



Poland Daily

HEADLINES:

POL: Real GDP growth in Q1, according to preliminary estimate of Statistics Poland, amounted to 3.9% q/q and -0.2% y/y. Data on GDP were much better than market consensus view (0.8% q/q and -0.9% y/y) and confirm that Poland’s economy avoided technical recession in Q1 by a wide margin of safety.

POL: Core CPI (ex food and energy) in April amounted to 1.2% m/m and 12.2% y/y. Core CPI fell from 12.3% y/y in March suggesting that core inflation has peaked in the end of Q1. Core inflation - excluding regulated prices - fell to 14.0% y/y in April from 15.7% y/y in March while core inflation - excluding most volatile prices - fell to 15.3% y/y in April from 16.0% y/y in March. Decline in headline inflation to 14.7% y/y in April from 16.1% y/y in March and moderate size of second round effects visible in rising services’ prices, combined with appreciation of the zloty support a view that inflation will be heading towards single digit level in Q4 this year.

THE DAY AHEAD...

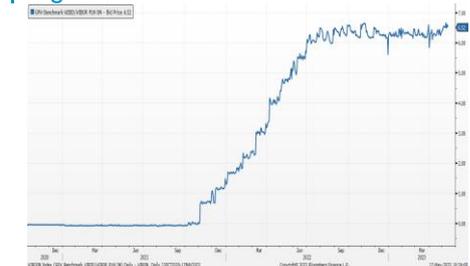
EMU: CPI (Apr), core CPI (Apr)

USA: Housing starts (Apr)

TODAY’S FOCUS:

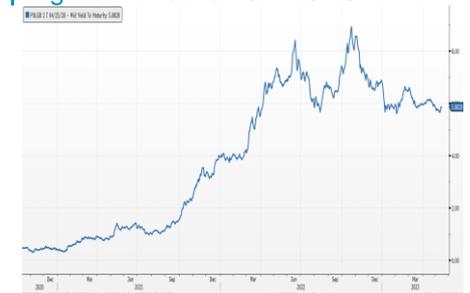
Today economic calendar contains CPI and core CPI for April from the euro-zone for April and housing starts for April from the U.S.

Figure 1: WIBOR O/N



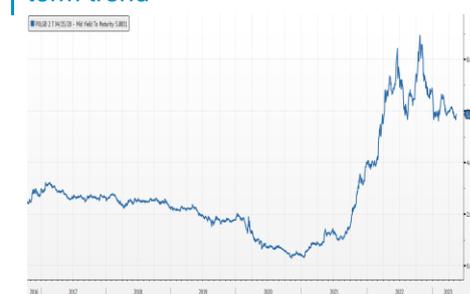
Source: Bloomberg

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
EMU	9:00	CPI (Apr)		0.6% (7.0%)	0.7% (7.0%)
EMU	9:00	Core CPI (Apr)		(5.6%)	(5.6%)
USA	12:30	Housing starts (Apr)	1425k		1400k



Foreign Exchange

Today in the morning the zloty was 0.6% weaker versus the USD, weakened by 0.1% versus the EUR and was 0.1% firmer versus the CHF compared to the previous NBP fixing. The zloty was 0.1% firmer versus the GBP.

The USD was 0.5% firmer versus the EUR, compared to the previous NBP fixing. The USD was firming on rising risk aversion.

Fixed Income

The yields on Poland's government bonds were 2bps down in 2-year sector, fell by 1bp in 10-year one and rose by 1bp in 5-year one. Yesterday at switching auction the Finance Ministry sold government bonds worth total PLN3.4bn and bought-back government bonds worth total PLN3.59bn.

Interest Rates

PLN swap rates remained unchanged in all tenors.

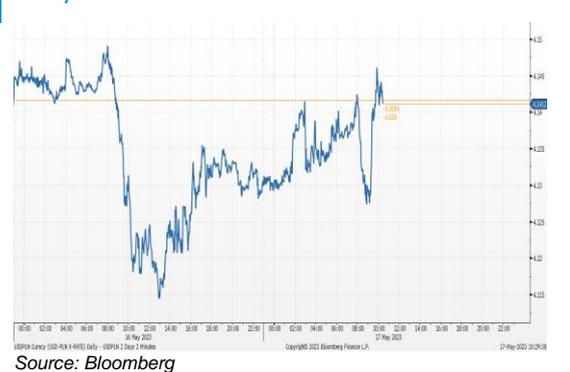
Equities

Yesterday the Dow Jones index closed 1.01% down and the S&P 500 index closed 0.64% down. Today in the morning the FTSE 100 index rose by 0.05%, the CAC 40 index was 0.10% down and the DAX index was 0.32% up. The Nikkei index closed 0.84% up. Today in the morning the WIG index fell by 0.48% and the WIG20 index was 0.71% down.

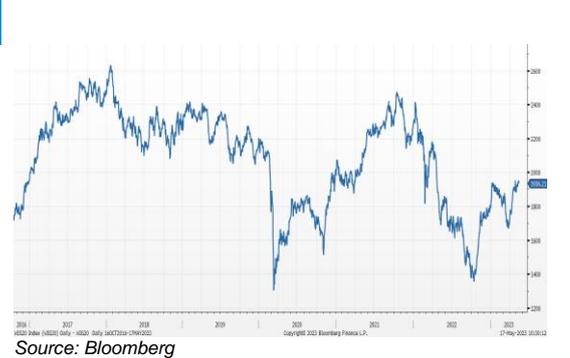
EUR/PLN



USD/PLN

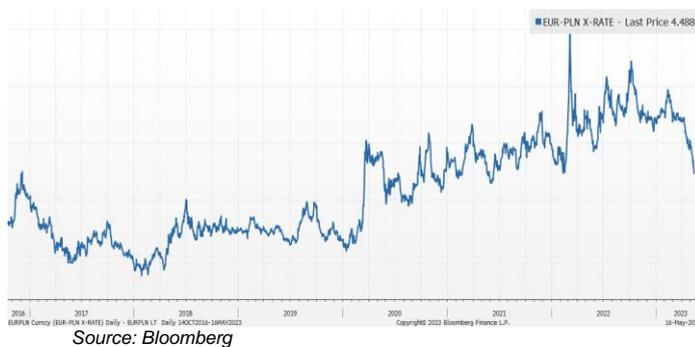


WIG20

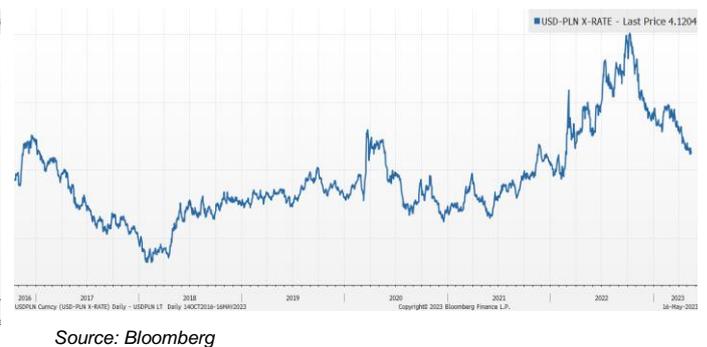


Medium term FX trends:

EUR/PLN



USD/PLN





Appendix 1

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