



# Poland Daily

## HEADLINES:

POL: In April construction output fell by 3.5% m/m and rose by 1.2% y/y. A small increase in construction output was caused by 4.8% y/y growth in infrastructure construction and 7.0% y/y growth in specialized works while construction of buildings fell by 6.4% y/y.

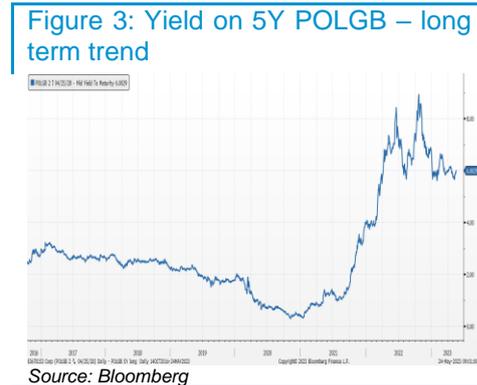
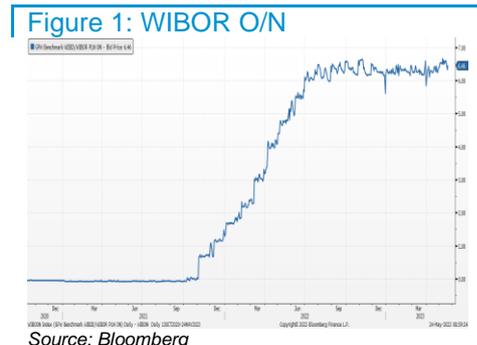
POL: In April real retail sales rose by 0.1% m/m and fell by 7.3% y/y. The strongest decline in real retail sales was reported in other sales (down 17.3% y/y), press, books and sales in specialized shops (down 15.6% y/y), furniture, electronics and white goods (down 14.7% y/y), fuels (down 14.5% y/y), food (down 8.0% y/y) and automobiles (down 5.1% y/y). In April rose only real retail sales of footwear and clothing but growth rate was marginal (up 0.6% y/y). Deepening decline in real retail sales points to a strong decline in consumers' purchasing power in the beginning of Q2 this year as a result of high energy prices, food prices and an increase in general price level in the economy, including services. Nominal retail sales rose by 0.6% m/m and were 3.4% up y/y in April.

## THE DAY AHEAD...

POL: Consumer confidence (May), money supply M3 (Apr)

## TODAY'S FOCUS:

Today domestic economic calendar contains consumer confidence for May and money supply M3 for April.



## DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
POL	8:00	Consumer confidence (May)	-31.5	-29.9	-30.8
POL	12:00	Money supply , M3 (Apr)	0.2% (6.5%)		0.5% (6.6%)



### Foreign Exchange

Today in the morning the zloty was 0.1% weaker versus the USD, firmed by 0.2% versus the EUR and was 0.2% firmer versus the CHF compared to the previous NBP fixing. The zloty was 0.3% weaker versus the GBP. Yesterday the HUF weakened by more than 1% versus the USD after the NBH cut O/N deposit rate by 100bps to 17.0% leaving base rate unchanged at 13.0%. The HUF is now 0.7% weaker versus the USD compared to the level before rate cut.

The USD was 0.2% firmer versus the EUR compared to the previous NBP fixing, despite an impasse on U.S. debt ceiling and despite comments from Bundesbank President Joachim Nagel that the ECB will have to increase interest rates to control inflation.

### Fixed Income

The yields on Poland's government bonds were 1-2bps up across the curve. At the auction on May 25 the Finance Ministry will offer government bonds worth total PLN4-7bn.

### Interest Rates

PLN swap rates rose by 1-2 bps in all tenors.

### Equities

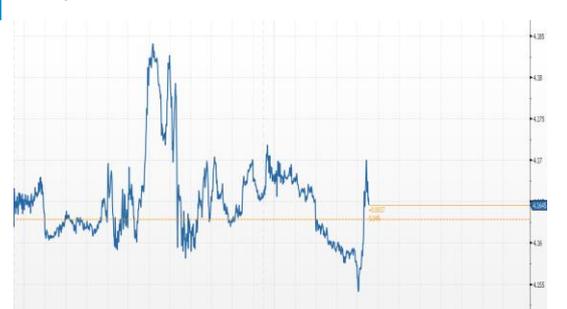
Yesterday the Dow Jones index closed 0.69% down and the S&P 500 index closed 1.12% down. Today in the morning the FTSE 100 index fell by 1.14%, the CAC 40 index was 1.30% down and the DAX index was 1.16% down. The Nikkei index closed 0.89% down. Today in the morning the WIG index fell by 0.60% and the WIG20 index was 0.62% down. Stock indices fell due to impasse on U.S. debt ceiling and as inflation in the UK surprised on the upside.

#### EUR/PLN



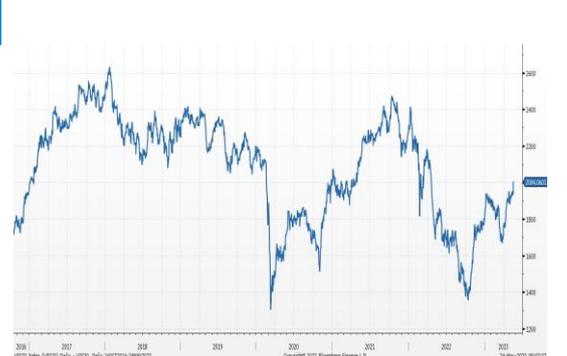
Source: Bloomberg

#### USD/PLN



Source: Bloomberg

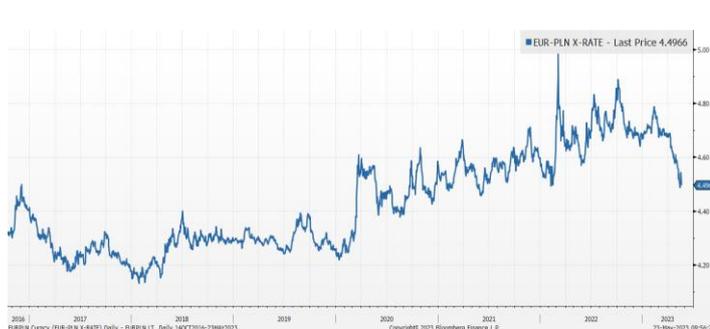
#### WIG20



Source: Bloomberg

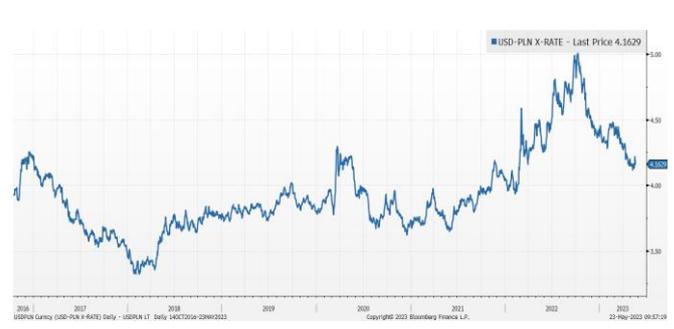
### Medium term FX trends:

#### EUR/PLN



Source: Bloomberg

#### USD/PLN



Source: Bloomberg



# Appendix 1

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