



Poland Daily

POL: In May manufacturing PMI rose to 40.6pts from 31.9pts in April. In May new orders and new export orders fell in the second highest pace in history of the survey. Very weak demand and lock-down of factories resulted in the second highest drop in output in history of the survey while decline in employment was the third highest in history. In May expectations of future production improved slightly – currently half of companies expects increase in production and half expects a decline in production within 12-month horizon.

POL: Minutes from MPC meeting on April 8 showed that the main reason for rate cut by 50bps was central bank's willingness to reduce cost of servicing of existing debt of households and companies. The MPC expects a decline in inflation caused by recession related to covid-19.

POL: PFR State Development Fund's head Pawel Borys estimates that decline in GDP in Q2 will amount to 8-10%. In his view the through in economic activity occurred in the second half of April. He thinks last interest rate cut will not increase demand for credit as banks are tightening credit conditions.

THE DAY AHEAD...

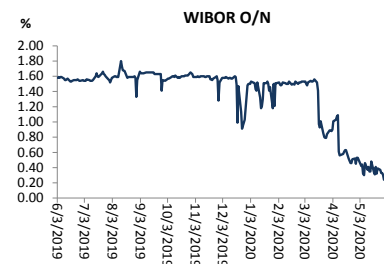
CZK: GDP (Q1)

HUN: PMI manufacturing (May)

TODAY'S FOCUS:

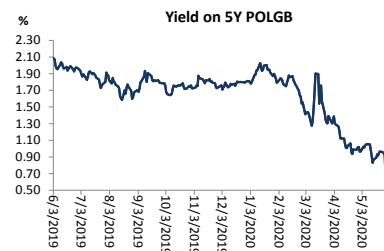
Today economic calendar contains Czech Q1 GDP and manufacturing PMI for May from Hungary.

Figure 1: WIBOR O/N



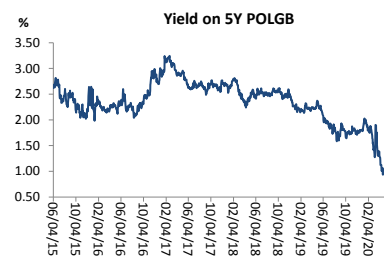
Source: Bloomberg

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
CZK	7:00	GDP (Q1)		-3.3% (-2.0%)	-3.6% (-2.2%)
HUN	7:00	PMI manufacturing (maj)		40.3	37.3



Foreign Exchange

Today in the morning the zloty firmed by 0.7% versus the USD and was 0.6% firmer versus the EUR compared to the previous NBP fixing. The zloty should be moving within a range of PLN4.3700-4.4050 per EUR.

The USD weakened by 0.2% versus the EUR.

Fixed Income

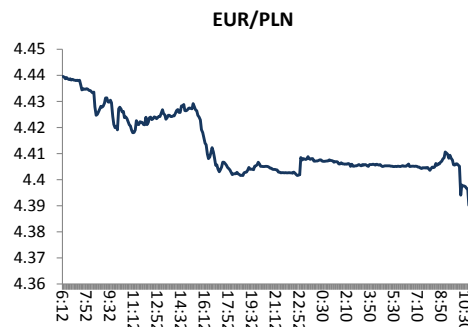
The yields on Poland's government bonds were 4bps up in 10-year sector and were unchanged elsewhere.

Interest Rates

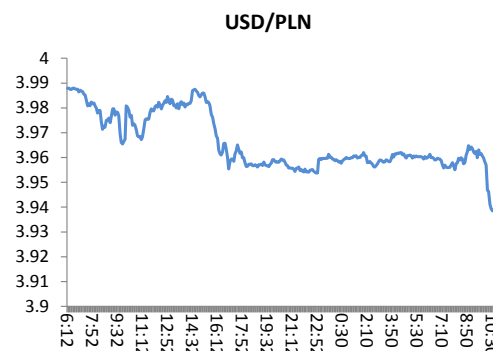
Today the O/N bid rate should be within a range of 0.00%-0.05%. Swap rates were practically unchanged in all tenors.

Equities

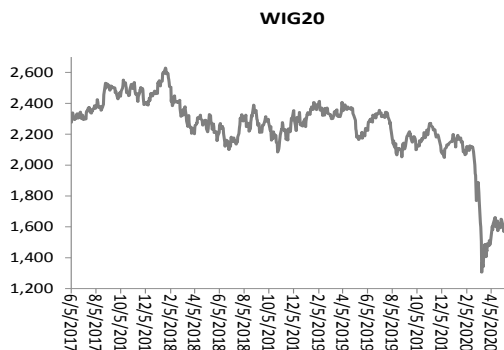
Yesterday the Dow Jones index closed 0.36% up and the S&P 500 index was 0.38% up. Today in the morning the FTSE 100 index was 0.83% up, the CAC 40 index was 1.92% up and the DAX index was 3.38% up. The Nikkei index increased by 1.19%. Today in the morning the WIG index was 0.29% up and the WIG20 index was 0.14% up.



Source: Bloomberg

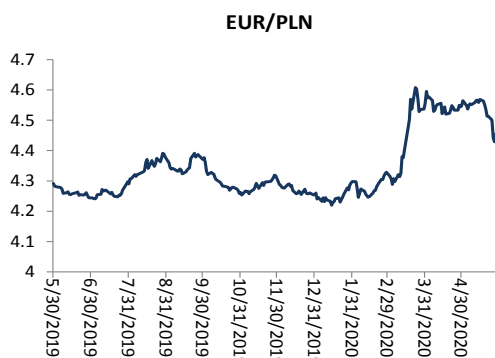


Source: Bloomberg

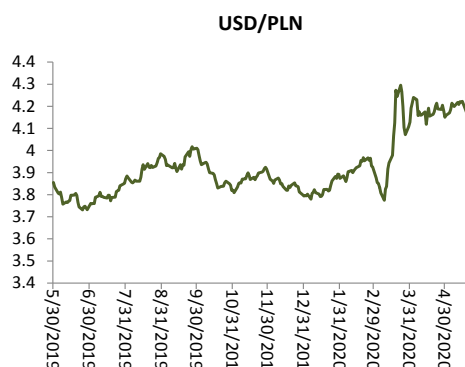


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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