



Poland Daily

HEADLINES:

POL: Yesterday Senate appointed two MPC members: Ludwik Kotecki and Przemyslaw Litwiniuk. Ludwik Kotecki, former undersecretary and secretary of state in Finance Ministry and Plenipotentiary for euro adoption in Donald Tusk government in 2008-2012, former Chairman of the Board of Banking Guarantee Fund (BFG) in 2012-2015 and Poland's representative in the IMF (2015-2017), has hawkish bias in monetary policy and during hearing in Senate expressed a view that NBP was late in starting tightening cycle. Przemyslaw Litwiniuk, a lawyer, former local government official and professor of constitutional law and European Law, a PSL-nominated Chairman of Lubelskie regional assembly in 2014-2018 said he was a proponent of central bank independency but at the same time said he was in favour of central bank co-operation with government and co-ordination of monetary and fiscal policies. Newly appointed MPC members will replace Eugeniusz Gatnar and Jerzy Kropiwnicki on January 25, and will be present at MPC meeting on February 8. In our view, distribution of votes within the MPC will not change, as Ludwik Kotecki will replace hawkish Gatnar and Przemyslaw Liwtinuk will replace Kropiwnicki whose view were more neutral. We maintain our view of 50bps hike in February.

Also yesterday the Sejm proposed two candidates to the MPC: Elzbieta Ostrowska (professor at Faculty of Management, Gdansk University) and Wieslaw Janczyk (a Chairman of Sejm Public Finances Commission). Both candidates are PiS deputies and are likely to replace Grazyna Ancyparowicz and Eryk Lon on February, 9.

THE DAY AHEAD...

POL: Current account (Nov)

USA: PPI (Dec), initial jobless claims

TODAY'S FOCUS:

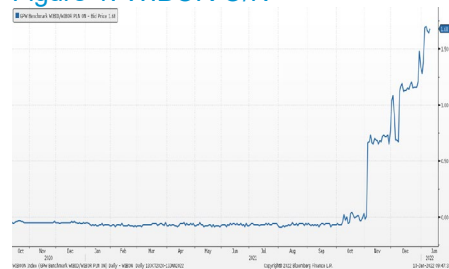
Today economic calendar contains Poland's balance of payments for November and US PPI for December and initial jobless claims.

DIARY (Today)

| Country | GMT | Release | DB Expected | Actual | Consensus |
|---------|-------|------------------------|-------------|--------|-------------|
| POL | 13:00 | Current account (Nov) | -EUR1250mn | | -EUR1477mn |
| POL | 13:00 | Trade balance (Nov) | -EUR860mn | | -EUR550mn |
| USA | 13:30 | PPI (Dec) | 0.1% | | 0.4% (9.8%) |
| USA | 13:30 | Initial jobless claims | | | 200k |

Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



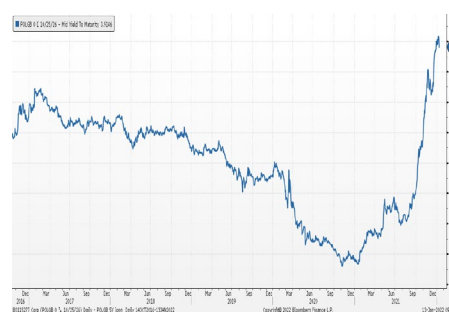
Source: Bloomberg

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 1.1% firmer versus the USD and was 0.1% firmer versus the EUR compared to previous NBP fixing. The zloty should be moving within a range of 4.5150-4.5400 PLN per EUR today.

The USD weakened by 0.9% versus the EUR as US CPI for December came slightly higher than expected and as market participants expect robust global economic recovery to continue.

Fixed Income

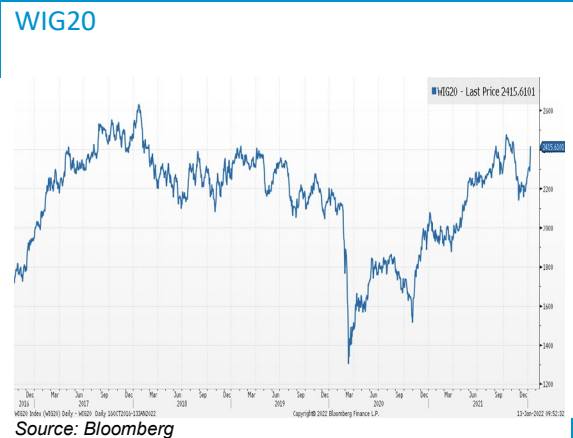
The yields on Poland's government bonds rose by 2bps in 10-year one.

Interest Rates

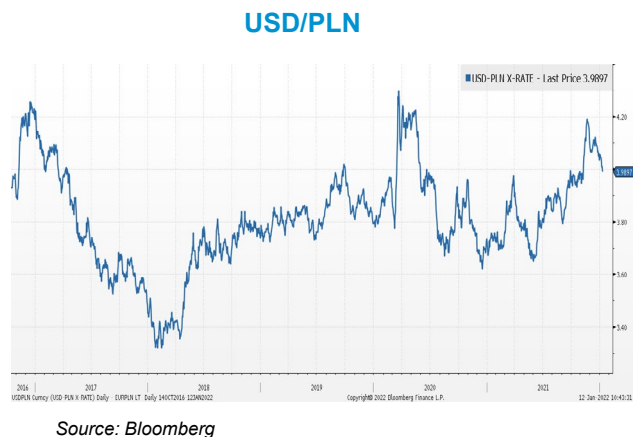
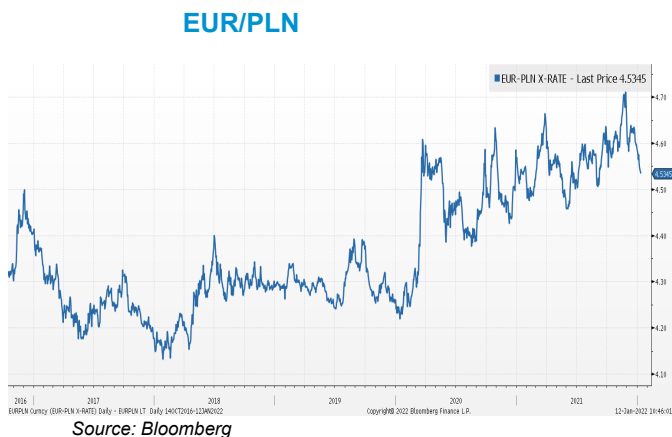
Today the O/N bid rate should be within a range of 1.00% - 1.30%. Swap rates were 3bps up in 5-year and 10-year sectors.

Equities

Yesterday the Dow Jones index closed 0.11% up and the S&P 500 index rose by 0.28%. Today in the morning the FTSE 100 index was 0.17% down, the CAC 40 index was 0.51% down and the DAX index was 0.18% down. The Nikkei index closed 0.96% down. Today in the morning the WIG index was 0.06% down and the WIG20 index was 0.09% down.



Medium term FX trends:





Appendix 1

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