



Poland Daily

POL: In April core inflation amounted to 0.8% m/m and 3.6% y/y. Since February core inflation has been steady at 3.6% y/y what suggests that inflation peaked in Q1 2020. In April there were no signs of deflationary pressure of lock-down but it is likely that in the medium term consumers will change their consumption behavior that will result in decrease in demand in particular in luxury goods consumption.

POL: On Wednesday the GUS will release average employment and average wage in enterprises' sector for April. We estimate average employment in April to decline by 0.8% m/m and to fall by 0.5% y/y. Average wage in enterprises' sector should decline by 0.2% m/m and is expected to grow by 4.5% y/y.

POL: Development Minister Jadwiga Emilewicz revised down estimates of unemployment rate at the end of 2020 to 7-8% from 10% expected before.

THE DAY AHEAD...

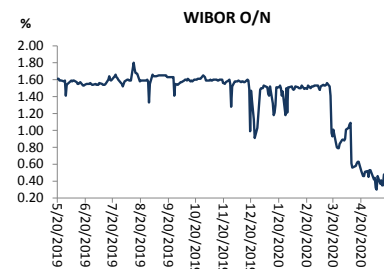
DEU: ZEW Index (May)

USA: Housing Starts (Apr)

TODAY'S FOCUS:

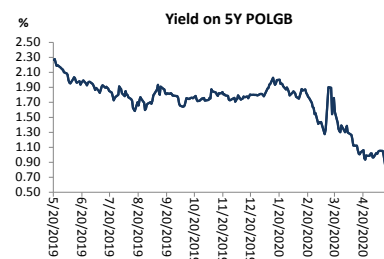
Today economic calendar contains Germany's ZEW index for May and US housing data for April.

Figure 1: WIBOR O/N



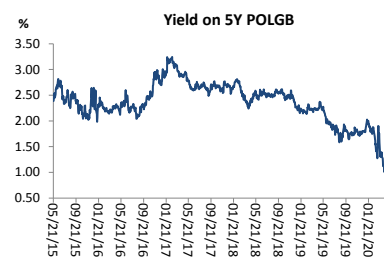
Source: Bloomberg

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
DEU	9:00	ZEW expectations (May)		51	30
USA	12:30	Housing starts (Apr)	750k		900k



Foreign Exchange

Today in the morning the zloty firmed by 1.1% versus the USD and was 0.1% firmer versus the EUR compared to the previous NBP fixing. The zloty should be moving within a range of PLN4.5450-4.5800 per EUR.

The EUR firmed by 1% versus the USD as German Chancellor Merkel and French President Macron announced a plan to create EUR500bn EU recovery fund.

Fixed Income

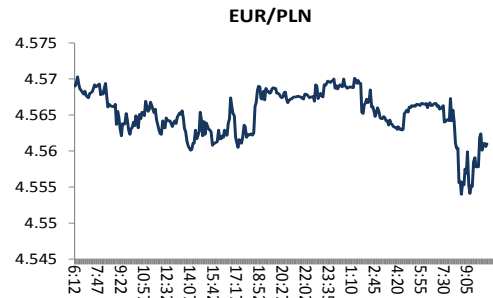
The yields on Poland's government bonds rose by 2-4bps in all tenors as core inflation remained elevated at 3.6% y/y.

Interest Rates

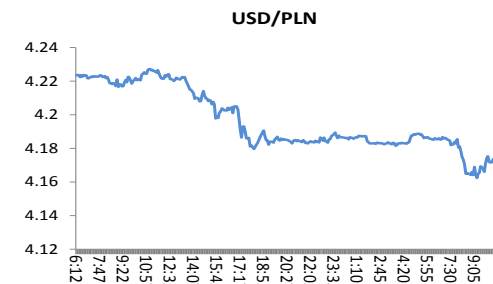
Today the O/N bid rate should be within a range of 0.20%-0.30%. Swap rates were 2-5bps up in all tenors.

Equities

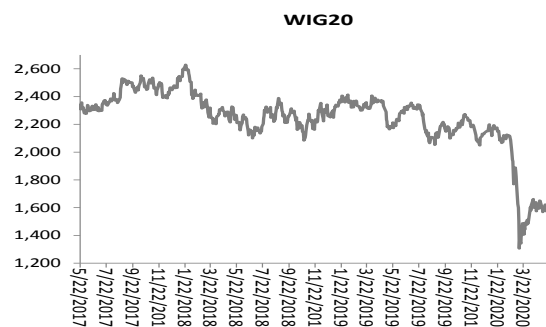
Yesterday the Dow Jones index closed 3.85% up and the S&P 500 index was 3.15% up. Today in the morning the FTSE 100 index was 0.40% down, the CAC 40 index was 0.71% down and the DAX index was 0.39% down. The Nikkei index increased by 1.49%. Today in the morning the WIG index was 0.26% down and the WIG20 index was 0.45% down.



Source: Bloomberg

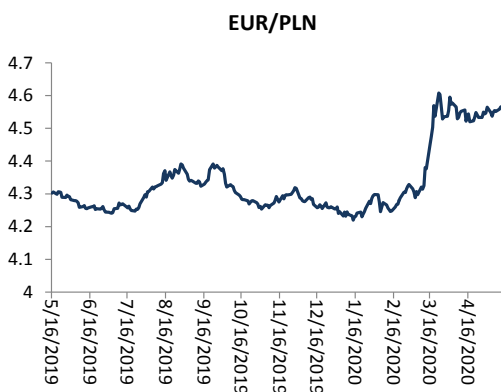


Source: Bloomberg

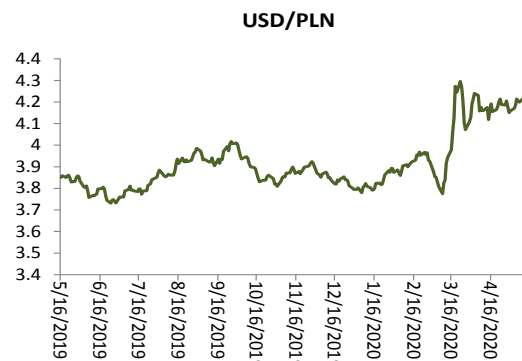


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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