



Poland Daily

HEADLINES...

POL: DB expects that coronavirus epidemic will cause in 1H2020 recession in euro-zone, of similar size of what followed 2008 financial crisis. DB forecasts that GDP in Germany will decline by 4.5% in 2020 and will increase by 3.4% in 2021. In euro-zone GDP is expected to decline by 3.5% in 2020 and to rise by 3.3% in 2021. In the US GDP will likely decline by 0.8% in 2020 and is expected to increase by 2.4% in 2021. Global GDP growth will amount to 2.0% in 2020 and 2.4% in 2021.

Due to lockdown in Poland, negative impact of recession in euro-zone and in the US, assuming that government fiscal programme is launched promptly and that announced amounts are transferred to the economy, **our current forecast of Poland's GDP growth is 0.8% in 2020, 3.6% in 2021 and 2.7% in 2022.** Average inflation in Poland should amount to 2.4% in 2020, 2.7% in 2021 and 3.1% in 2022 while average EUR/PLN rate is envisaged at 4.43 in 2020 and 4.23 in 2021.

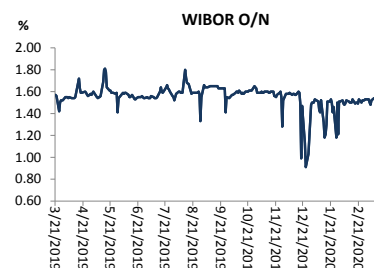
THE DAY AHEAD...

POL: Construction output (Feb), retail sales (Feb)

TODAY'S FOCUS:

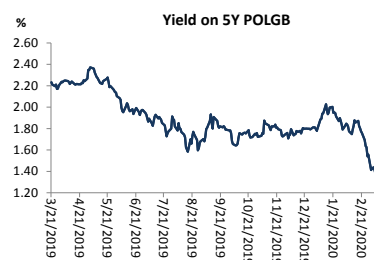
Today economic calendar on a domestic side contains construction output and retail sales for February.

Figure 1: WIBOR O/N



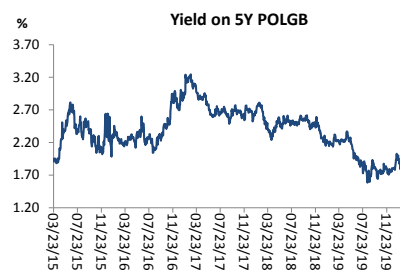
Source: Bloomberg

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
POL	9:00	Retail sales (Feb)	(6.0%)	0.5% (9.6%)	-2.7% (6.3%)
POL	9:00	Real retail sales (Feb)	(4.2%)	(7.3%)	(4.4%)
POL	9:00	Construction output (Feb)	(2.0%)	(5.5%)	(1.5%)



Foreign Exchange

Today in the morning the zloty was 0.5% firmer versus the USD and was 1.2% firmer versus the EUR compared to the yesterday's NBP fixing. The zloty was 1.8% weaker versus the GBP and firmed by 1.2% versus the CHF. The zloty should be moving today within a wide range of PLN4.4800-4.5800 per EUR.

The USD firmed by 0.7% versus the EUR as President Trump said the US would involve in conflict on crude oil prices between Russia and Saudi Arabia.

Fixed Income

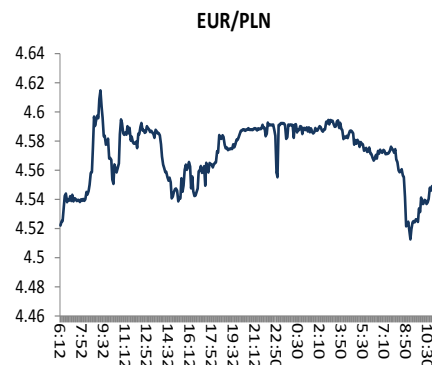
The yields on Poland's government bonds were 6bps up in 2-year sector and remained steady in 5-year and 10-year sectors. The NBP conducted first bond purchase auction in secondary market buying government bonds worth total PLN2.66bn. The NBP bought bonds series PS0422 worth PLN1.47bn, DS0725 worth PLN457mn and DS1029 worth PLN730mn.

Interest Rates

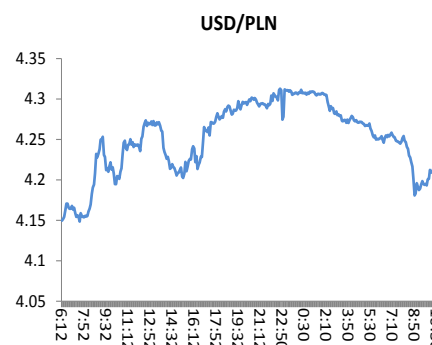
Today the O/N bid rate should be within a range of 0.65%-0.80%. Swap rates were 6-8bps down across the curve.

Equities

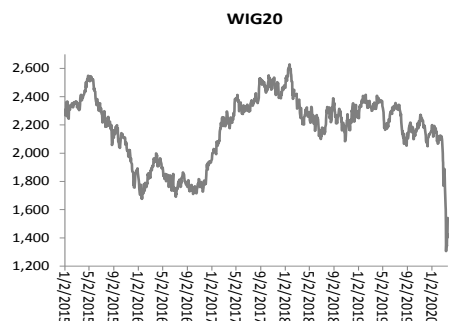
Yesterday the Dow Jones index closed 0.95% up and the S&P 500 index was 0.47% up. Today in the morning the FTSE 100 index was 3.13% up, the CAC 40 index was 5.75% up and the DAX index was 5.46% up. Today in the morning the WIG index was 4.36% up and the WIG20 index was 4.73% up.



Source: Bloomberg

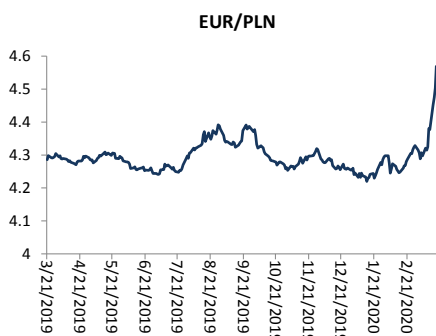


Source: Bloomberg

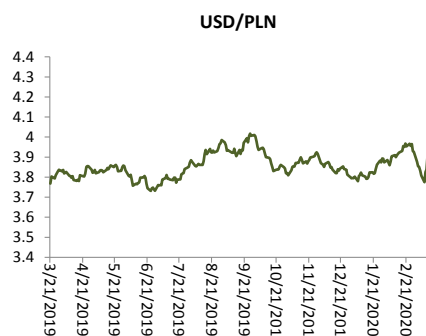


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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