



Poland Daily

HEADLINES:

POL: In August flash inflation was -0.1% m/m and 2.9% y/y. A decline in inflation in August resulted from a seasonal fall in food prices (down 1.1% m/m, up 3.0% y/y) and decline in prices of fuels (down 12.3% m/m, up 3.3% y/y). Energy prices were 0.1% up m/m and 4.5% up y/y in August.

EMU: Manufacturing PMI in euro-zone was confirmed at 51.7pts in August.

DEU: Manufacturing PMI in Germany was revised down by 0.8pts to 52.2pts in August.

USA: Markit manufacturing PMI fell by 0.5pts to 53.8pts in August.

USA: Manufacturing ISM increased by 1.8pts to 56.0pts in August, above market.

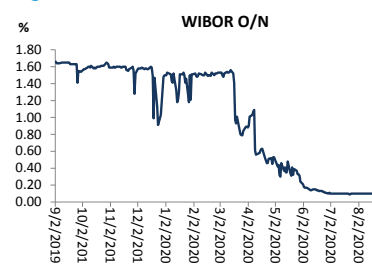
THE DAY AHEAD...

USA: ADP employment change (Aug), factory orders (Jul), durable goods orders (Jul, final).

TODAY'S FOCUS:

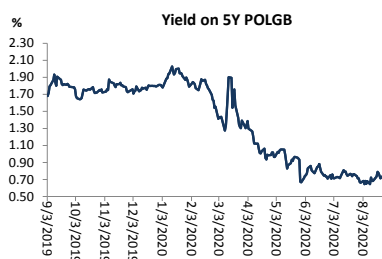
Today economic calendar contains US ADP employment for August, final durable goods orders for July and factory orders for July from the US.

Figure 1: WIBOR O/N



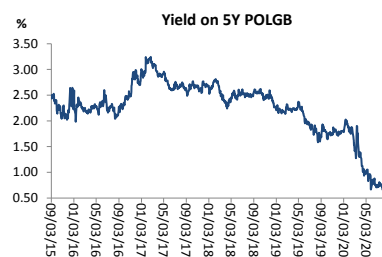
Source: Bloomberg

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
DEU	6:00	Retail sales (Jul)		-0.9% (4.2%)	0.5% (4.1%)
HUN	7:00	PPI (Jul)		0.7% (3.4%)	
USA	12:15	Change in employment ADP (Aug)	1200k		1000k
USA	14:00	Factory orders (Jul)	10.4%		6.1%
USA	14:00	Durable goods orders (Jul)	11.2%		11.2%

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty weakened by 1.3% versus the USD and was 0.4% weaker versus the EUR compared to the previous NBP fixing. The zloty weakened as verbal intervention of the ECB firmed the USD. Today the zloty should be moving within a range of PLN4.3850-4.4200 per EUR.

The USD firmed by 0.9% versus the EUR as ECB Chief Economist Philip Lane said that while exchange rate is not directly targeted by the ECB, exchange rate level mattered for monetary policy. This verbal intervention ended weakening trend in the USD that was initiated by announcement of inflation averaging by the Fed.

Fixed Income

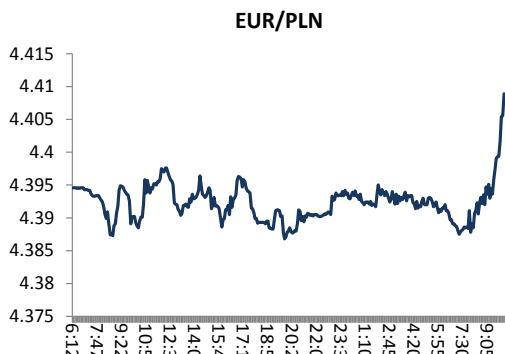
The yields on Poland's government bonds were 2bps down in 5-year sector and were unchanged elsewhere.

Interest Rates

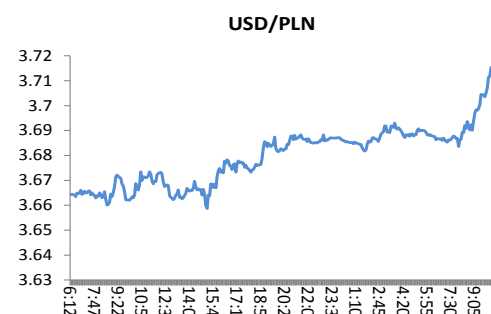
Today the O/N bid rate should be within a range of 0.00%-0.05%. Swap rates were practically unchanged across the curve.

Equities

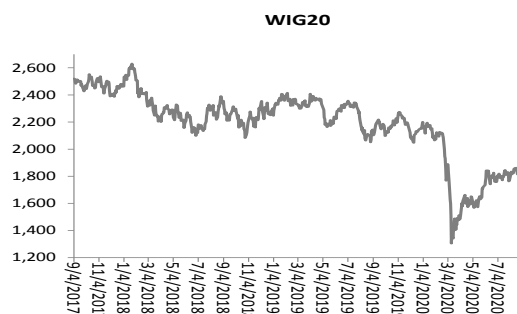
Yesterday the Dow Jones index was 0.76% up and the S&P 500 index was 0.75% up, reaching fresh all-time high. Today in the morning the FTSE 100 index was 1.68% down, the CAC 40 index was 2.15% up and the DAX index was 1.98% up. The Nikkei index increased by 0.47%. Today in the morning the WIG index was 0.85% up and the WIG20 index was 0.92% up.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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