



Poland Daily

HEADLINES:

POL: Today the MPC ends two-day policy meeting. We expect that the Council will keep interest rates unchanged today with the main intervention rate at 6.75%. Recent comments from the MPC show that dovish part of the Council accepts possibility of rate cut already this year. The current, still high level of inflation and its rather slow decline will not allow for rate cuts in Q2 and Q3 but discussion on the date of first rate cut may start after summer holidays. If consumer inflation (as we expect) declines substantially below 10% in the end of this year then the room for gradual rate cuts will be opened.

THE DAY AHEAD...

- POL: MPC decision
- USA: CPI (Apr), Core CPI (Apr)
- DEU: CPI (Apr)
- HUN: CPI (Apr)

TODAY'S FOCUS:

Today market participants will focus on US CPI for April. Economic calendar contains also Poland's MPC decision, CPI for April from Germany and Hungary and US Core CPI for April.

Figure 1: WIBOR O/N

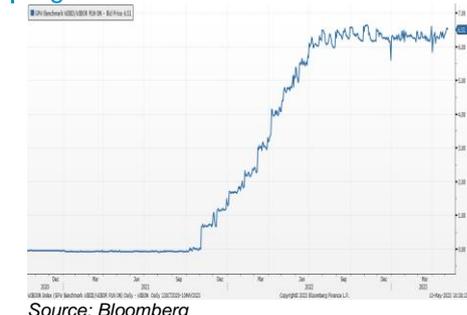


Figure 2: Yield on 5Y POLGB

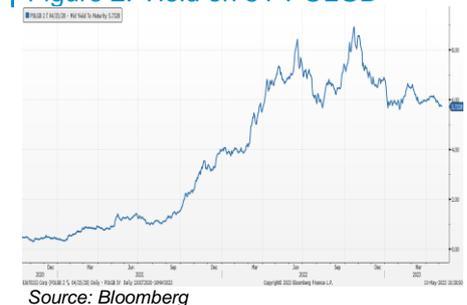
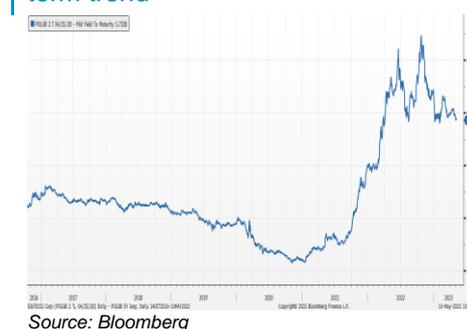


Figure 3: Yield on 5Y POLGB – long term trend



DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	6:00	CPI (Apr)		0.4% (7.2%)	0.4% (7.2%)
HUN	6:30	CPI (Apr)		0.7% (24.0%)	0.7% (24.1%)
USA	12:30	CPI (Apr)	0.4% (5.0%)		0.4% (5.0%)
USA	12:30	Core CPI (Apr)	0.3% (5.4%)		0.4% (5.5%)
POL		MPC decision	6.75%		6.75%

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.2% firmer versus the USD, firmed by 0.4% versus the EUR and was unchanged versus the CHF compared to the previous NBP fixing. The zloty was 0.1% firmer versus the GBP.

The USD was 0.2% firmer versus the EUR, compared to the previous NBP fixing ahead of today's release of US CPI for April.

Fixed Income

The yields on Poland's government bonds fell by 1-2 bps in all tenors.

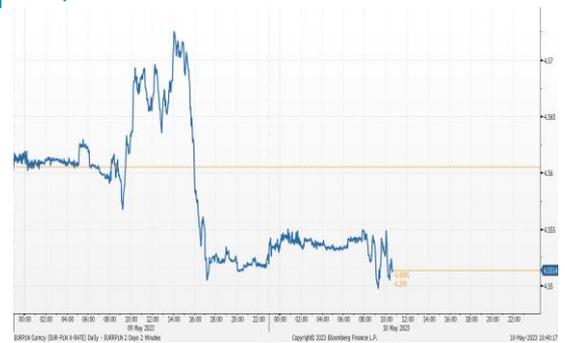
Interest Rates

PLN swap rates remained practically steady in all tenors.

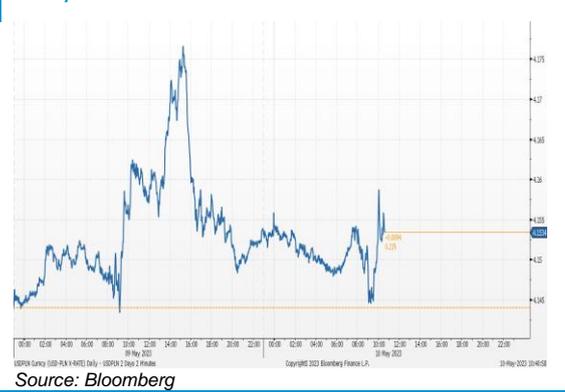
Equities

Yesterday the Dow Jones index closed 0.17% down and the S&P 500 index closed 0.46% down. Today in the morning the FTSE 100 index fell by 0.14%, the CAC 40 index was 0.27% down and the DAX index was 0.35% down. The Nikkei index closed 0.41% down. Today in the morning the WIG index fell by 0.22% and the WIG20 index was 0.30% down.

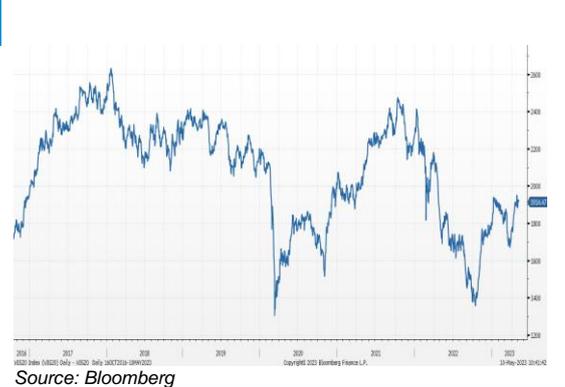
EUR/PLN



USD/PLN

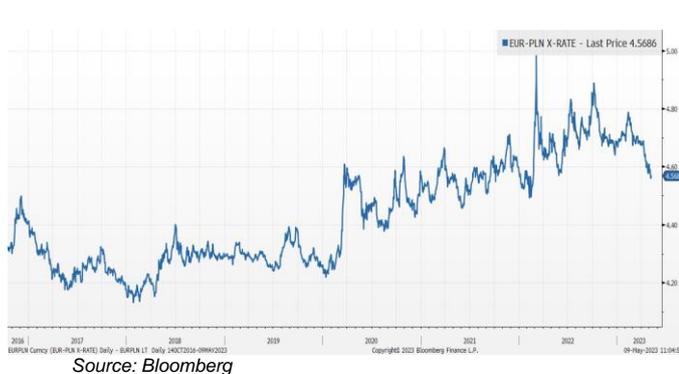


WIG20

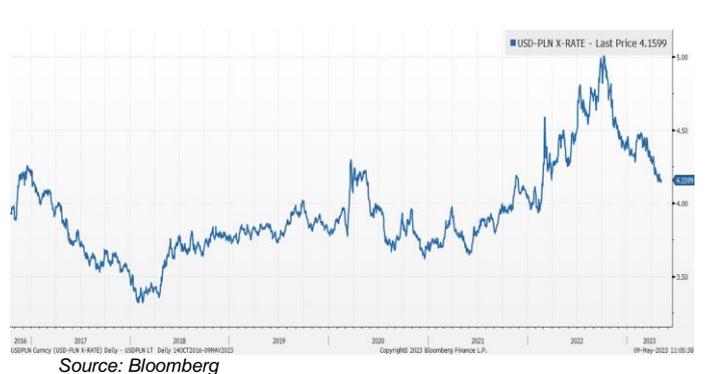


Medium term FX trends:

EUR/PLN



USD/PLN





Appendix 1

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