



Poland Daily

HEADLINES:

POL: At press conference NBP President Adam Glapinski said that the Council was still in a tightening mode and added the MPC were not discussing rate cuts and that the Council was in a “wait-and-see” mode. In his view rate cut in the year end is possible if the path to MPC inflation target is clear. NBP President said that core CPI was close to peak or had already reached it and would be declining in coming months. In his view consumer inflation will be decelerating to single-digit level in Q4 or even in September. He added that he hoped for CPI at 7% at the year end. He reiterated that the MPC had no exchange rate target but added that further appreciation of the zloty could reduce CPI by one percentage point. NBP President expects that in Q2 one can see real growth in wages, but in his view wages doesn't contribute to inflationary pressure in Poland. In his opinion blocked EU funds doesn't have impact on Poland's economy. NBP President informed that NBP increased gold reserves by 15 tons to 243 tons.

THE DAY AHEAD...

- POL: Minutes from MPC meeting
- UK: Industrial production (Mar), GDP (Q1)
- FRA: CPI (Apr),
- USA: University of Michigan consumer confidence (May)

TODAY'S FOCUS:

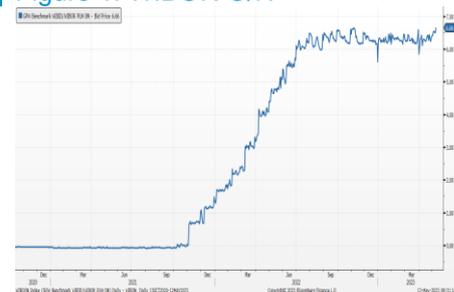
Today economic calendar contains minutes form Poland's MPC meeting, industrial production for March and GDP for Q1 from the UK, CPI for April from France and University of Michigan consumer confidence for May from the U.S.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
UK	6:00	Industrial production (Mar)		0.7% (-2.0%)	0.7% (-2.0%)
UK	6:00	GDP (Q1)		0.1% (0.2%)	0.1% (0.2%)
FRA	7:00	CPI (Apr)		0.6% (5.9%)	0.6% (5.9%)
POL	12:00	Minutes from MPC meeting			
USA	14:00	Univ. of Michigan consumer confid. (May)	62.0		63.0

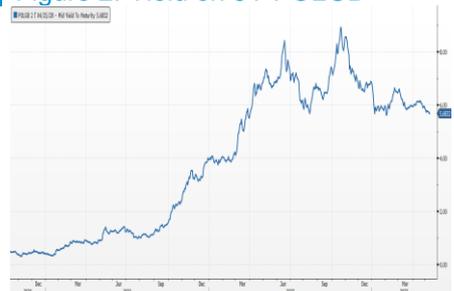
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



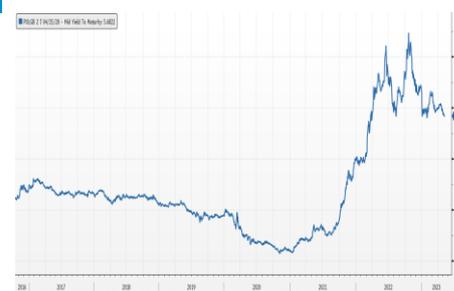
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

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



Source: Bloomberg



Foreign Exchange

Today in the morning the zloty was 0.5% weaker versus the USD, weakened by 0.4% versus the EUR and was 0.8% weaker versus the CHF compared to the previous NBP fixing. The zloty was 0.1% weaker versus the GBP. The zloty weakened during press conference of NBP President.

The USD was 0.1% firmer versus the EUR, compared to the previous NBP fixing. The CHF firmed on concerns on U.S. regional banks and ongoing legislative stalemate regarding debt ceiling in the US.

Fixed Income

The yields on Poland's government bonds remained unchanged in all tenors.

Interest Rates

PLN swap rates rose by 2-3bps in all tenors.

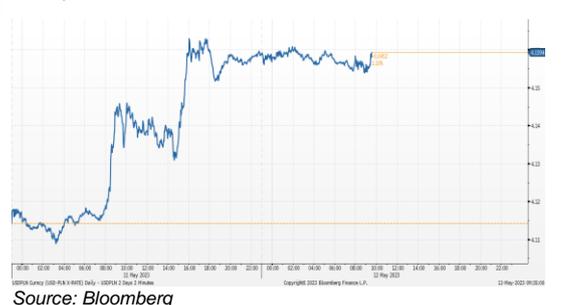
Equities

Yesterday the Dow Jones index closed 0.60% down and the S&P 500 index closed 0.17% down. Today in the morning the FTSE 100 index rose by 0.38%, the CAC 40 index was 0.86% up and the DAX index was 0.50% up. The Nikkei index closed 0.90% up. Today in the morning the WIG index rose by 0.61% and the WIG20 index was 0.82% up.

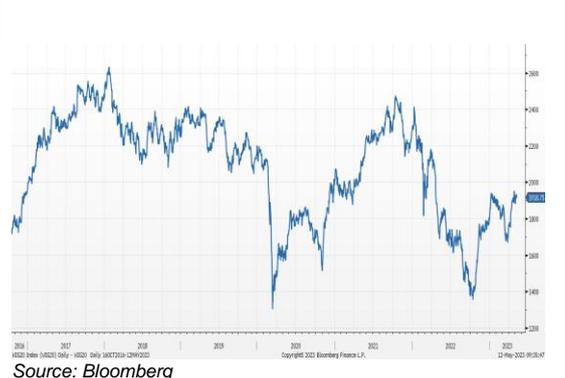
EUR/PLN



USD/PLN

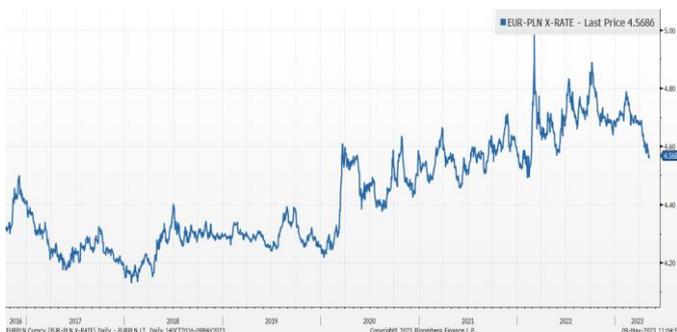


WIG20

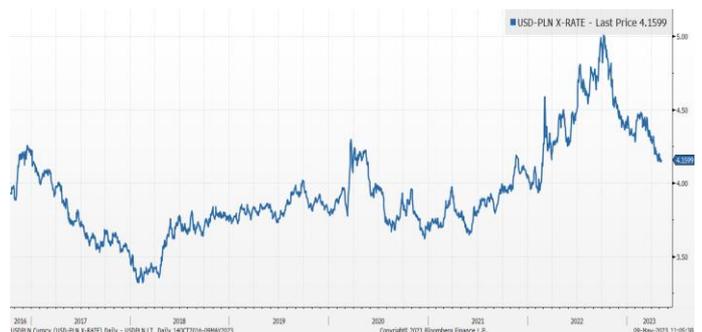


Medium term FX trends:

EUR/PLN



USD/PLN





Appendix 1

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