



## Poland Daily

### HEADLINES...

POL: Deputy PM Beata Szydło said that October 13 was the earliest possible date of parliamentary elections and added it was likely that this date may be actual date of parliamentary elections. She underlined, however, that official date of parliamentary elections would be announced by President Andrzej Duda. If general elections are held on October 13 this would mean that Law and Justice (PiS) wanted to use political premium from victory in elections to the European Parliament and aimed at shortening of elections campaign by starting it in last month of the summer holidays. From the point of view of social policy, the highest factor in PiS victory in elections to the European Parliament was extension of child subsidy programme 500+ to first child starting from July 1 what will increase number of children within the programme by 3.2 million (compared to the current 3.6 million children within the programme). The Ministry of Investments and Development works on amendment to thermo-modernisation bill that will embrace modernization of residential blocks worth PLN7bn.

POL: According to minutes from MPC meeting held on May 15, MPC members stressed that despite recent hike in inflation in April (mainly due to rise in food and fuel prices), inflation remained at moderate level. Some MPC members expressed a view that inflation would remain steady in the coming quarters but some MPC members expressed a view that rise in prices of services might lead to higher consumer inflation. MPC agreed that interest rates should remain unchanged in the coming quarters. Some MPC members said that should fiscal expansion, rise in wages and higher energy prices endanger realization of inflation target in medium term it might be justified to consider an increase in the NBP interest rates in the coming quarters.

### THE DAY AHEAD...

POL: GDP (Q1)  
DEU: retail sales (Apr), inflation (May)  
CZK: GDP (Q1)  
HUN: GDP (Q1)  
USA: PCE deflator (Apr)

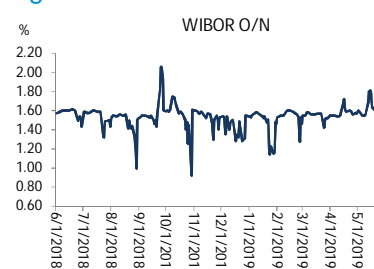
### TODAY'S FOCUS:

Today economic calendar contains Poland's Q1 GDP structure. On a foreign side the diary contains Q1 GDP data from Czech Republic and Hungary, retail sales for April and CPI for May from Germany and US PCE deflator for May.

### DIARY (Today)

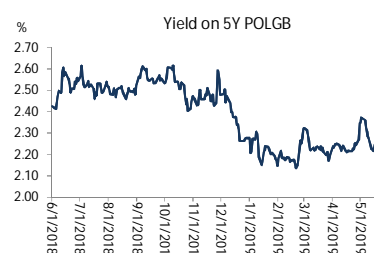
Country	GMT	Release	DB Expected	Actual	Consensus
DEU	6:00	Retail sales (Apr)	(1.4%)	-2.0% (4.0%)	0.1% (1.4%)
CZK	7:00	GDP (Q1)		0.6% (2.6%)	0.5% (2.5%)
HUN	7:00	GDP (Q1)		1.5% (5.3%)	1.5% (5.3%)
POL	8:00	GDP (Q1)	1.4% (4.6%)	1.5% (4.7%)	1.4% (4.6%)
DEU	12:00	Inflation (May)	(1.6%)		0.3% (1.6%)
USA	12:30	PCE deflator (Apr)	0.3%		0.3%

Figure 1: WIBOR O/N



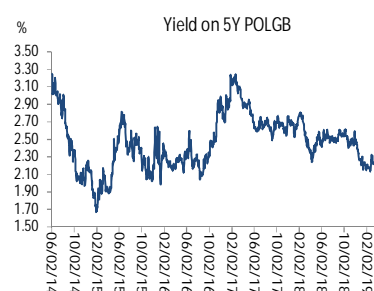
Source: Bloomberg

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 0.1% weaker versus the USD and was unchanged versus the EUR compared to the last NBP fixing. The zloty should be moving within a range of PLN4.2750-4.3050 per EUR today.

The USD weakened by 0.1% versus the EUR after much better than expected data on retail sales for April from Germany.

### Fixed Income

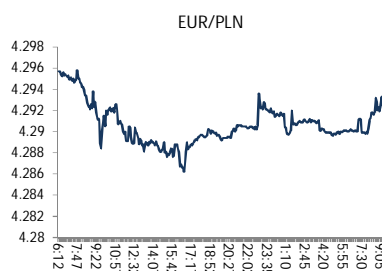
The yields on Poland's government bonds were 2-3bps down in 2-year and 5-year sectors and declined by 6bps in 10-year sector.

### Interest Rates

Today the O/N bid rate should be within a range of 1.20%-1.35%. Swap rates were 4bps down in medium and long parts of the curve.

### Equities

Yesterday the Dow Jones index rose by 0.17% and the S&P 500 index was 0.21% up. Today in the morning the FTSE index was 0.83% down, the CAC 40 index was 1.02% down and the DAX index was 1.39% down. Today the Nikkei index decreased by 1.63%. Today in the morning the WIG20 index fell by 0.70% and the WIG index was 0.65% down.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Currency (mid)	Today	Last fixing	Change	USD/PLN			EUR/PLN		
				forwards	bid	offer	forwards	bid	offer
USD/PLN	3.8514	3.8548	-0.1%	SPOT	3.8509	3.8518	SPOT	4.2918	4.2926
EUR/PLN	4.2922	4.2919	0.0%	S/N	3.8508	3.8517	S/N	4.2920	4.2929
GBP/PLN	4.8596	4.8672	-0.2%	1W	3.8501	3.8511	1W	4.2934	4.2943
CHF/PLN	3.8318	3.8196	0.3%	1M	3.8475	3.8486	1M	4.2994	4.3004
SEK/PLN	0.4035	0.4034	0.0%	2M	3.8442	3.8453	2M	4.3065	4.3077
NOK/PLN	0.4391	0.4400	-0.2%	3M	3.8411	3.8423	3M	4.3136	4.3148
DKK/PLN	0.5748	0.5747	0.0%	6M	3.8329	3.8350	6M	4.3351	4.3375
CAD/PLN	2.8455	2.8557	-0.4%	12M	3.8228	3.8259	12M	4.3820	4.3864
CZK/PLN	0.1661	0.1661	0.0%						
				WIBOR	Last fixing	1-day change	T-bills (mid)	Today's opening	1-day change
EUR/USD	1.1145	1.1134	0.1%	O/N	1.54 %	13 bp			
USD/JPY	108.81	109.71	-0.8%	1W	1.57 %	0 bp			
GBP/USD	1.2619	1.2626	-0.1%	1M	1.64 %	0 bp	1M		
USD/CHF	1.0052	1.0092	-0.4%	3M	1.72 %	0 bp	3M	%	bp
EUR/JPY	121.27	122.15	-0.7%	6M	1.79 %	0 bp	6M	%	bp
EUR/GBP	0.8832	0.8818	0.2%	9M	1.81 %	0 bp	9M	%	bp
USD/CAD	1.3535	1.3499	0.3%	12M	1.86 %	0 bp	12M	%	bp
FRAs (mid)	Last closing			IRS (mid)	Today's opening	1-day change	T-Bonds (mid)	Today's opening	1-day change
1X2	1.64	1X7	1.79	2Y	1.79 %	-1 bp	2Y	1.63 %	-2 bp
2X3	1.64	3X9	1.79	5Y	1.95 %	-4 bp	5Y	2.12 %	-3 bp
1X4	1.72	6X12	1.79	10Y	2.27 %	-4 bp	10Y	2.68 %	-6 bp
3X6	1.72			5Y-2Y	16 bp	-3 bp			
6X9	1.72			10Y-5Y	32 bp	0 bp			
9X12	1.72			10Y-2Y	48 bp	-3 bp			

## Appendix 1

### Important Disclosures

Additional information available upon request

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### Analyst Certification

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