mid)	opening	change
EUR/USD	1.1178	1.1192	-0.1%	O/N	1.68 %	-12 bp			
USD/JPY	106.45	105.30	1.1%	1W	1.61 %	-4 bp			
GBP/USD	1.2067	1.2066	0.0%	1 M	1.64 %	0 bp	1 M		
USD/CHF	0.9740	0.9713	0.3%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	118.97	117.85	0.9%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.9261	0.9275	-0.1%	9M	1.81 %	0 bp	9M	%	bp
USD/CAD	1.3245	1.3255	-0.1%	12M	1.85 %	-1 bp	12M	%	bp
FRAs	Last				Today's	1-day	T-Bonds	Today's	1-day
(mid)	closing			IRS (mid)	opening	change	(mid)	opening	change
1X2	1.65	1X7	1.77	2Y	1.61 %	-3 bp	2Y	1.51 %	-4 bp
2X3	1.62	3X9	1.73	5Y	1.55 %	-6 bp	5Y	1.69 %	-4 bp
1X4	1.70	6X12	1.66	10Y	1.61 %	-6 bp	10Y	1.82 %	-7 bp
3X6	1.67			5Y-2Y	-6 bp	-2 bp			
6X9	1.61			10Y-5Y	7 bp	0 bp			
9X12	1.56			10Y-2Y	1 bp	-2 bp			











Appendix 1

Important Disclosures

Additional information available upon request

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