



Poland Daily

HEADLINES:

POL: MPC member Ludiwk Kotecki expressed a view that increase in social expenditures announced recently by PiS leader Jaroslaw Kaczynski would delay rate cuts to at least the end of 2025. On Sunday, at party convention, leader of Law and Justice (PiS) Jaroslaw Kaczynski announced increase of child subsidies under 500+ programme to PLN800 per month in 2024 from the current PLN500 per month. Jaroslaw Kaczynski also announced covering the cost of pharmaceuticals for people over the age of 65 (currently re-funded are pharmaceuticals for people over the age of 75) and for children below the age of 18. Current cost of refunding pharmaceuticals for elderly people is PLN830m per annum and additional cost for extending this measure is estimated at PLN900m per annum. The cost of refunding pharmaceuticals for children is estimated at PLN216 per annum. An increase in child subsidy under 500+ programme to PLN800 per month would increase annual cost of the programme by PLN24.1bn to PLN64.3bn per annum. Total additional cost of announced measures will be PLN25.2bn in 2024 or 0.7% of GDP.

POL: MPC member Joanna Tyrowicz said that recent PLN firming was very beneficial for (lowering) inflation but added that in her opinion firming of the zloty would be probably short-lived.

THE DAY AHEAD...

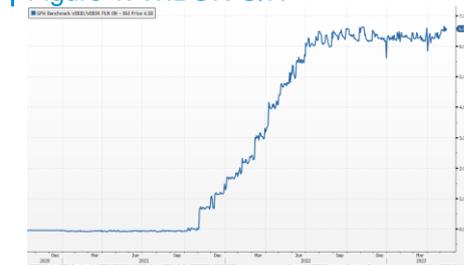
CZK: PPI (Apr)

USA: Initial jobless claims, existing home sales (Apr), index of leading indicators (Apr)

TODAY'S FOCUS:

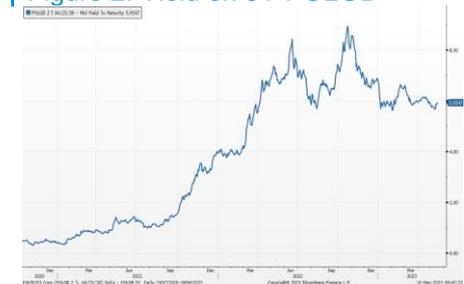
Today economic calendar contains PPI from Czechia and initial jobless claims, existing home sales and index of leading indicators from the U.S.

Figure 1: WIBOR O/N



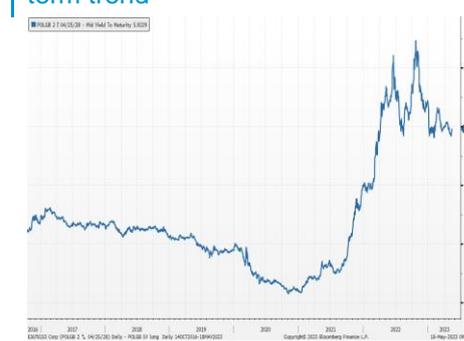
Source: Bloomberg

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
CZK	7:00	PPI (Apr)		-1.2% (6.4%)	-0.2% (7.5%)
USA	12:30	Initial jobless claims	245k		252k
USA	14:00	Existing home sales (Apr)	4.35m		4.30m
USA	14:00	Leading Indicators Index (Apr)	-0.6%		-0.6%

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 1.0% weaker versus the USD, weakened by 0.9% versus the EUR and was 1.0% weaker versus the CHF compared to the previous NBP fixing. The zloty was 1.1% weaker versus the GBP. The zloty weakened in the morning after comment from MPC Joanna Tyrowicz who said that recent PLN firming would probably be short-lived.

The EUR was 0.1% weaker versus the USD compared to the previous NBP fixing ahead of today's speech of ECB President Christine Lagarde.

Fixed Income

The yields on Poland's government bonds were 2-4bps up across the curve after comment from MPC Ludiwk Kotecki who said that recently announced increase in social spending would increase inflation and would delay prospects of rate cut to at least the end of 2025.

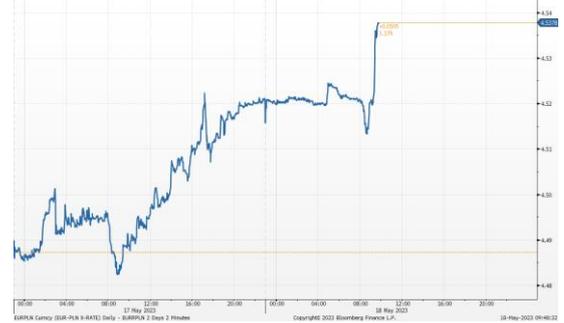
Interest Rates

PLN swap rates rose by 7bps in 2-year sector, rose by 6bps in 5-year sector and increased by 4bps in 10-year sector.

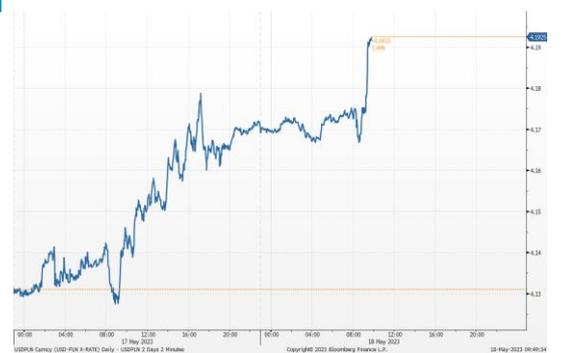
Equities

Yesterday the Dow Jones index closed 1.24% up and the S&P 500 index closed 1.19% up. Today in the morning the FTSE 100 index rose by 0.66%. the CAC 40 index was 0.98% up and the DAX index was 1.53% up. The Nikkei index closed 1.60% up. Today in the morning the WIG index rose by 0.76% and the WIG20 index was 0.81% up.

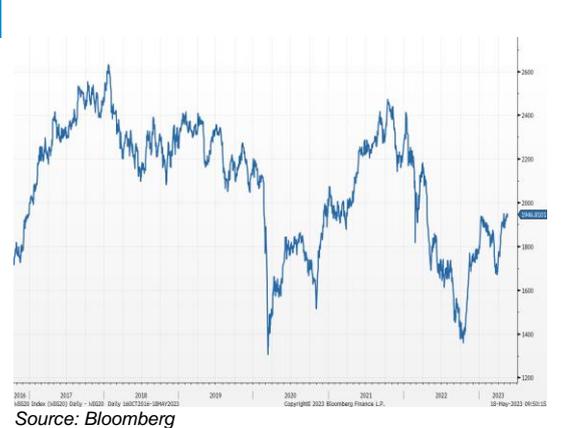
EUR/PLN



USD/PLN

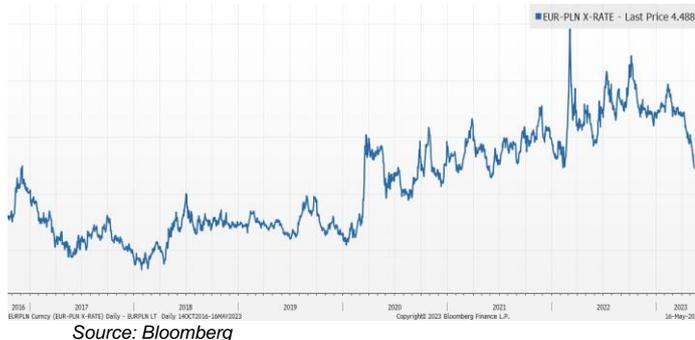


WIG20

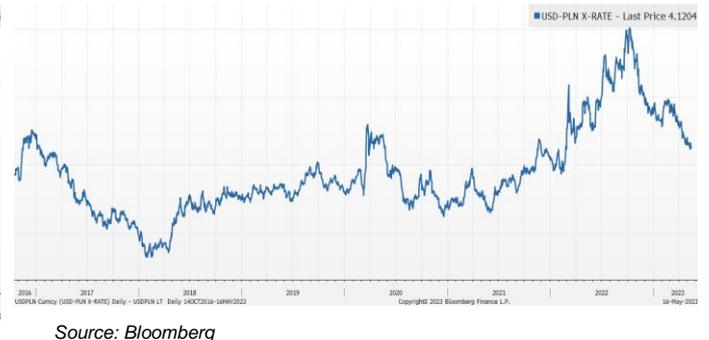


Medium term FX trends:

EUR/PLN



USD/PLN





Appendix 1

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