



Poland Daily

HEADLINES:

POL: Manufacturing PMI fell to 56.0 from 57.6 in July, still pointing to expansion in Poland's industry. In August the pace of growth in output, new orders and purchasing activity decelerated but were still at high levels and companies continued to hire employees. In August inflow of new export orders was accelerating and output has been increasing for a 7th month in a row, but growth in output was the smallest in 4 months and still lagged behind new orders what still resulted in increase in backlogs. In August cost pressures and finished goods inflation, despite some deceleration, were still high. Producers are still very optimistic concerning production in 12-month horizon but business optimism was the smallest in 4 months. PMI data suggest that good business conditions will continue within next months, but a period of rapid recovery as economies opened slowly transforms into stable and robust growth.

THE DAY AHEAD...

POL: PMI manufacturing (Aug)

HUN: GDP (Q2)

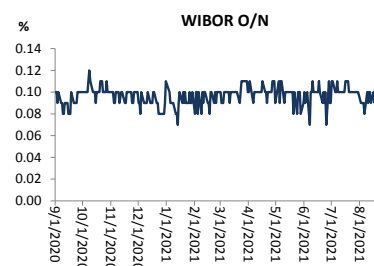
DEU: PMI manufacturing (Aug)

USA: ADP employment (Aug), ISM manufacturing (Aug)

TODAY'S FOCUS:

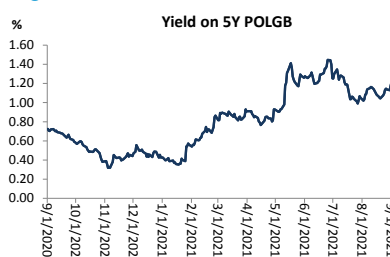
Today economic calendar contains series of PMIs from Europe for August and USD manufacturing ISM and ADP employment report for August.

Figure 1: WIBOR O/N



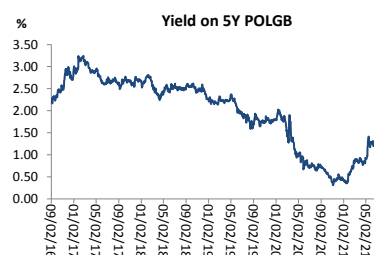
Source: Bloomberg

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
POL	7:00	PMI manufacturing (Aug)	57.1	56.0	56.7
HUN	7:00	GDP (Q2)		2.7% (17.9%)	(17.9%)
DEU	7:55	PMI manufacturing (Aug)		62.6	62.7
USA	12:15	ADP employment change (Aug)	550k		638k
USA	14:00	ISM manufacturing (Aug)	59.7		58.5

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.1% firmer versus the USD and was 0.1% firmer versus the EUR compared to today's NBP fixing. The zloty firmed continued to firm as much higher than expected inflation for August fuelled expectations that the NBP will hike interest rates in November. The zloty should be moving within a range of 4.5050-4.5400 PLN per EUR today.

The USD remained relatively steady after release of European PMIs.

Fixed Income

The yields on Poland's government bonds rose by 4-5bps in 2-year and 5-year sectors and rose by 8bps in 10-year one as inflation for August was much above market consensus view.

Interest Rates

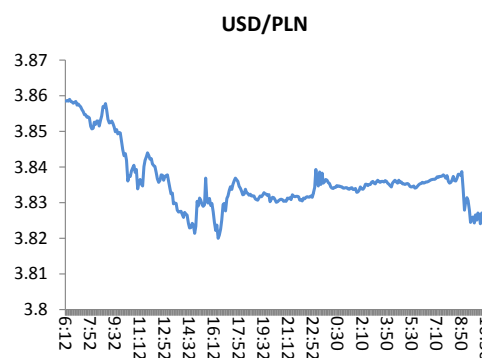
Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were 5-6bps up in 2-year and 5-year tenors.

Equities

Yesterday the Dow Jones index closed 0.11% down and the S&P 500 index fell by 0.13%. Today in the morning the FTSE 100 index was 0.84% up, the CAC 40 index was 1.11% up and the DAX index was 0.45% up. The Nikkei index closed 1.29% up today. Today in the morning the WIG index was 0.28% up and the WIG20 index was 0.41% up.



Source: Bloomberg



Source: Bloomberg

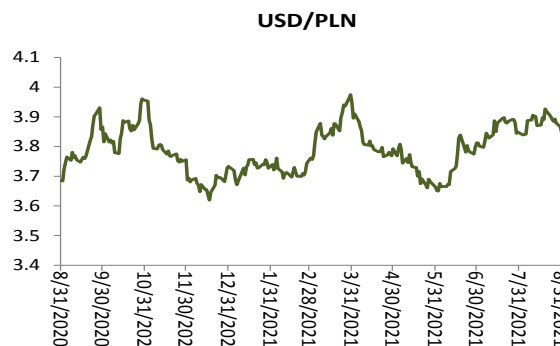


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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