



# Poland Daily

## HEADLINES:

POL: The MPC, as expected, kept interest rates unchanged today with the main reference rate at 6.75%. In the communique the MPC underlined that the global economic conditions (including euro-zone) remained weakened while uncertainty about global economic activity outlook persisted, due, among others to tensions in the U.S. banking sector. In Poland situation in labour market is good, despite slowing down economic activity, albeit annual growth in employment decelerated. The MPC stressed that inflation in Poland declined due to decline in annual growth in food and energy prices. The MPC expects that weaker business conditions in the economic environment of Poland, coupled with the fall in commodity prices will continue to reduce inflation in Poland. Disinflation will be supported by weakening of GDP (and consumption) growth in Poland, amid a significant decrease in credit growth. The MPC added that decline in domestic inflation would be gradual due to the size and persistency of earlier supply shocks and due to their secondary effects. The MPC reiterated their future decision would depend on incoming data.

## THE DAY AHEAD...

- POL: Press conference of NBP President
- CZK: CPI (Apr),
- UK: Bank of England's decision
- USA: Initial jobless claims

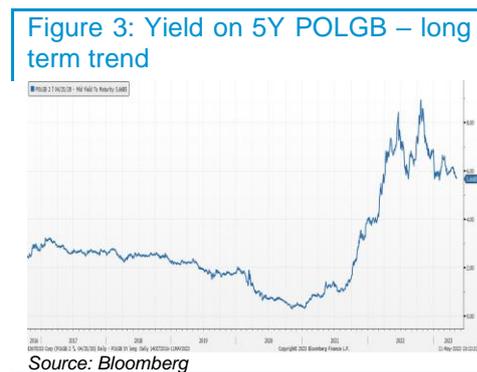
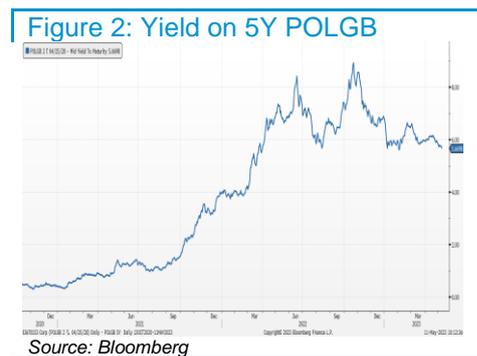
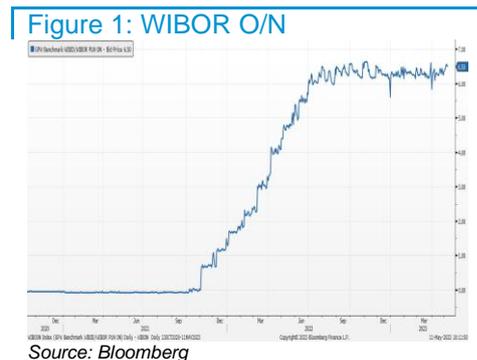
## TODAY'S FOCUS:

Today market participants will focus on Bank of England's decision (we expect 25bps hike) and on press conference of NBP President. Economic calendar contains also CPI for April from Czechia US initial jobless claims.

## DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
CZK	7:00	CPI (Apr)		-0.2% (12.7%)	0.4% (13.3%)
UK	11:00	Bank of England decision	4.50%		4.50%
USA	12:30	Initial jobless claims	232k		245k
POL	13:00	Press conference of NBP President			

Source: Deutsche Bank Estimates and Bloomberg Finance LP





## Foreign Exchange

Today in the morning the zloty was 0.3% firmer versus the USD, firmed by 0.5% versus the EUR and was 0.8% firmer versus the CHF compared to the previous NBP fixing. The zloty was 0.7% firmer versus the GBP. The zloty firmed as communique after MPC meeting contained no suggestion that interest rates could be cut in the coming quarters.

The USD was 0.2% firmer versus the EUR, compared to the previous NBP fixing. The GBP weakened ahead of decision of the Bank of England despite expectations of 25bps hike as high inflation in the UK would keep real interest rates deep in negative territory.

## Fixed Income

The yields on Poland's government bonds fell by 3-4bps in all tenors. Yields on POLGBs continue to decline on expectations that weak domestic demand will help curbing inflation in medium term.

## Interest Rates

PLN swap rates fell by 3-4bps in all tenors.

## Equities

Yesterday the Dow Jones index closed 0.09% down and the S&P 500 index closed 0.45% up. Today in the morning the FTSE 100 index rose by 0.28%, the CAC 40 index was 0.69% up and the DAX index was 0.08% up. The Nikkei index closed 0.02% up. Today in the morning the WIG index rose by 0.41% and the WIG20 index was 0.48% up.

### EUR/PLN



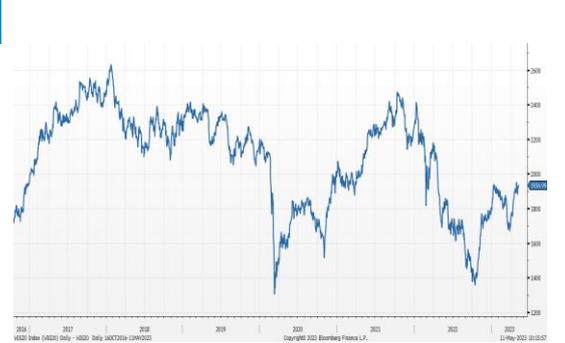
Source: Bloomberg

### USD/PLN



Source: Bloomberg

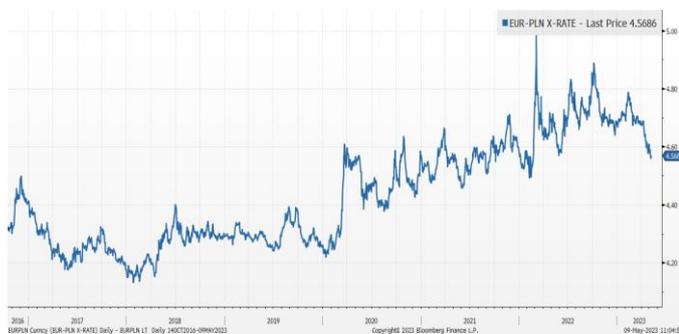
### WIG20



Source: Bloomberg

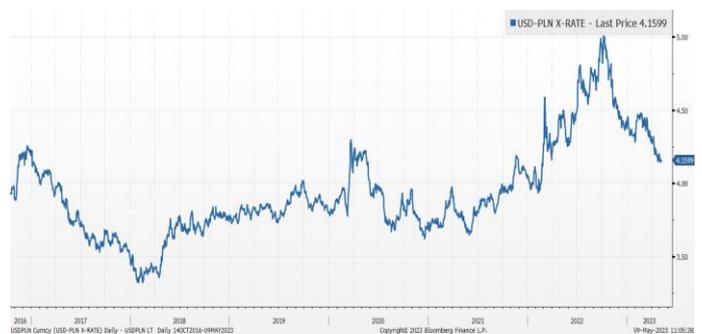
## Medium term FX trends:

### 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 1.744.449.384 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