



Poland Daily

HEADLINES...

POL: At yesterday's meeting the MPC cut the main reference rate by 50bps to 1.00%, cut Lombard rate by 100bps to 1.50% and cut re-discount rate by 70bps to 1.05% and kept the deposit rate unchanged at 0.50%. The MPC reduced mandatory reserve rate to 0.50% from 3.50% and increased interest paid on mandatory reserves to the level of reference rate (from previous 0.50%). The MPC still has a room to cut interest rates by 50 bps or even by 75bps but in the current environment much bigger impact on economy will have fiscal stimulus, in particular aimed at increasing liquidity of companies and households and boosting bank lending.

POL: Today at 10:00 CET President Duda met with government to discuss details of fiscal help programme for economy. We expect the government except from starting an ad-hoc help measures to implement fiscal programme that would be complementary to central bank liquidity measures.

THE DAY AHEAD...

POL: government fiscal package, average wage (Feb), average employment (Feb)
 EMU: Inflation (Feb), core inflation (Feb)

TODAY'S FOCUS:

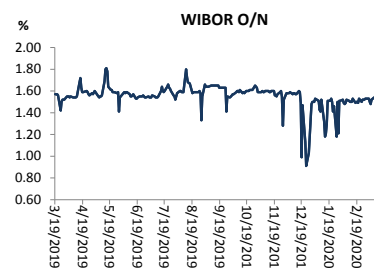
Today economic calendar contains average wage and average employment for February from Poland and CPI and core CPI for February from euro-zone. Market participants will be focusing on government's fiscal expansion plan.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
POL	9:00	Average wage (Feb)	(6.7%)	0.9% (7.7%)	0.2% (7.0%)
POL	9:00	Average employment (Feb)	(1.0%)	0.1% (1.1%)	0.1% (1.1%)
EMU	10:00	Inflation (Feb)	0.2% (1.2%)		0.2% (1.2%)
EMU	10:00	Core inflation (Feb)	(1.2%)		(1.2%)

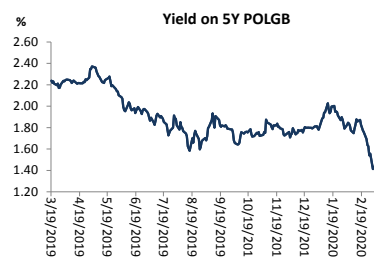
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



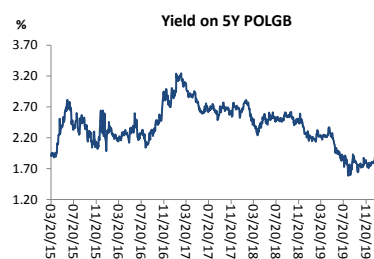
Source: Bloomberg

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 0.8% weaker versus the USD and was 0.3% firmer versus the EUR compared to the yesterday's NBP fixing. The zloty was 0.1% firmer versus the CHF and firmed by 0.5% versus the GBP. The zloty should be moving today within a wide range of PLN4.4000-4.5000 per EUR.

The USD firmed by 1.1% versus the EUR as President Trump announced USD1.2trillion fiscal stimulus plan for the US economy.

Fixed Income

The yields on Poland's government bonds were 33bps down in 2-year sector and rose by 26bps and 33bps respectively in 5-year and 10-year as the NBP cut interest rates yesterday.

Interest Rates

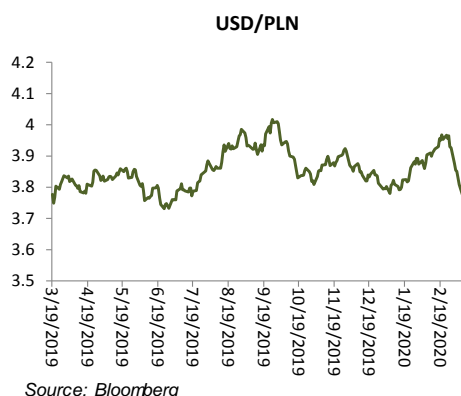
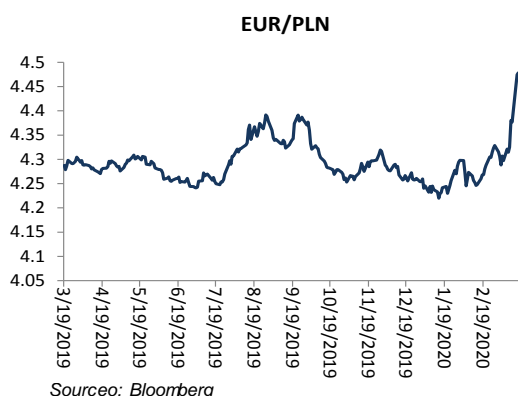
Today the O/N bid rate should be within a range of 0.70%-0.90%. Swap rates were 32bps down in 2-year sector and fell by 18bps in 5-year one and declined by 8bps in 10-year sector.

Equities

Yesterday the Dow Jones index closed 5.20% up and the S&P 500 index was 6.00% up as President Trump announced huge fiscal plan for the US economy. Today in the morning the FTSE 100 index was 4.42% down, the CAC 40 index was 3.62% down and the DAX index was 4.36% down. The Nikkei index closed 1.68% down. Today in the morning the WIG20 index was 1.56% up and the WIG index was 2.10% up.



Medium term FX trends:





Appendix 1

Important Disclosures

Additional information available upon request

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