



Poland Daily

HEADLINES...

POL: Labour Ministry estimates that number of new unemployed in March was about 30 thousands what would mean an increase in official unemployment rate to 5.7% in March from 5.5% in February. If these data were confirmed, it would mean very limited reaction of labour market to the initial phase of lockdown.

POL: In March retail sales in the current prices fell by 3.3% m/m and declined by 7.1% y/y. In March retail sales in constant prices fell by 9.0% y/y. In March, in the current prices the sharpest decline was reported in footwear and clothing (down 45.1% m/m and down 50.5% y/y) and automobiles (down 24.0% m/m and down 32.7% y/y). A decline was also reported in retail sales of furniture and white goods (down 8.1% m/m and down 16.5% y/y) and fuels (down 9.5% m/m and down 14.4% y/y). In March an increase was reported in retail sales of food and beverages (up 11.0% m/m and up 9.9% y/y) and pharmaceuticals (up 1.2% m/m and 11.6% up y/y). Data on retail sales point to a relatively deep decline in demand from households. However, moderate reaction of labour market and relatively good data on industrial production for March show that the sharpest drop will occur in services' sector and in sales of consumer goods being non-necessities.

POL: PM Mateusz Morawiecki said that budget deficit in 2020 might exceed 4% of GDP but added that austerity measures would be implemented in public administration, but with preservation of jobs. He said government's priority would be responsible widening of budget deficit while preserving the value of the zloty. In his view deflationary tendencies would be visible soon in the economy.

THE DAY AHEAD...

POL: Retail sales (Mar)

EMU: Consumer confidence (Apr)

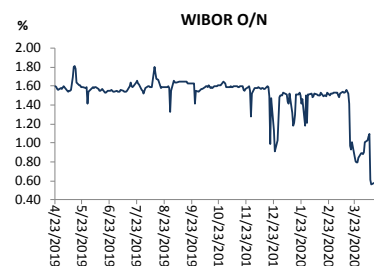
TODAY'S FOCUS:

Market participants will be focusing today on sharply falling oil prices in Europe after two day long period of negative oil prices in the US. Today macro-economic calendar contains retail sales for March from Poland and consumer confidence in euro-zone for April.

DIARY (Today)

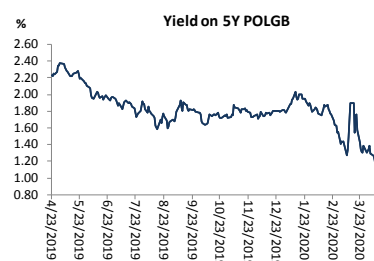
Country	GMT	Release	DB Expected	Actual	Consensus
POL	8:00	Retail sales (Mar)	-8.0% (-11.5%)	-3.3% (-7.1%)	2.9% (-0.6%)
POL	8:00	Real retail sales (Mar)	(-13.7%)	(-9.0%)	(-5.1%)
EMU	14:00	Consumer confidence (Apr)			-20.0

Figure 1: WIBOR O/N



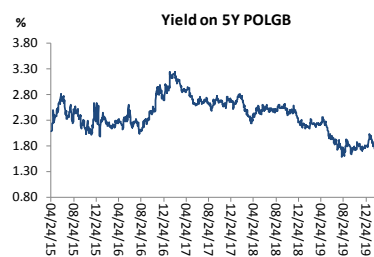
Source: Bloomberg

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% firmer versus the USD and was 0.1% weaker versus the EUR compared to the previous NBP fixing. The zloty was 0.7% firmer versus the GBP and firmed by 1.0% versus NOK as oil prices fell. The zloty was steady versus the CHF. Today the zloty should be moving within a wide range of PLN4.5050-4.5500 per EUR.

The USD weakened by 0.2% versus the EUR.

Fixed Income

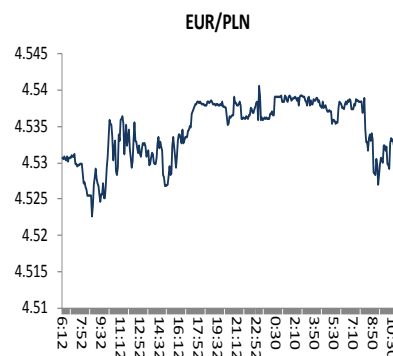
The yields on Poland's government bonds were 4bps down in 2-year sector and fell by 7-9bps in 5Y and 10Y ones.

Interest Rates

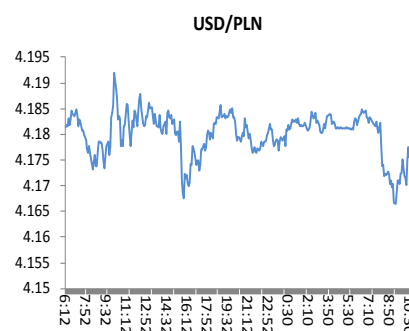
Today the O/N bid rate should be within a range of 0.30%-0.40%. Swap rates were 1-3bps down across the curve.

Equities

Yesterday the Dow Jones index closed 2,67% down and the S&P 500 index was 3.07% down. Today in the morning the FTSE 100 index was 1.44% up, the CAC 40 index was 0.73% up and the DAX index was 1.35% up. The Nikkei index was 0.74% down. Today in the morning the WIG index was 0.59% up and the WIG20 index was 0.66% up.



Source: Bloomberg

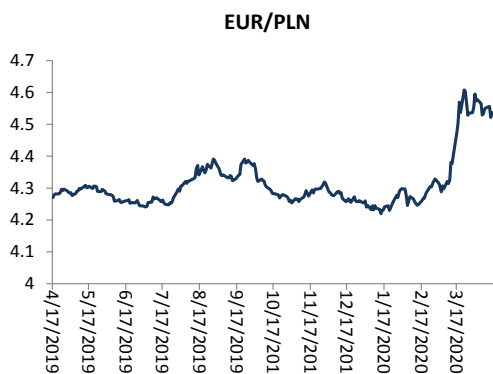


Source: Bloomberg

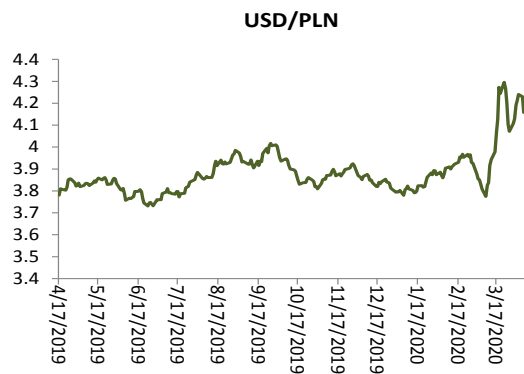


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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