



Poland Daily

HEADLINES:

POL: In January real retail sales fell by 22.8% m/m and rose by 10.6% y/y, and nominal retail sales were 20,0% up y/y, in line with market consensus expectations. Real retail sales rose the strongest in footwear and clothing (up 97.7% y/y) and other (up 24.4% y/y) including very robust growth in retail sales via Internet (up 35.7% y/y) that reached 11.1% share in total retail sales. Robust growth in real retail sales was reported in pharmaceuticals and cosmetics (up 19.2% y/y) and press, books and retail sales in specialized shops (up 17.5% y/y). Real retail sales declined in automobiles and parts (down 13.5% y/y), fuels (down 1.5% y/y) and furniture, consumer electronics and white goods (down 0.4% y/y).

POL: In January construction output rose by 20.8% y/y, much stronger than expected. Strong growth in construction output in January was a result of 30.0% y/y growth in construction of buildings and good growth in specialized construction works (up 14.7% y/y).

THE DAY AHEAD...

DEU: IFO (Feb)

POL: Money supply M3 (Jan)

HUN: NBH decision

USA: Consumer confidence (Feb), manufacturing PMI (Feb)

TODAY'S FOCUS:

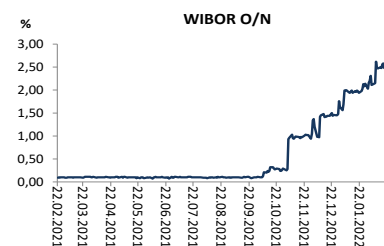
Today economic calendar contains Germany's IFO for February, money supply for January from Poland, NBH decision (we expect a hike of 50bps) and US consumer confidence and manufacturing PMI for February.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	9:00	IFO (Feb)		98.9	96.5
HUN	13:00	NBH decision	3.40%		3.40%
POL	13:00	Money supply M3 (Jan)	-0.6% (8.4%)		-0.4% (8.4%)
USA	14:45	PMI manufacturing (Feb)			56.0
USA	15:00	Consumer confidence (Feb)	112.0		110.0

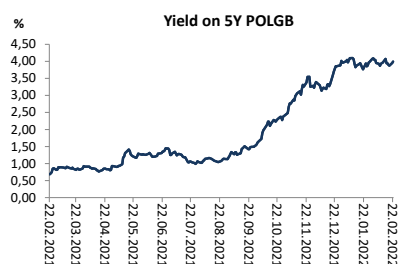
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



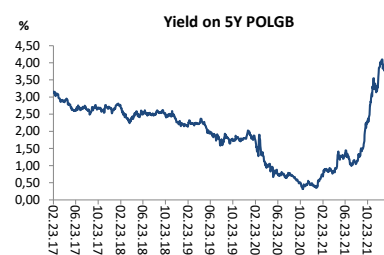
Source: Bloomberg

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 0.9% weaker versus the USD and was 0.5% weaker versus the EUR compared to previous NBP fixing. The zloty weakened on rising geopolitical risks due to increased tensions between Russia and Ukraine. The zloty should be moving within a wide range of 4.5250-4.5650 PLN per EUR today.

The USD was 0.3% firmer versus the EUR as geopolitical risks increased.

Fixed Income

The yields on Poland's government bonds rose by 5-6bps across the curve following weakening of the zloty.

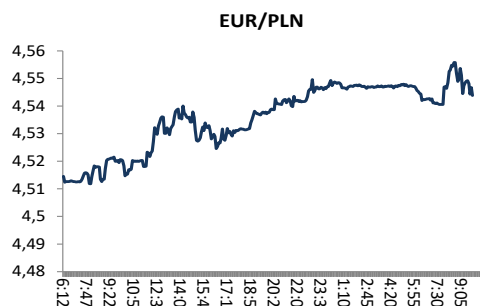
Interest Rates

Today the O/N bid rate should be within a range of 1.80% - 1.95%. Swap rates were 3-4bps up in all tenors following a rise in yields on POLGBs.

Equities

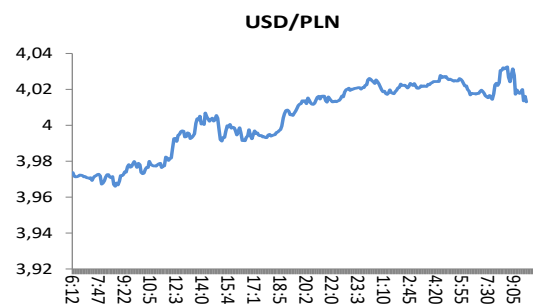
Yesterday the Dow Jones index closed 0.68% down and the S&P 500 index fell by 0.72%. Today in the morning the FTSE 100 index was 0.38% down, the CAC 40 index was 0.76% down and the DAX index was 0.90% down. The Nikkei index closed 1.71% down. Today in the morning the WIG index was 0.05% down and the WIG20 index was 0.12% up. Stock markets were negatively impacted by rising tensions between Russia and Ukraine.

EUR/PLN



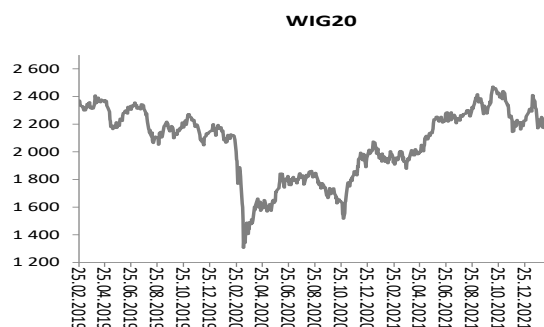
Source: Bloomberg

USD/PLN



Source: Bloomberg

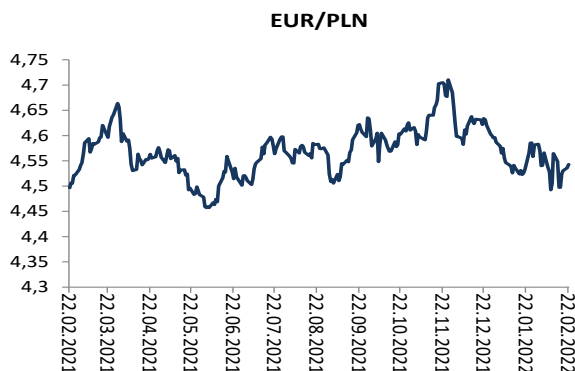
WIG20



Source: Bloomberg

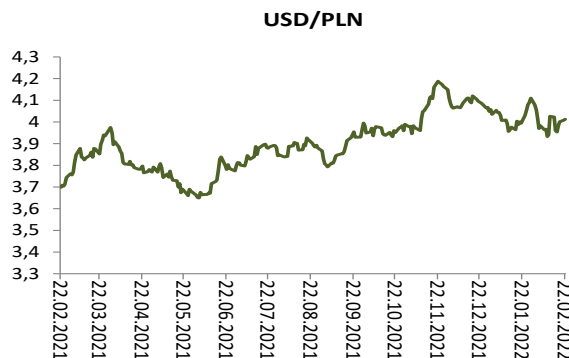
Medium term FX trends:

EUR/PLN



Source: Bloomberg

USD/PLN



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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