



Poland Daily

HEADLINES...

POL: According to preliminary GUS data, GDP growth in Q2 amounted to 0.8% q/q (seasonally adjusted) and 4.4% y/y (not adjusted seasonally). Q2 GDP growth was slightly below market consensus view but still is robust – real GDP growth in 1H2019 was about 4.5%. We estimate that GDP growth in 2019 will amount to 4.1%-4.2% due to weaker trade flows and softer investment cycle.

POL: The GUS confirmed inflation for July at 0.0% m/m and 2.9% y/y. In July the main factor rising inflation were food prices (up 6.8% y/y) and seasonal increase in prices of recreation and culture (up 3.0% y/y) that increased monthly inflation by 0.08 perc. points each (0.16 p.p. in total). Significant inflationary factors were rise in costs of housing and energy (up 2.0% y/y), rise in prices of healthcare (up 3.7% y/y) and hotels and restaurants (up 4.4% y/y) that contributed respectively 0.07 p.p. , 0.03 p.p. and 0.03 p.p. to monthly inflation. The main factors reducing inflation were fall in prices of shoes and clothing (down 1.5% y/y) and modest rise in transport prices (up 0.3% y/y) what reduced monthly CPI by 0.17 p.p. and 0.11 p.p. respectively.

THE DAY AHEAD...

POL: Core inflation (Jul)

EMU: Trade balance (Jun)

USA: Housing starts (Jul), consumer sentiment (Aug)

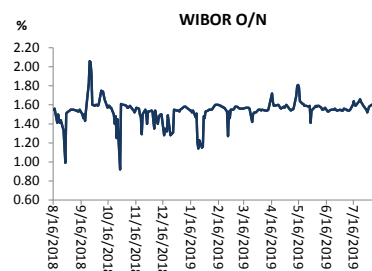
TODAY'S FOCUS:

Today economic calendar contains core inflation from Poland for July, euro-zone trade balance for June and US housing starts for July and consumer sentiment for August.

DIARY (Today)

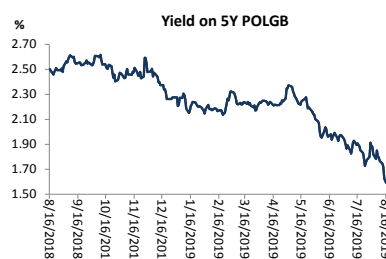
Country	GMT	Release	DB Expected	Actual	Consensus
EMU	9:00	Trade balance (Jun)		EUR17.9bn	EUR18.5bn
POL	12:00	Core inflation (Jul)	0.0% (2.0%)		0.1% (2.1%)
USA	12:30	Housing starts (Jul)	0.6%		0.2%
USA	14:00	Univ. of Michigan Consumer Sentiment (Aug)	96.9		97.0

Figure 1: WIBOR O/N



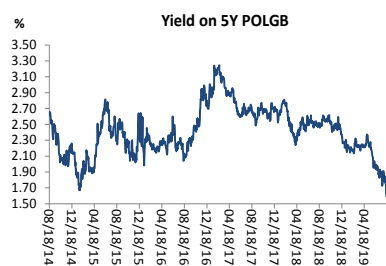
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

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



Source: Bloomberg



Foreign Exchange

Today in the morning the zloty was 1.1% weaker versus the USD and was 0.3% weaker versus the EUR compared to the last NBP fixing. The zloty should be moving within a wide range of PLN4.3350-4.3800 per EUR today.

The EUR weakened for a fourth day in a row versus the USD as ECB Olli Rehn said the ECB ought to deliver big stimulus package to revive euro-zone economy.

The GBP firmed on news that Labour Party wants non-confidence vote for PM Johnson in September in order to create temporary government to avoid no-deal Brexit.

Fixed Income

The yields on Poland's government bonds were 3bps down in 5-year and 10-year sectors and was table in the short end of the curve.

Interest Rates

Today the O/N bid rate should be within a range of 1.20%-1.35%. Swap rates were 3bps down in 5-year and 10-year sectors following decline in yields on Poland's government bonds.

Equities

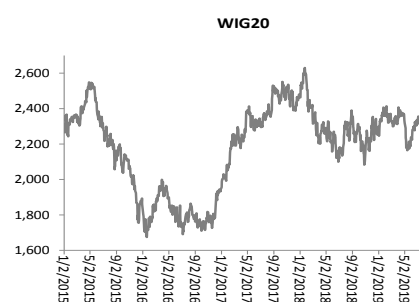
Yesterday the Dow Jones index rose by 0.39% and the S&P 500 index was 0.25% up. Today in the morning the FTSE 100 index was unchanged, the CAC 40 index was 0.78% up and the DAX index was 0.84% up. Today the Nikkei index increased by 0,06%. Today in the morning the WIG20 index rose by 0.56% and the WIG index was 0.33% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Polish local market data 16 August 2019 (8:00 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN forwards			EUR/PLN forwards		
				bid	offer	SPOT	bid	offer	
USD/PLN	3.9322	3.8890	1.1%	SPOT	3.9316	3.9328	SPOT	4.3579	4.3591
EUR/PLN	4.3585	4.3463	0.3%	S/N	3.9320	3.9332	S/N	4.3583	4.3595
GBP/PLN	4.7653	4.6926	1.5%	1W	3.9320	3.9332	1W	4.3583	4.3595
CHF/PLN	4.0162	3.9924	0.6%	1M	3.9320	3.9332	1M	4.3583	4.3595
SEK/PLN	0.4058	0.4066	-0.2%	2M	3.9320	3.9332	2M	4.3583	4.3595
NOK/PLN	0.4351	0.4371	-0.5%	3M	3.9320	3.9332	3M	4.3583	4.3595
DKK/PLN	0.5842	0.5824	0.3%	6M	3.9320	3.9332	6M	4.3583	4.3595
CAD/PLN	2.9552	2.9368	0.6%	12M	3.9320	3.9332	12M	4.3583	4.3595
CZK/PLN	0.1687	0.1683	0.2%						
				WIBOR			T-bills (mid)		
				Last fixing	1-day change		Today's opening	1-day change	
EUR/USD	1.1084	1.1176	-0.8%	O/N	1.68 %	bp			
USD/JPY	106.17	106.44	-0.3%	1W	1.61 %	bp			
GBP/USD	1.2120	1.2066	0.4%	1M	1.64 %	bp			
USD/CHF	0.9789	0.9741	0.5%	3M	1.72 %	bp			
EUR/JPY	117.68	118.96	-1.1%	6M	1.79 %	bp			
EUR/GBP	0.9145	0.9262	-1.3%	9M	1.81 %	bp			
USD/CAD	1.3306	1.3242	0.5%	12M	1.85 %	bp			
FRAs (mid)				IRS (mid)			T-Bonds (mid)		
Last closing				Today's opening	1-day change		Today's opening	1-day change	
1X2	1.64	1X7	1.78	2Y	1.55 %	bp	2Y	1.49 %	0 bp
2X3	1.64	3X9	1.73	5Y	1.44 %	bp	5Y	1.59 %	-3 bp
1X4	1.71	6X12	1.64	10Y	1.48 %	bp	10Y	1.73 %	-3 bp
3X6	1.67			5Y-2Y	-11 bp	bp			
6X9	1.60			10Y-5Y	5 bp	bp			
9X12	1.51			10Y-2Y	-6 bp	bp			



Appendix 1

Important Disclosures

Additional information available upon request

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