



Poland Daily

HEADLINES:

POL: MPC member Jerzy Zyzynski said that in order to anchor inflationary expectations one might consider one-off rate hike of 10-15bps. In his opinion, as main sanitary restrictions will be lifted on May 29 it will be possible to think of ending bond purchases by the NBP and to extinguish it soon after. He added that there were no reasons for rate hike this year as inflation was driven by factors out of control of the monetary policy. In his view it is too early to hike mandatory reserve rate. He expressed a view that NBP currently should focus on supporting economic growth.

POL: MPC member Eurgeniusz Gatnar said that the MPC should stop worrying only about economic growth and return to its primary focus of price stability. In his opinion the NBP should hike interest rates by 10-15bps and to continue purchasing bonds in order to support economic growth until EU funds start flowing in. In his view Poland's economy is already on growth path and inflation is set to rise, among others, due to pop-up demand.

THE DAY AHEAD...

POL: GDP (Q1), inflation (Apr), balance of payments (Mar)

USA: Retail sales (Apr)

TODAY'S FOCUS:

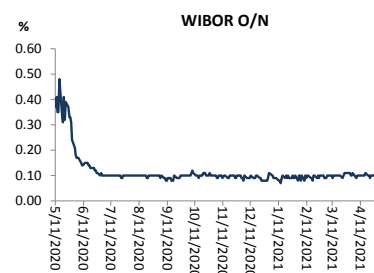
Today market economic calendar contains Q1 GDP, inflation for April and balance of payments for March from Poland and US retail sales for April.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
POL	8:00	Inflation (Apr)	0.7% (4.3%)	0.8% (4.3%)	0.7% (4.3%)
POL	8:00	GDP (Q1)	0.5% (-2.0%)	0.9% (-1.2%)	1.1% (-1.4%)
POL	12:00	Current account (Mar)	EUR1265m		EUR163m
POL	12:00	Trade balance (Mar)	EUR765m		EUR1000m
USA	12:30	Retail sales (Apr)	2.0%		1.0%

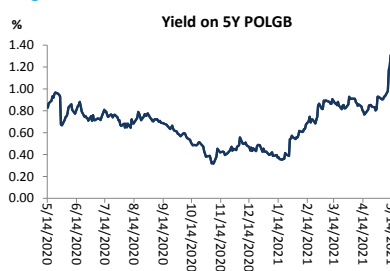
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



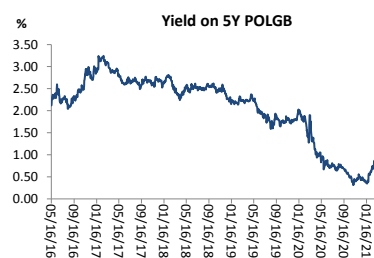
Source: Bloomberg

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 0.6% firmer versus the USD and was 0.2% firmer versus the EUR compared to the previous NBP fixing. The zloty should be moving in a range of 4.5200-4.5550 PLN per EUR today.

The USD weakened by 0.4% versus the EUR as risk appetites increased.

Fixed Income

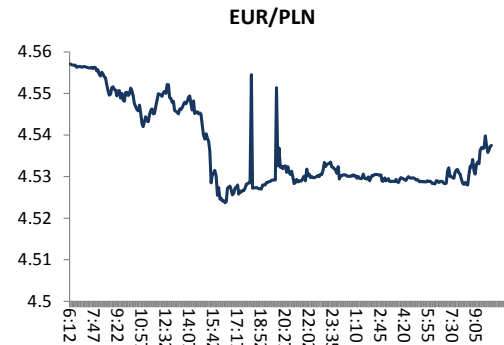
The yields on Poland's government bonds were 9bps up in 5-year sector and rose by 5bps in 10-year one.

Interest Rates

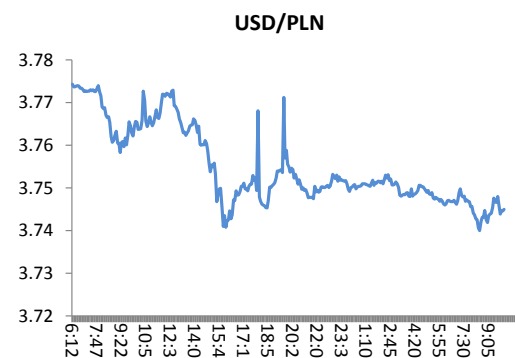
Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were 10bps up in 2-year sector and rose by 3bps in 5-year one.

Equities

Yesterday the Dow Jones index closed 1,29% up and the S&P 500 index rose by 1.22%. Today in the morning the FTSE 100 index was 0.65% up, the CAC 40 index was 0.32% up and the DAX index was 0.19% up. The Nikkei index closed 2.32% up. Today in the morning the WIG index was 0.70% down and the WIG20 index was 1.05% down.



Source: Bloomberg

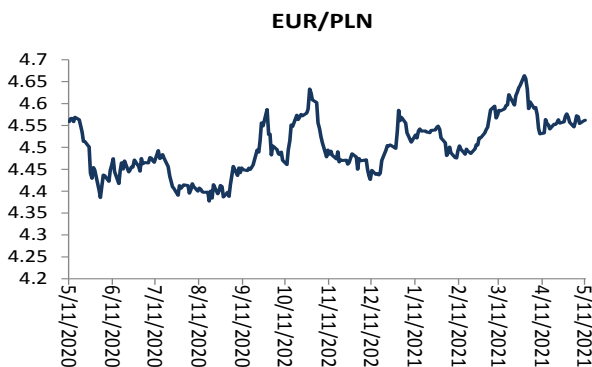


Source: Bloomberg



Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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