



Poland Daily

POL: In March total debt of State Treasury amounted to PLN1036.4bn (up PLN39.0bn or 3.9% m/m). State Treasury debt held by domestic banking sectors rose by PLN40.4bn (up 12.2% m/m) to PLN372.5bn, debt held by domestic non-banking sectors fell by PLN6.8bn (down 2.6% m/m) to PLN256.8bn while State Treasury debt held by non-residents increased by PLN5.4bn (up 1.4% m/m) to PLN407.1bn. An increase of State Treasury debt held by non-residents in March stemmed mainly from PLN depreciation. According to flash estimate by the Finance Ministry, in April State Treasury debt increased by PLN35.4bn (up 3.4% m/m) to PLN1071.9bn.

POL: MPC member Jerzy Kropiwnicki said that currently the best monetary and fiscal policy mix was fiscal stimulus stabilizing or boosting demand and monetary policy aimed at curbing inflation. Kropiwnicki said that interest rates should be gradually normalising, for example at the pace of one rate hike per 2-3 months.

THE DAY AHEAD...

POL: Industrial output (Apr), PPI (Apr),

EMU: PMI (May)

DEU: PMI (May)

USA: initial jobless claims, PMI (May), existing home sales (Apr)

TODAY'S FOCUS:

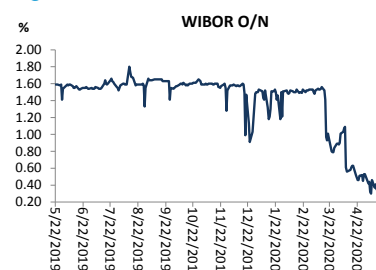
Today economic calendar contains on a domestic side industrial output and PPI for April. On a foreign side calendar contains a series of PMIs from Europe and the US for May and US initial jobless claims and existing home sales.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	7:30	PMI manufacturing (May)		36.8	29.4
EMU	8:00	PMI manufacturing (May)		39.5	38.0
POL	8:00	Industrial output (Apr)	-16.6% (-15.6%)	-25.5% (-24.6%)	-11.2% (-12.4%)
POL	8:00	PPI (Apr)	-0.7% (-1.5%)	-0.6% (-1.3%)	-0.3% (-1.2%)
USA	12:30	Initial jobless claims	2500k		2400k
USA	13:45	PMI manufacturing (May)			39.5
USA	14:00	Existing home sales (Apr)	-5.4%		-19.9%

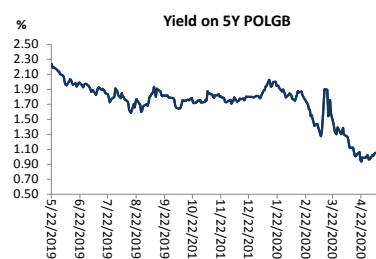
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



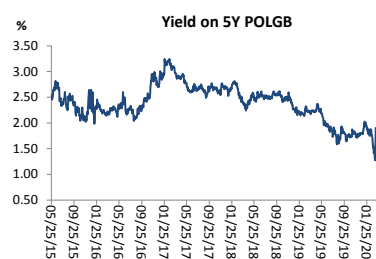
Source: Bloomberg

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 firmed by 0.6% versus the USD and was 0.4% firmer versus the EUR compared to the previous NBP fixing. The zloty should be moving within a range of PLN4.5200-4.5550 per EUR.

The USD weakened by 0.2% versus the EUR on rising risk appetite.

Fixed Income

The yields on Poland's government bonds were practically unchanged across the curve.

Interest Rates

Today the O/N bid rate should be within a range of 0.20%-0.30%. Swap rates were 1-2bps up in all tenors.

Equities

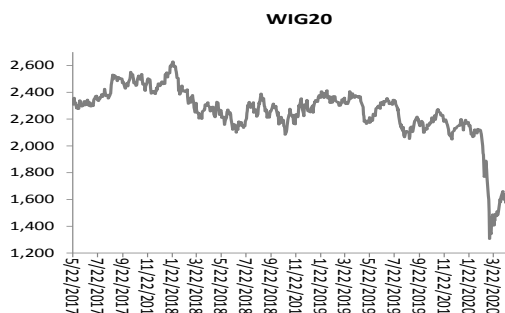
Yesterday the Dow Jones index closed 1.52% up and the S&P 500 index was 1.67% up. Today in the morning the FTSE 100 index was 0.66% down, the CAC 40 index was 1.00% down and the DAX index was 1.04% down. The Nikkei index decreased by 0.21%. Today in the morning the WIG index was 0.05% down and the WIG20 index was 0.29% down.



Source: Bloomberg

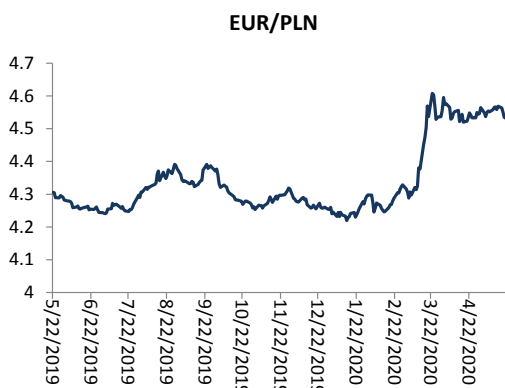


Source: Bloomberg

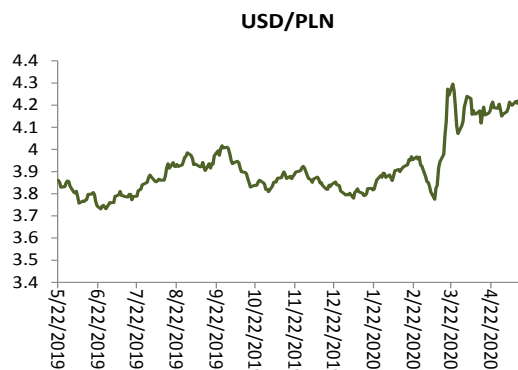


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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