



Poland Daily

HEADLINES:

POL: In January manufacturing PMI rose to 47.5pts from 45.6pts in December. In January industrial output and new orders declined albeit at slower pace than in December. New export orders has been falling for eleventh month in a row, partially due to weak demand from the EU countries. In January employment and purchasing activity declined again. Business confidence in manufacturing improved, however, despite sharp increase in costs of production following from high energy prices, commodity prices and prices of intermediate goods. In January inflation of costs of production and inflation of prices of output has reduced due to more balanced commodity markets.

THE DAY AHEAD...

POL: PMI manufacturing (Jan)

DEU: PMI manufacturing (Jan)

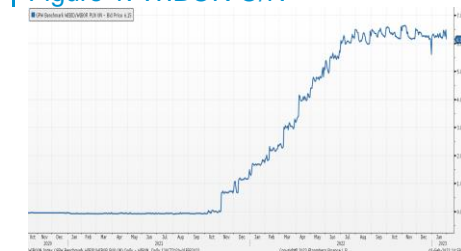
EMU: PMI manufacturing (Jan)

USA: FOMC decision, ADP employment (Jan), PMI manufacturing (Jan)

TODAY'S FOCUS:

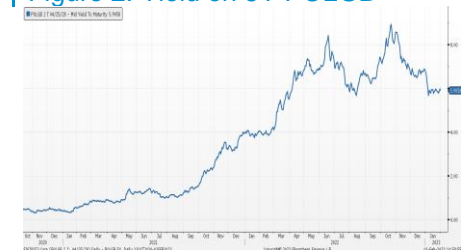
Today economic calendar contains PMI manufacturing indices from Poland, Germany, eurozone and the U.S. and US ADP employment report. We expect Fed to hike interest rates by 25bps today.

Figure 1: WIBOR O/N



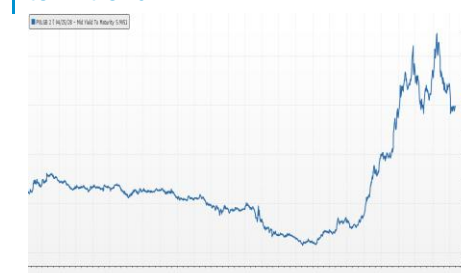
Source: Bloomberg

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	8:00	PMI manufacturing (Jan)	46.3	47.5	46.5
DEU	8:50	PMI manufacturing (Jan)		47.3	47.0
EMU	9:00	PMI manufacturing (Jan)		48.8	48.8
EMU	10:00	CPI (Jan)		-0.4% (0.5%)	0.1% (8.9%)
USA	14:15	ADP employment (Jan)	150k		180k
USA	14:45	PMI manufacturing (Jan)			46.8
USA	19:00	FOMC decision	4.50%-4.75%		4.50%-4.75%

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.5% firmer versus the USD, remained unchanged versus the EUR and was 0.6% weaker versus the CHF compared to the previous NBP fixing. The zloty was 0.7% firmer versus the GBP.

The USD weakened by 0.5% versus the EUR as market participants expect a small 25bps hike by the FOMC today.

Fixed Income

The yields on Poland's government bonds were 3-4bps down in all tenors.

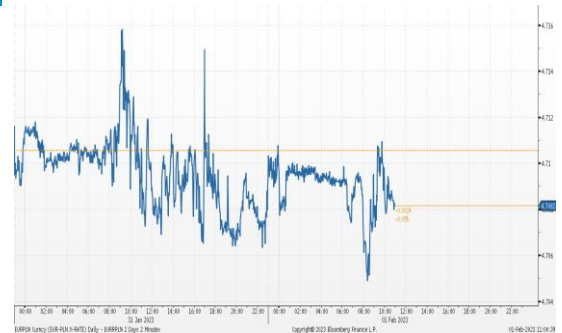
Interest Rates

PLN swap rates were 2bps down in 2-year sector and fell by 5bps in 5-year and 10-year sectors.

Equities

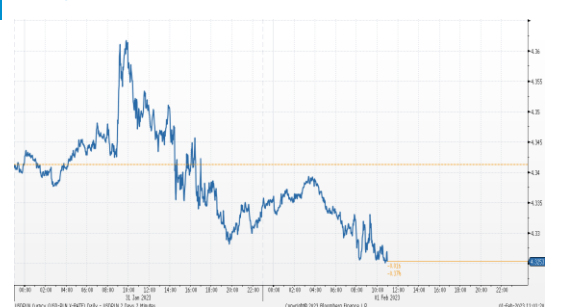
Yesterday the Dow Jones index closed 1.09% up and the S&P 500 index closed 1.46% up. Today in the morning the FTSE 100 index rose by 0.09%, the CAC 40 index was 0.03% up and the DAX index was 0.09% up. The Nikkei index closed 0.07% up. Today in the morning the WIG index fell by 0.79% and the WIG20 index was 0.94% down.

EUR/PLN



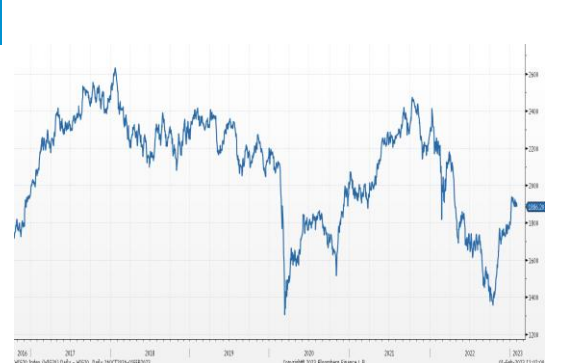
Source: Bloomberg

USD/PLN



Source: Bloomberg

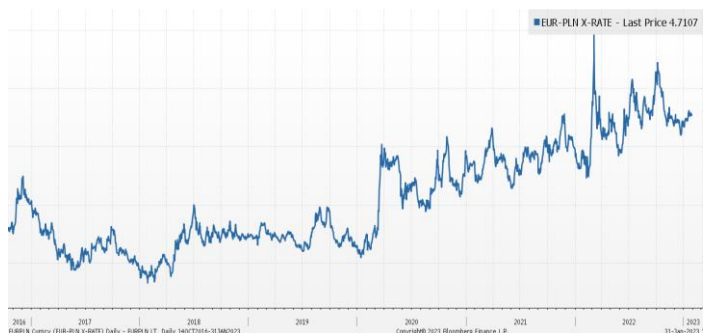
WIG20



Source: Bloomberg

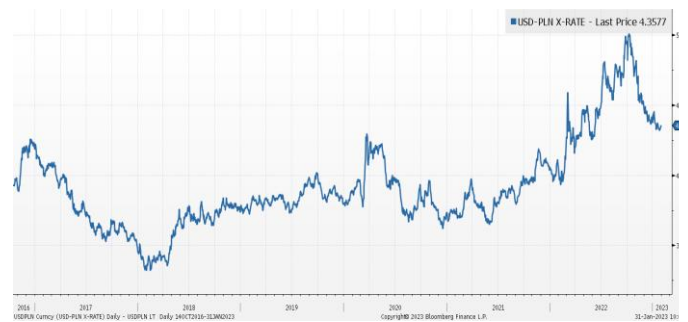
Medium term FX trends:

EUR/PLN



Source: Bloomberg

USD/PLN



Source: Bloomberg



Appendix 1

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