



Poland Daily

HEADLINES:

POL: Prof. Ireneusz Dąbrowski from the Monetary Policy Council said there's no reason to raise interest rates in Poland because inflation has slowed and it's unlikely to exceed the NBP's inflation target. He added that if the international situation calms down, there will be room to cut rates. In his view, it's hard to predict when that might happen.

EC: The European Central Bank raised interest rates by 25 basis points, without signalling a specific path for future rates. ECB members said that high energy prices have started to affect the level of other prices, and the energy price shock could be long-lasting. The ECB will act based on incoming data and is ready to respond if needed.

THE DAY AHEAD...

POL: Balance of payments (Apr)

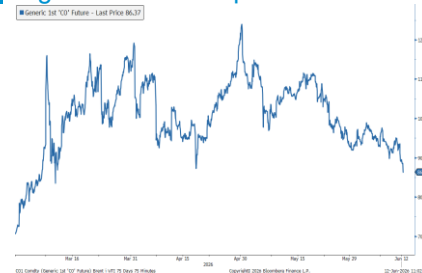
DEU: CPI (May)

USA: Consumer sentiment (Jun)

TODAY'S FOCUS:

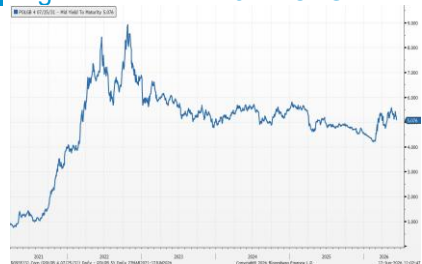
Today the economic calendar contains balance of payments from Poland for April, CPI inflation from Germany from May and preliminary Univ. Michigan consumer sentiment for June.

Figure 1: Brent oil price



Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

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



Source: Bloomberg

DIARY (Today)

Country	CET	Release	DB Expected	Actual	Consensus
DEU	8:00	CPI (May)		-0.2% (2.6%)	-0.2% (2.6%)
POL	14:00	Current account (Apr)	-EUR150m		-EUR104m
POL	14:00	Trade balance (Apr)	-EUR650m		-EUR780m
USA	16:00	Consumer sentymnt (Jun)	48.5		46.0



Foreign Exchange

This morning, the zloty was 0.5% stronger against the USD and 0.1% stronger against the EUR compared to yesterday's fixing. The zloty was unchanged against the CHF and 0.1% stronger against the GBP compared to yesterday's fixing.

This morning, the USD was 0.4% weaker against the EUR, the CHF was unchanged against the EUR, and the GBP was 0.4% stronger against the USD compared to yesterday's fixing. There was cautious optimism in the currency market after President Trump's statement that a peace agreement with Iran is close.

Fixed Income

This morning, the yield on Polish government bonds fell by 9 basis points in the 2-year and 10-year sectors and dropped by 10 basis points in the 5-year sector. Government bond yields fell as the market awaited a peace agreement between the US and Iran.

Interest Rates

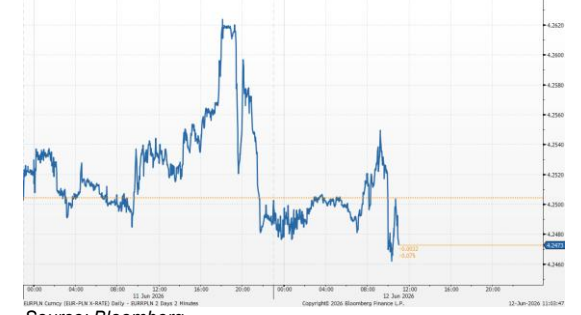
This morning, swap rates fell by 10 basis points across the curve.

Equities

Yesterday at the close, the Dow Jones index rose by 1.86%, the S&P 500 index went up by 1.75%, and the NASDAQ increased by 2.54%. This morning, the FTSE 100 index rose by 1.30%, the CAC 40 was up by 2.03%, and the DAX increased by 1.71%. The Nikkei index rose by 2.81% at the close, and the Hang Seng went up by 1.93% today at the close. This morning, the WIG index rose by 2.36% and the WIG20 was up by 1.74%. Stock indices went up ahead of the expected peace agreement between the USA and Iran.

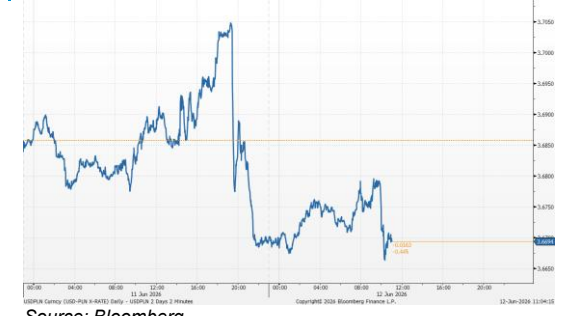
Medium term FX trends:

EUR/PLN



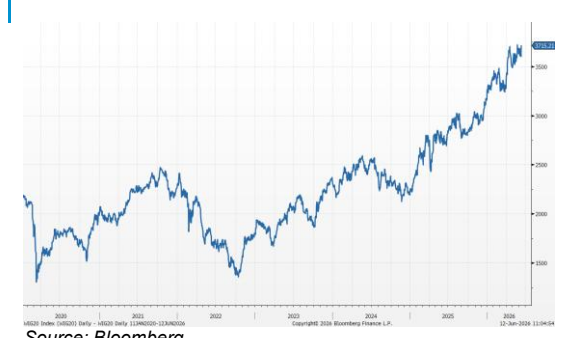
Source: Bloomberg

USD/PLN



Source: Bloomberg

WIG20



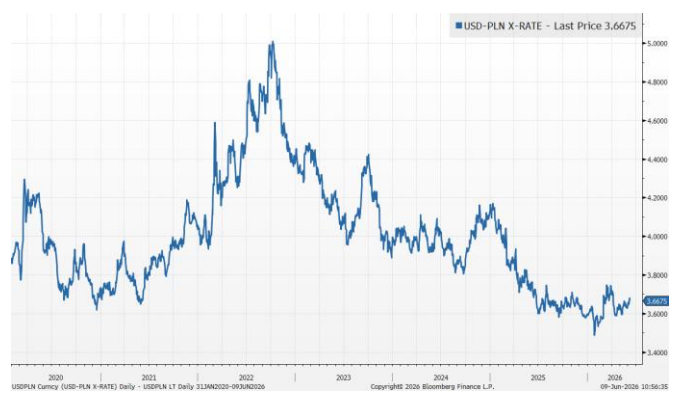
Source: Bloomberg

EUR/PLN



Source: Bloomberg

USD/PLN



Source: Bloomberg



Appendix 1

Important Disclosures

Deutsche Bank Polska S.A. represents that the data contained in this publication are of information nature only, and the content presented herein does not constitute an offer within the meaning of Art. 66 of the Civil Code of 23 April 1964, an invitation to offer or a recommendation to enter into any transaction. This publication may not be treated as advice and does not perform any function of advice. All information used in this publication has been obtained from generally accessible sources which are generally recognized as reliable. Deutsche Bank Polska S.A. has exercised due diligence to verify the above information and bring it up to date, but it disclaims any and all liability for its accuracy or completeness, or for any damage that the Client or third parties may incur as a result of decisions made in reliance on the information contained in this publication.

The transactions or products listed herein may not be appropriate for all investors. Before making a decision on entering into a transaction or acquiring a product the Client should, without relying only on the information provided in this publication, make an independent assessment of the economic risk of such transaction and his ability to incur it, its tax and legal nature, the legal consequences of the transaction and potential benefits and losses associated with it, as well as assess the market characteristics.

The assumptions, simulations and opinions contained in this publication constitute the sole judgment of Deutsche Bank Polska S.A.'s / persons preparing it as at the date of publication of this document which is subject to change without a requirement to publish it. Any and all projections are based on assumptions pertaining to market conditions and there is no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results.

Deutsche Bank Polska S.A. represents that the information presented above should not be in any case treated by the Client as Deutsche Bank Polska S.A.'s recommendation or advice. This publication may not be duplicated or distributed in any way, in particular through mass media, without the prior written consent of Deutsche Bank Polska S.A., al. Armii Ludowej 26, 00-609 Warsaw, NIP no. 676-01-07-416, District Court for the capital city of Warsaw, 12th Corporate Division of the National Court Register, file number KRS 0000022493, share capital PLN 2,496,849,384 paid up in full.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Arkadiusz Krześniak