



Poland Daily

HEADLINES:

POL: The Monetary Policy Council kept interest rates unchanged as expected. The communique after the meeting signalled further decline in inflation and core inflation and suggested that recovery in household demand was uncertain. The MPC said that despite observed economic recovery demand and cost pressure in Poland's economy remained weak and business cycle abroad was fragile. That environment would led to gradual decline in domestic inflation. The MPC reiterated that an impact of fiscal and regulatory policies on inflation was uncertain and added that the Council would be acting on a basis of incoming data on inflation, economic growth and fiscal policy settings. We think that the MPC will cut interest rates by 25bps in March, when the Council will have new NBP projection of CPI and growth and inflation is likely to decelerate further.

THE DAY AHEAD...

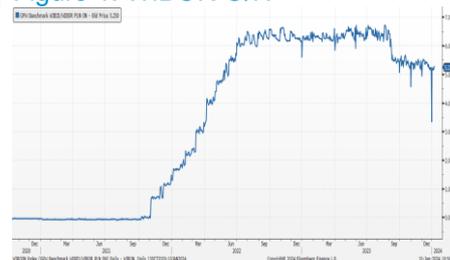
POL: MPC decision

FRA: Industrial production (Nov)

TODAY'S FOCUS:

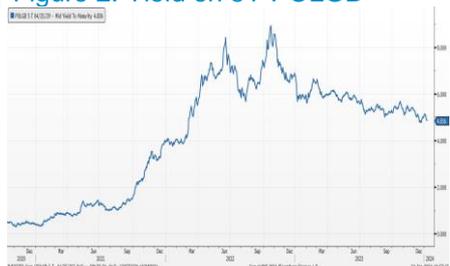
Today economic calendar contains industrial production for November from France and minutes from NBH meeting.

Figure 1: WIBOR O/N



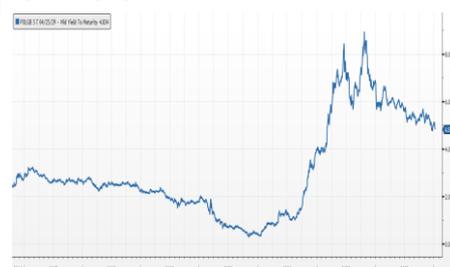
Source: Bloomberg

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
FRA	7:45	Industrial production (Nov)		0.5% (0.6%)	0.0% (0.3%)
HUN	13:00	Mminutes from NBH meeting			



Foreign Exchange

Today in the morning the zloty was weaker by 0.1% versus the USD, weakened by 0.1% versus the EUR and was 0.2% firmer versus the CHF compared to the previous NBP fixing. The zloty was unchanged versus the GBP compared to the previous NBP fixing.

The USD was unchanged versus the EUR compared to the previous NBP fixing.

Fixed Income

The yields on Poland's government bonds were 5bps down in 2-year sector and fell by 7bps in 5-year and 10-year sectors.

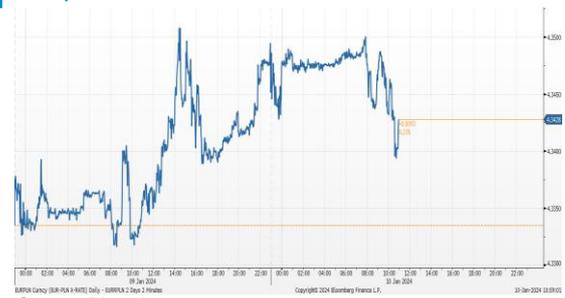
Interest Rates

PLN swap rates were 4bps down in 2-year sector and fell by 5-6bps in 5-year and 10-year sectors.

Equities

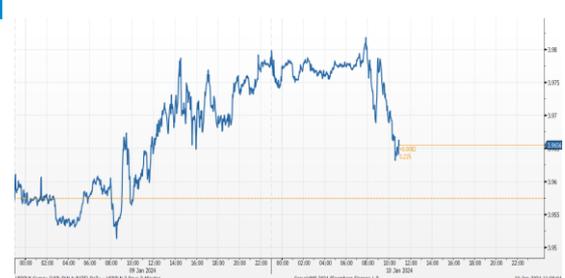
Yesterday the Dow Jones index closed 0.42% down and the S&P 500 index closed 0.15% down. Today in the morning the FTSE 100 index fell by 0.04%, the CAC 40 index was 0.14% up and the DAX index was 0.19% up. The Nikkei index rose by 2.01%. Today in the morning the WIG index rose by 0.19% and the WIG20 index was 0.20% up.

EUR/PLN



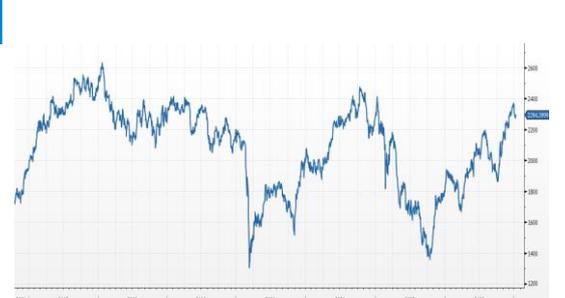
Source: Bloomberg

USD/PLN



Source: Bloomberg

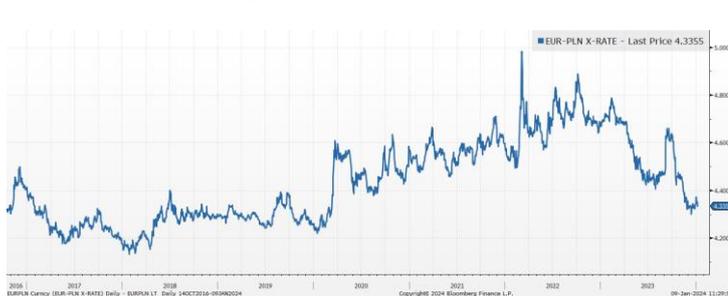
WIG20



Source: Bloomberg

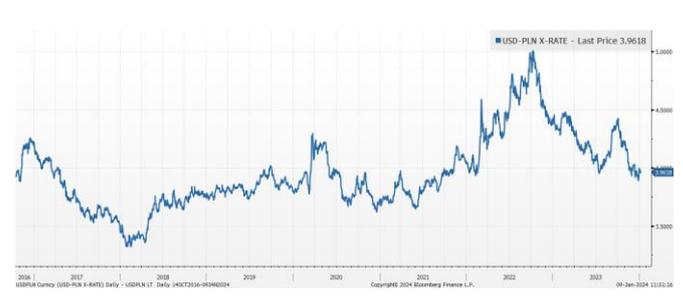
Medium term FX trends:

EUR/PLN



Source: Bloomberg

USD/PLN



Source: Bloomberg



Appendix 1

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 1,959,649,384 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 Krzeński