



Poland Daily

HEADLINES:

POL: Revised budget for 2020 assumes deficit of PLN109.3bn (-4.9% of GDP). Budget expenditures are envisaged at PLN508bn (up 17%) while revenues are envisaged at PLN398.7bn (down 7%). Finance Ministry assumes 4.6% decline of GDP in 2020 and 4.0% growth in 2021. Cap on expenditures is suspended in 2020 and 2021. Due to ample budget liquidity (PLN125bn liquidity cushion) and above 90% of net borrowing needs covered, Poland doesn't plan to issue Eurobonds at present.

POL: In July industrial production in constant prices rose by 3.4% m/m and increased by 1.1% y/y. In July the highest annual growth was reported in production of furniture (up 24.2% y/y), computers, electronic and optical devices (up 15.3% y/y), electrical devices (up 7.1% y/y), plastics (up 4.5% y/y), chemical products (up 4.1% y/y). The deepest annual decline occurred in coal mining (down 18.4% y/y), coke and oil refining (down 15.0% y/y), machinery and equipment (down 13.3% y/y), metals (down 9.7% y/y), products of other non-metal raw materials (down 2.8% y/y) and metals (down 2.0% y/y). In July production of consumer durables increased by 22.9% y/y, production of consumer non-durables rose by 1.6% y/y and production of intermediate goods increased by 0.9% y/y. Declined were reported in production of energy goods (down 7.0% y/y) and investment goods (down 3.3% y/y).

POL: In July producer prices rose by 0.3% m/m and fell by 0.6% y/y.

POL: In June 2020 central government debt increased by 0.1% m/m to PLN1,088.2bn. In June 2020 share of debt held by non-residents amounted to 33.8% (down 0.4% m/m and down 6.4% versus end of 2019).

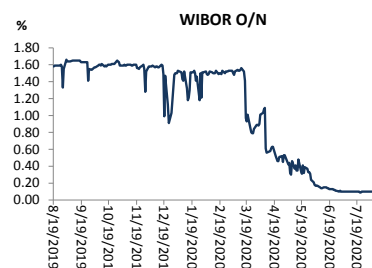
THE DAY AHEAD...

POL: Construction output (Jul), retail sales (Jul)

TODAY'S FOCUS:

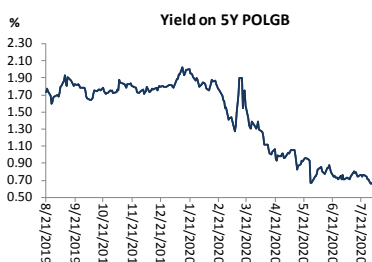
Today economic calendar contains construction output and retail sale for July from Poland and preliminary PMIs from Europe and US for August.

Figure 1: WIBOR O/N



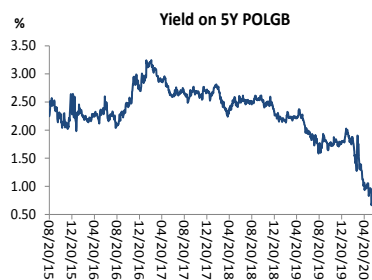
Source: Bloomberg

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	Construction output (Jul)	(-3.0%)	(-10.9%)	(-4.8%)
POL	8:00	Retail sales (Jul)	4.0% (0.4%)	6.4% (2.7%)	3.0% (-0.4%)
POL	8:00	Real retail sales (Jul)	(0.4%)	(3.0%)	-0.7%



Foreign Exchange

Today in the morning the zloty firmed by 0.3% versus the USD and was 0.3% firmer versus the EUR compared to the previous NBP fixing. zloty should be moving within a range of PLN4.3650-4.4000 per EUR.

The USD was steady versus the EUR.

Fixed Income

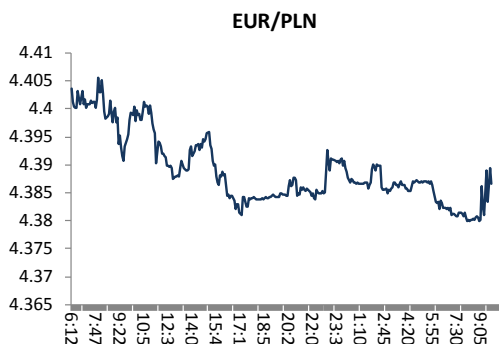
The yields on Poland's government bonds were 3bps down in 2-year and 5-year sectors and were unchanged in long end of the curve.

Interest Rates

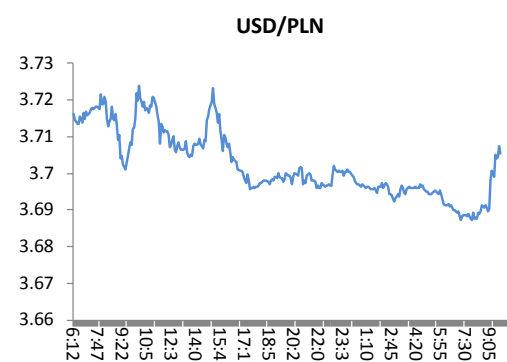
Today the O/N bid rate should be within a range of 0.00%-0.05%. Swap rates were 3bp down in 2-year and 5-year sectors.

Equities

Yesterday the Dow Jones index closed 0.17% up and the S&P 500 index was 0.32% up. Today in the morning the FTSE 100 index was 0.15% down, the CAC 40 index was 0.12% up and the DAX index was 0.31% up. The Nikkei index increased by 0.17%. Today in the morning the WIG index was 0.19% up and the WIG20 index was 0.33% up.



Source: Bloomberg



Source: Bloomberg

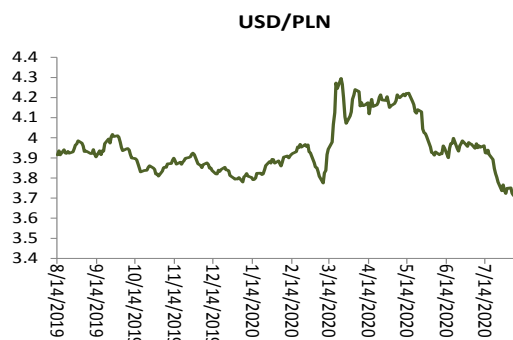


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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