



Poland Daily

POL: The MPC kept interest rates unchanged. In the communique the MPC said that incoming data suggest gradual improvement in moods and recovery in economic activity that remains, however, below its pre-covid-19 levels. Employment is declining, albeit at moderate pace and growth in wages in enterprises' sector significantly decelerated. The MPC expects economic recovery to continue due to loose fiscal and monetary policies. Recovery will be limited by weak moods, uncertainty on further developments in covid-19 and lack of visible adjustment of PLN exchange rate to lower foreign demand and substantial cuts in interest rates in Poland. In line with the July projection based on the NECMOD model, there is a 50-percent probability that the annual price growth will be in the range of 2.9–3.6% in 2020 (against 3.1–4.2% in the March 2020 projection), 0.3–2.2% in 2021 (compared to 1.7–3.6%) and 0.6–2.9% in 2022 (compared to 1.3–3.4%). At the same time, the annual GDP growth – according to this projection – will be with a 50-percent probability in the range of -7.2 – -4.2% in 2020 (against 2.5–3.9% in the March 2020 projection), 2.1–6.6% in 2021 (compared to 2.1–3.9%) and 1.9–6.0% in 2022 (compared to 1.8–3.7%).

NBP will continue to purchase government securities and government-guaranteed debt securities on the secondary market as part of the structural open market operations.

POL: In May there was EUR2455mn surplus in the current account after EUR1156mn surplus in April. In May there was a big trade surplus of EUR1250mn caused by the fact that decline in exports (-19.8% r/r) was smaller than decline in imports (-27.2% y/y). In May surplus in services was also high at EUR1518mn and primary account balance was only slightly negative at EUR100mn.

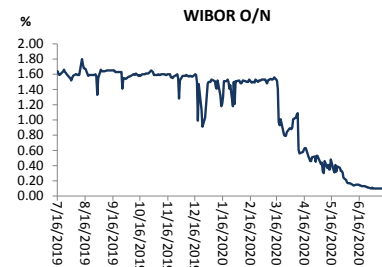
THE DAY AHEAD...

POL: Inflation (Jun),

TODAY'S FOCUS:

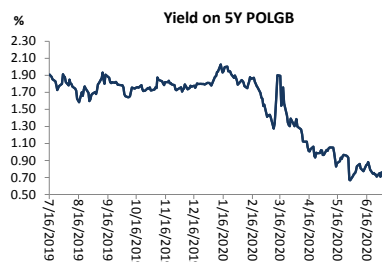
Today economic calendar contains final inflation in Poland for June.

Figure 1: WIBOR O/N



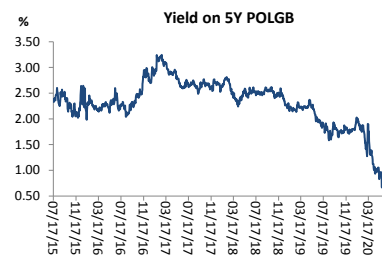
Source: Bloomberg

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	8:00	Inflation (Jun)	0.7% (3.3%)	0.6% (3.3%)	0.7% (3.3%)



Foreign Exchange

Today in the morning the zloty firmed by 1.2% versus the USD and was 0.5% firmer versus the EUR compared to the previous NBP fixing. The zloty firmed after much higher than expected surplus in the current account. The zloty should be moving within a range of PLN4.4550-4.4950 per EUR.

The USD weakened by 0.7% versus the EUR as risk aversion declined due to information that work on covid-19 vaccine is progressing.

Fixed Income

The yields on Poland's government bonds were practically unchanged in all tenors.

Interest Rates

Today the O/N bid rate should be within a range of 0.00%-0.05%. Swap rates were steady across the curve.

Equities

Yesterday the Dow Jones index closed 2.13% up and the S&P 500 index was 1.34% up. Today in the morning the FTSE 100 index was 0.81% up, the CAC 40 index was 0.80% up and the DAX index was 0.88% up. The Nikkei index increased by 1.59%. Today in the morning the WIG index was 0.60% up and the WIG20 index was 0.67% up.

EUR/PLN



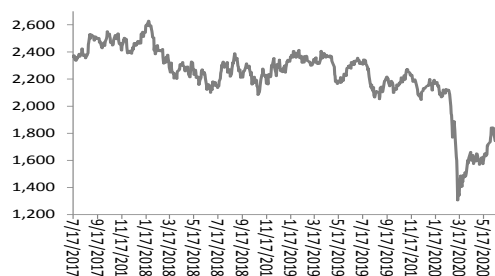
Source: Bloomberg

USD/PLN



Source: Bloomberg

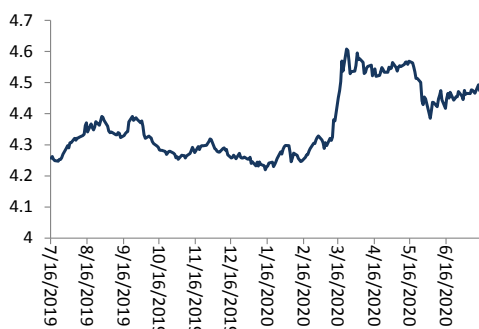
WIG20



Source: Bloomberg

Medium term FX trends:

EUR/PLN



Source: Bloomberg

USD/PLN



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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