



Poland Daily

HEADLINES:

POL: MPC member Jerzy Kropiwnicki said that inflation that reached 4.3% y/y in April may be above 4% in the year end. He added that main drivers of inflation i.e. energy and fuel prices, food prices and regulated prices were out of control of monetary policy. In his view also supply chains disruptions, pent up consumer demand and increase in propensity to spend by low and middle income earners (due to low interest rates) are also factors that boost inflation. In his opinion positive impact of weak zloty on Poland's exports outweighs its potentially inflationary impulse.

USA: In April core CPI rose by 0.9% m/m versus consensus of 0.3% m/m and CPI rose by 0.8% m/m versus 0.2% m/m expected. The main drivers of US inflation, contributing 0.55 perc. point to monthly index were prices of used cars (up 10% m/m), lodging away from home (up 7.6%) and airline tickets (up 10.2% m/m). In April US CPI rose to 4.2% y/y and core CPI to 3.0% y/y from respectively 2.6% y/y and 1.6% y/y in March. FOMC members stressed that while surprising, inflationary impulse should be transitory.

THE DAY AHEAD...

USA: PPI (Apr), initial jobless claims

TODAY'S FOCUS:

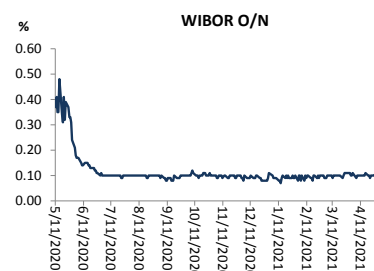
Today market participants will be focusing on US PPI for April. Economic calendar contains also US initial jobless claims.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
USA	13:30	PPI (Apr)	0.2%		0.4%
USA	13:30	Initial jobless claims	490k		490k

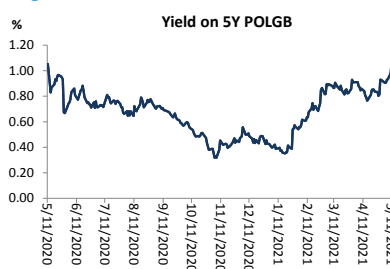
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



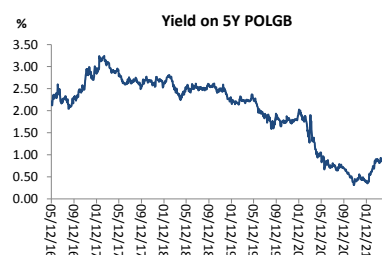
Source: Bloomberg

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 was 0.4% weaker versus the USD and was 0.1% weaker versus the EUR compared to the previous NBP fixing. The zloty should be moving in a range of 4.5350-4.5600 PLN per EUR today.

The USD firmed by 0.3% versus the EUR after the release of US CPI for April sharply surprised on the upside.

Fixed Income

Yesterday at structural auction the bought government bonds worth nominal PLN7.7bn and BGK bonds worth PLN277mn (PLN7.97bn in total) versus PLN11.1bn offered for sale (including PLN2.7bn of bonds guaranteed by State Treasury). Since start of the programme the NBP bought bonds worth nominal PLN131.8bn of which PLN74.8bn of POLGBs, PLN37.2bn of BGK bonds and PLN19.8bn of PFR bonds.

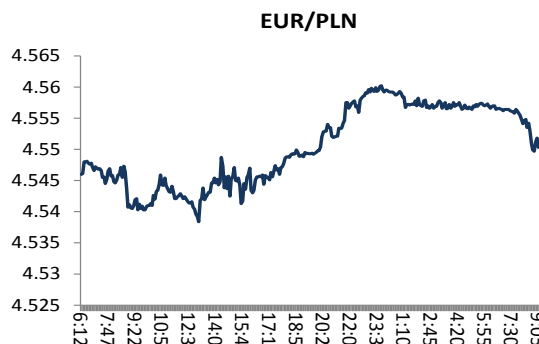
The yields on Poland's government bonds were 9bps up in 5-year sector and rose by 5bps in 10-year one.

Interest Rates

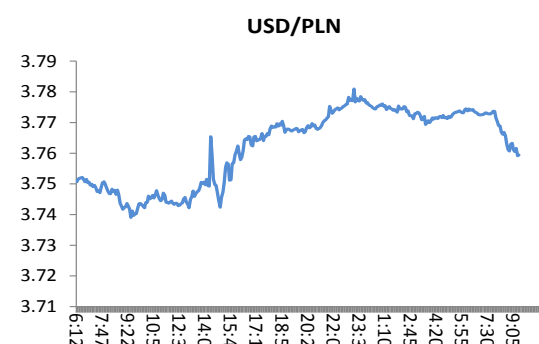
Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were 3bps up in 2-year sector.

Equities

Yesterday the Dow Jones index closed 1.99% down and the S&P 500 index fell by 2.14%. Today in the morning the FTSE 100 index was 1.64% down, the CAC 40 index was 1.42% down and the DAX index was 1.60% down. The Nikkei index closed 2.49% down. Today in the morning the WIG index was 1.21% down and the WIG20 index was 1.29% down. Stock markets were under negative impact of inflation fears.



Source: Bloomberg

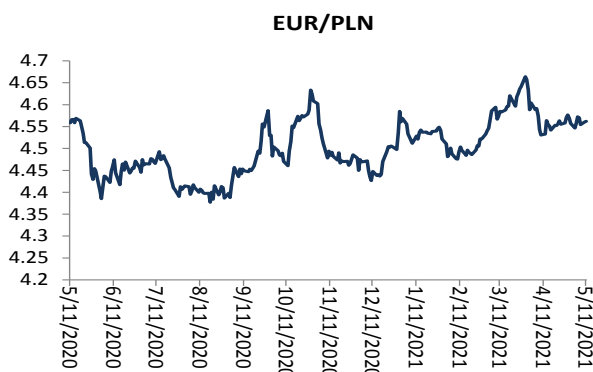


Source: Bloomberg

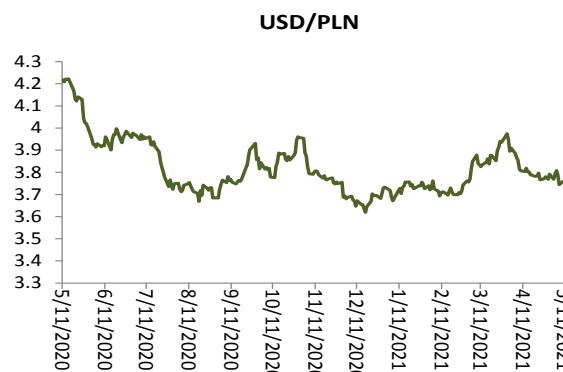


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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