



Poland Daily

HEADLINES...

POL: In December 2019 core inflation (ex food and energy) amounted to 0.6% m/m and rose to 3.1% y/y from 2.6% y/y in November. An increase in core inflation stemmed mainly from a rise in prices of services that rose due to increasing wages. An increase in core inflation will be a factor supporting hawkish wing in the Monetary Policy Council. The NBP considers current rise in inflation and core inflation as transitory and a change of the current neutral stance of the MPC is unlikely in the coming months. Necessary condition for a change in central bank's stance will be persistency of high inflation in the second half of this year.

THE DAY AHEAD...

EMU: Inflation (Dec), Core inflation (Dec)

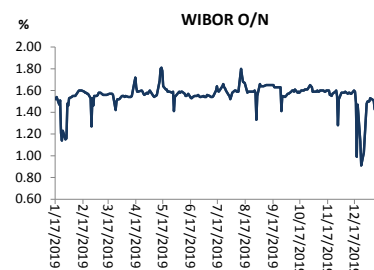
UK: Retail sales (Dec)

USA: Industrial production (Dec)

TODAY'S FOCUS:

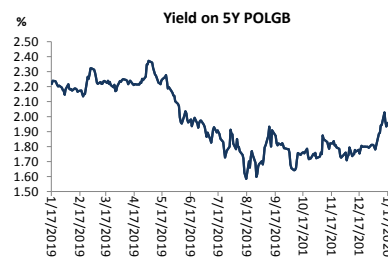
Today economic calendar contains core inflation for December from euro-zone, retail sales for December from the UK and US industrial production for December.

Figure 1: WIBOR O/N



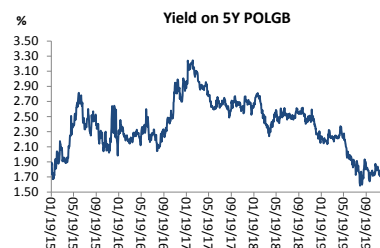
Source: Bloomberg

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
UK	9:30	Retail sales (Dec)			0.6% (2.7%)
EMU	10:00	Inflation (Dec)	(1.3%)		0.3% (1.3%)
EMU	10:00	Core inflation (Dec)	(1.3%)		(1.3%)
USA	13:30	Industrial production (Dec)	-0.3%		-0.2%

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.2% weaker versus the USD and was unchanged versus the EUR compared to the yesterday's NBP fixing. The zloty should be moving today within a range of PLN4.2250-4.2500 per EUR.

The USD firmed by 0.2% versus the EUR after better than expected US retail sales for December.

Fixed Income

The yields on Poland's government bonds were 1-2bps up in all tenors.

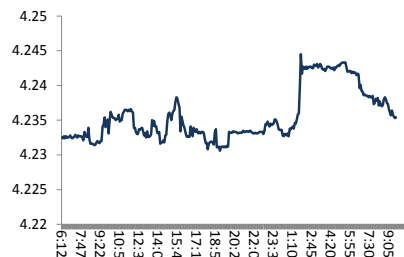
Interest Rates

Today the O/N bid rate should be within a range of 0.80%-1.00%. Swap rates were 2-3 bps up across the curve.

Equities

Yesterday the Dow Jones index closed 0.92% up and the S&P 500 index was 0.84% up. Today in the morning the FTSE 100 index was 0.52% up, the CAC 40 index was 0.90% up and the DAX index was 0.81% up. The Nikkei index closed 0.45% up. Today in the morning the WIG20 index was 0.77% down and the WIG index was 0.56% down.

EUR/PLN



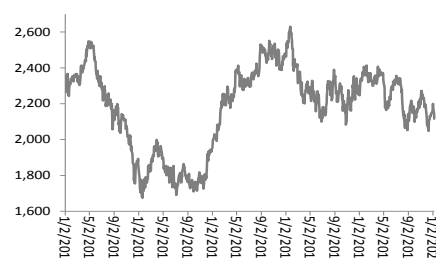
Source: Bloomberg

USD/PLN



Source: Bloomberg

WIG20



Source: Bloomberg

Polish local market data 17 January 2020 (8:30 GMT)

Currency (mid)	Today	Last fixing	Change	USD/PLN forwards	bid	offer	EUR/PLN forwards	bid	offer
USD/PLN	3.8028	3.7968	0.2%	SPOT	3.8022	3.8034	SPOT	4.2341	4.2354
EUR/PLN	4.2348	4.2348	0.0%	S/N	3.8022	3.8034	S/N	4.2343	4.2356
GBP/PLN	4.9743	4.9562	0.4%	1W	3.8020	3.8033	1W	4.2356	4.2370
CHF/PLN	3.9400	3.9421	-0.1%	1M	3.8013	3.8027	1M	4.2411	4.2426
SEK/PLN	0.4009	0.4012	-0.1%	2M	3.8006	3.8021	2M	4.2484	4.2501
NOK/PLN	0.4258	0.4284	-0.6%	3M	3.8002	3.8017	3M	4.2558	4.2576
DKK/PLN	0.5667	0.5667	0.0%	6M	3.7996	3.8015	6M	4.2790	4.2812
CAD/PLN	2.9167	2.9128	0.1%	12M	3.8007	3.8040	12M	4.3274	4.3318
CZK/PLN	0.1683	0.1686	-0.2%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1136	1.1154	-0.2%	O/N	1.30 %	9 bp			
USD/JPY	110.21	110.00	0.2%	1W	1.54 %	0 bp			
GBP/USD	1.3081	1.3054	0.2%	1M	1.63 %	0 bp	1M		
USD/CHF	0.9651	0.9631	0.2%	3M	1.71 %	0 bp	3M	%	bp
EUR/JPY	122.73	122.69	0.0%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.8513	0.8544	-0.4%	9M	1.80 %	0 bp	9M	%	bp
USD/CAD	1.3039	1.3035	0.0%	12M	1.84 %	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	1.63	1X7	1.80	2Y	1.88 %	2 bp	2Y	1.56 %	1 bp
2X3	1.63	3X9	1.81	5Y	1.97 %	3 bp	5Y	1.96 %	2 bp
1X4	1.71	6X12	1.84	10Y	2.03 %	2 bp	10Y	2.27 %	2 bp
3X6	1.72			5Y-2Y	10 bp	1 bp			
6X9	1.76			10Y-5Y	5 bp	-1 bp			
9X12	1.77			10Y-2Y	15 bp	0 bp			



Appendix 1

Important Disclosures

Additional information available upon request

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