



Poland Daily

HEADLINES:

POL: Yesterday at press conference PM Mateusz Morawiecki said that Poland would do everything in its communications and actions to make the zloty slightly stronger. While the first part of the statement suggested government's determination to take action the second part of the statement suggested the goal was only a slight firming of the currency and weakened the message to market participants.

POL: In October nominal retail sales rose by 5.4% m/m and increased by 14.4% y/y. Real retail sales rose by 3.6% m/m and were 6.9% u/y. Particularly strong growth in real retail sales was reported in footwear and clothing (up 29.3% y/y) and other retail sales (including via Internet) by 13.2% y/y.

THE DAY AHEAD...

POL: Construction output (Oct), retail sales (Oct)

DEU: PMI (Nov, P)

EMU: PMI (Nov, P)

USA: PMI (Nov, P)

TODAY'S FOCUS:

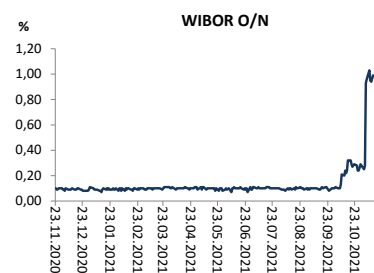
Today economic calendar contains on a domestic side retail sales and construction output for October. On a foreign side preliminary PMIs from Europe and US are in schedule.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
POL	9:00	Construction output (Oct)	(3.7%)	(4.2%)	(3.4%)
POL	9:00	Retail sales (Oct)	(12.0%)	(14.4%)	(12.5%)
POL	9:00	Realna retail sales (Oct)	(6.0%)	(6.9%)	(6.3%)

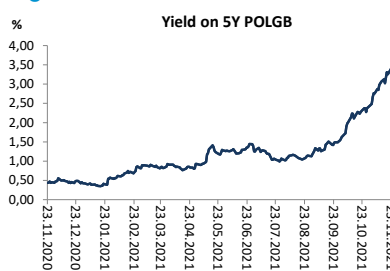
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



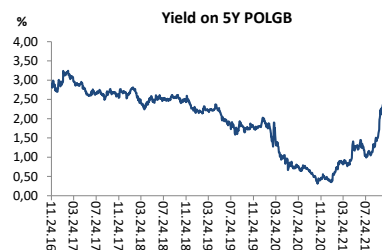
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

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



Source: Bloomberg



Foreign Exchange

Yesterday the zloty weakened to PLN4.7227 per EUR, the weakest level in 12 years. After verbal intervention of PM Mateusz Morawiecki the zloty temporarily firmed to PLN4.6837 per EUR. Today in the morning the EUR/PLN exchange rate was at 4.71. Today in the morning the zloty was 0.1% firmer versus the USD and was 0.2% firmer versus the EUR compared to previous NBP fixing. The zloty firmed by 0.4% versus the CHF to PLN4.49 per CHF. The zloty should be moving within a range of 4.6900-4.7250 PLN per EUR today.

The USD firmed by 0.1% versus the EUR as Fed's Chairman Jerome Powell was selected for the second term what increased expectations of rate hike in the US.

Fixed Income

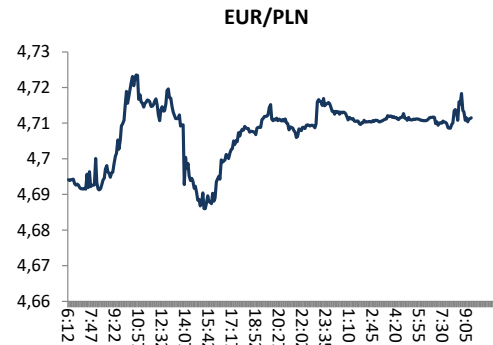
The yields on Poland's government bonds rose by 3bps in 2-year sector and rose by 6bps in 5-year and 10-year ones as the zloty remained very weak.

Interest Rates

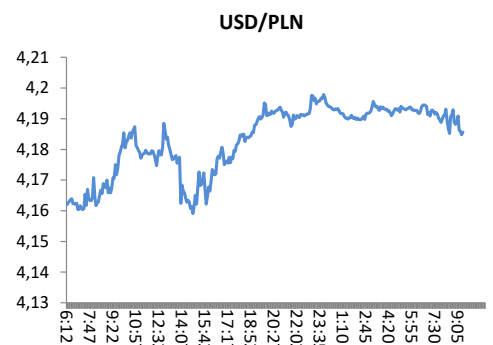
Today the O/N bid rate should be within a range of 0.75% - 1.05%. Swap rates were 1-2bps up in all tenors.

Equities

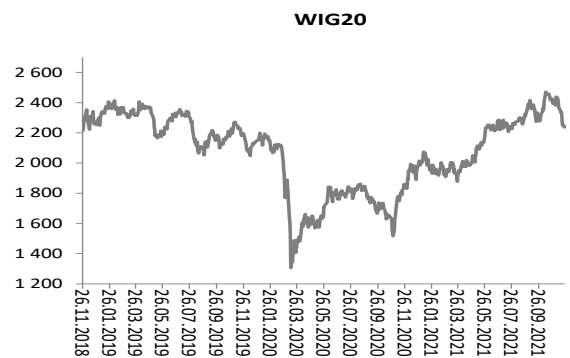
Yesterday the Dow Jones index closed 0.05% up and the S&P 500 index fell by 0.32%. Today in the morning the FTSE 100 index was 0.59% down, the CAC 40 index was 1.29% down and the DAX index was 131% down. The Nikkei index closed 0.09% up. Today in the morning the WIG index was 0.54% down and the WIG20 index was 0.45% down.



Source: Bloomberg

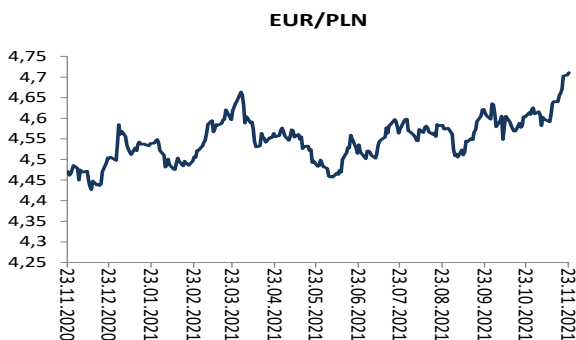


Source: Bloomberg

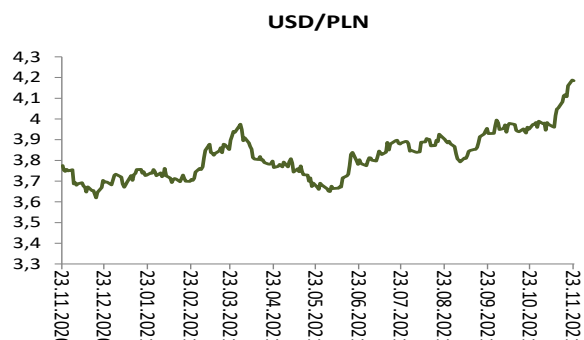


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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