



Poland Daily

HEADLINES:

POL: MPC member prof. Lukasz Hardt said that more and more costs of loose monetary policy were visible, among others in the form of rising inflation. In his opinion central bank can't forget about inflation nor it should start hiking interest rates rapidly. In his view the NBP ought to convince market participants that it is determined to reach inflation target in medium term and would not hesitate to make the right decisions at the right time. He suggested the MPC should signal readiness to hike interest rates then raise mandatory reserve rate to the pre-pandemic level and in the next step the main reference rate should be hiked by 15 bps to 0.25%. He added that economic situation might require central bank to continue bond purchases for longer time.

THE DAY AHEAD...

POL: Supreme Court ruling on FX loans

CZK: Inflation (Apr)

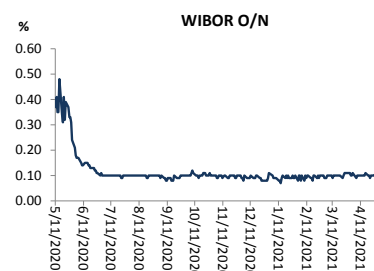
HUN: Inflation (Apr)

DEU: ZEW index (May)

TODAY'S FOCUS:

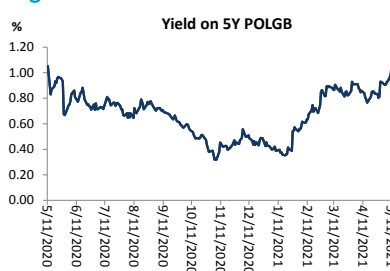
Today market participants will be focusing on Supreme Court ruling on FX mortgages (initially scheduled for 10.00 CET, delayed until at least 12.30 CET). On a foreign side economic calendar contains inflation for April from Czechia and Hungary and ZEW index for May from Germany.

Figure 1: WIBOR O/N



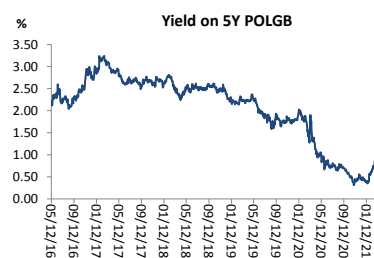
Source: Bloomberg

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	8:00	Inflation (Apr)		0.5% (3.1%)	0.2% (2.7%)
HUN	8:00	Inflation (Apr)		0.8% (5.1%)	0.5% (4.8%)
DEU	10:00	ZEW expectations (May)		84.4	72.0



Foreign Exchange

Today in the morning the zloty was 0.2% weaker versus the USD and was unchanged versus the EUR compared to the previous NBP fixing. The zloty should be moving in a range of 4.5500-4.5750 PLN per EUR today.

The USD firmed by 0.2% versus the EUR recovering from initial slump after the release of US employment report for April that proved to be surprisingly weak.

Fixed Income

Yesterday at auction the BGK bank sold covid-relief bonds worth total PLN4.19bn versus demand of PLN5.2bn.

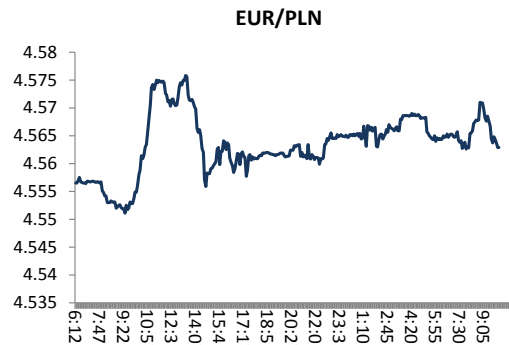
Today in the morning the yields on Poland's government bonds were 10bps up in 5-year sector and rose by 6bps in 10-year one.

Interest Rates

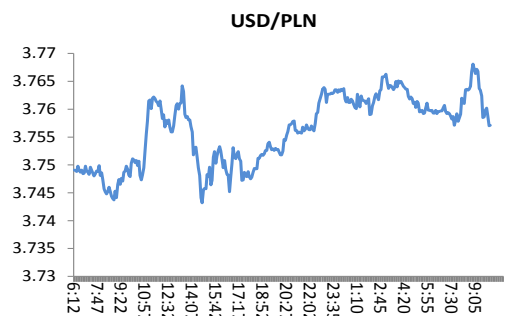
Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were 6-9bps up in all tenors.

Equities

Yesterday the Dow Jones index closed 0.10% down and the S&P 500 index fell by 1.04%. Today in the morning the FTSE 100 index was 2.25% down, the CAC 40 index was 1.92% down and the DAX index was 2.01% down. The Nikkei index closed 3.08% down. Today in the morning the WIG index was 0.69% down and the WIG20 index was 0.64% down. Stock market indices fell as sell-off of tech stocks on fears of inflation that was initiated on Wall Street yesterday, continued in Asia and Europe.



Source: Bloomberg

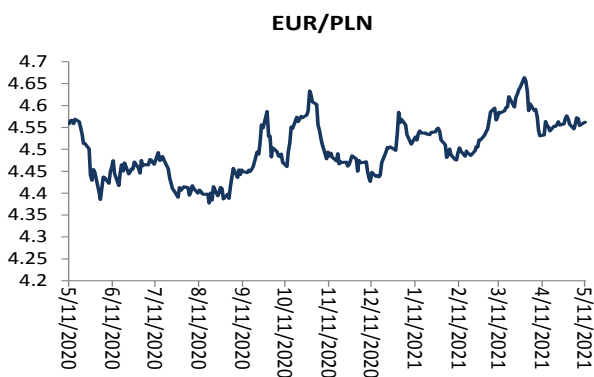


Source: Bloomberg

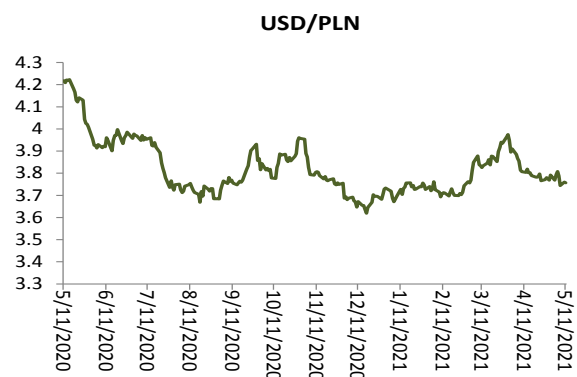


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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