



Poland Daily

HEADLINES:

POL: In December inflation amounted to 0.1% m/m and 2.4% y/y and was higher than initial estimate of 2.3% y/y. In December food prices rose by 0.8% y/y and were unchanged m/m, costs of housing and energy rose by 7.5% y/y and were 0.2% up m/m while transport prices were 2.1% up m/m and fell by 5.7% y/y. Prices of healthcare services rose by 5.1% y/y, prices of education increased by 5.7% y/y while prices of communication rose by 4.4% y/y.

POL: Deputy Finance Minister Sebastian Skuza said that weak PLN supporting exports was not harmful for State budget as reduced share in non-resident in state debt made easier to manage FX risk. He also added that central banks' purchases of bonds in secondary market stabilized debt servicing costs.

THE DAY AHEAD...

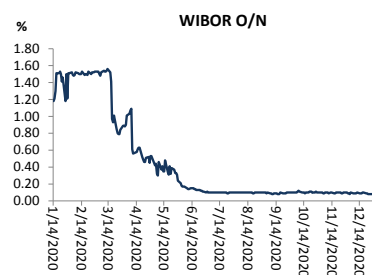
POL: Inflation (Dec), minutes from MPC meeting

USA: PPI (Dec), retail sales (Dec), industrial production (Dec)

TODAY'S FOCUS:

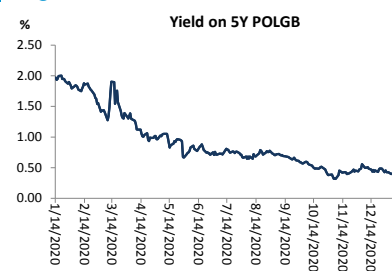
Today economic calendar contains Poland's inflation from December and minutes from MPC meeting and series of US data for December (PPI, retail sales and industrial production).

Figure 1: WIBOR O/N



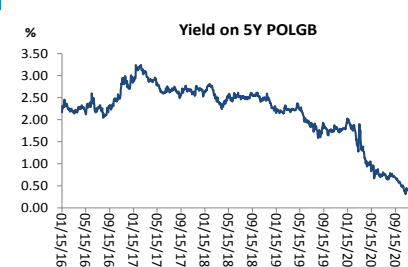
Source: Bloomberg

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	9:00	Inflation (Dec)	0.1% (2.3%)	0.1% (2.4%)	0.1% (2.3%)
POL	13:00	Minutes from MPC meeting			
USA	13:30	PPI (Dec)	0.4%		0.4%
USA	13:30	Retail sales (Dec)	-0.3%		0.0%
USA	14:15	Industrial production (Dec)	0.4%		0.5%

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.4% weaker versus the USD and was 0.1% weaker versus the EUR compared to the previous NBP fixing. The zloty weakened as Finance Ministry supported policy of FX interventions by the NBP. The zloty should be moving in a range of 4.5300-4.5600 PLN per EUR.

The USD firmed by 0.2% versus the EUR as FOMC Chairman Powell pushed back any notion of near-term tapering saying US economy was a long way from maximum employment.

Fixed Income

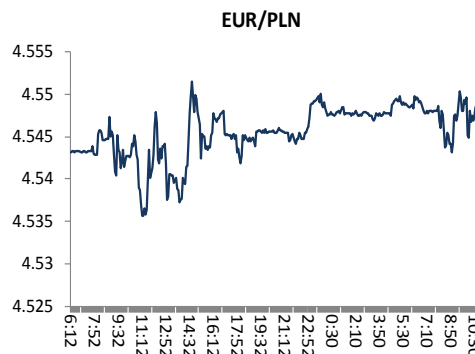
The yields on Poland's government bonds were 1-2bps up in 5-year and 10-year sectors.

Interest Rates

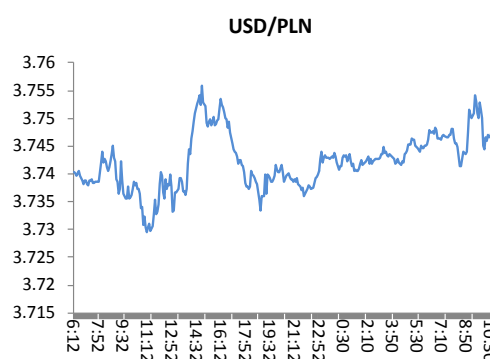
Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were 4-5bps up in 5-year and 10-year sectors.

Equities

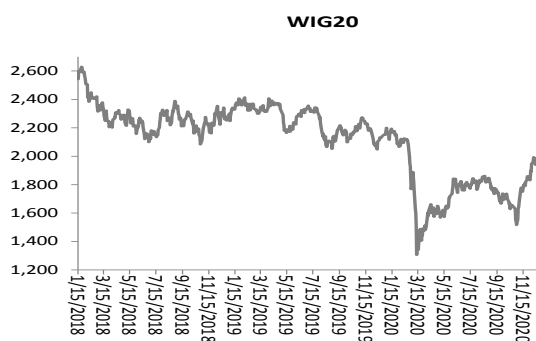
Yesterday the Dow Jones index closed 0.22% down and the S&P 500 index fell by 0.38%. Today in the morning the FTSE 100 index was 0.39% down, the CAC 40 index was 0.56% down and the DAX index was 0.38% down. The Nikkei index closed 0.62% down. Today in the morning the WIG index was 0.24% down and the WIG20 index was 0.34% down.



Source: Bloomberg

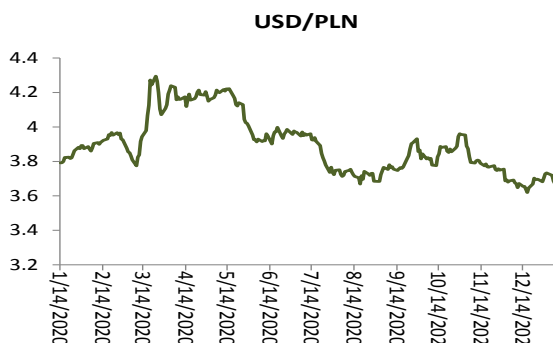
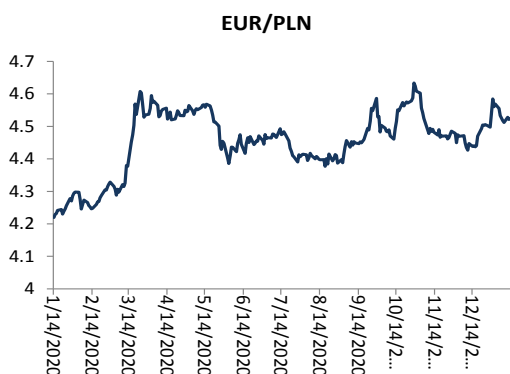


Source: Bloomberg



Source: Bloomberg

Medium term FX trends:





Appendix 1

Important Disclosures

Additional information available upon request

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