



# Poland Daily

## HEADLINES:

POL: At today's meeting we expect the MPC to hike interest rates by 75bps due to sharp rise in headline and core inflation. NBP President Adam Glapinski at one of earlier press conferences expressed a view that interest rates up to 5% didn't impact economic growth much. Currently, the NBP enters territory in which interest rate level impacts real economy much more. Demand for credit and costs of debt servicing will weigh more on corporate investments and households' consumption. The MPC must act quickly to prevent inflation expectations from solidifying but on the other hand must take into account recessionary effect of the current supply-shock in energy commodities and food markets.

POL: Official reserve assets of the NBP rose to USD156.22bn in May from USD153.15bn in April. .

## THE DAY AHEAD...

DEU: Industrial production (Apr)

HUN: Industrial production (Apr), CPI (May)

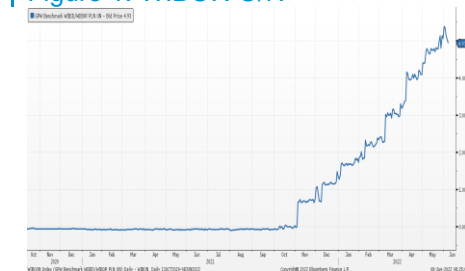
POL: MPC decision

EMU: GDP (Q1)

## TODAY'S FOCUS:

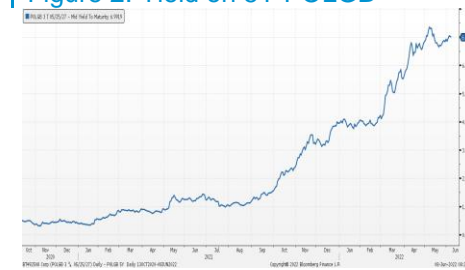
Today market participants will be focusing on MPC decision. Economic calendar contains industrial production for April from Germany and Hungary, CPI for May from Hungary and euro-zone's GDP for Q1.

Figure 1: WIBOR O/N



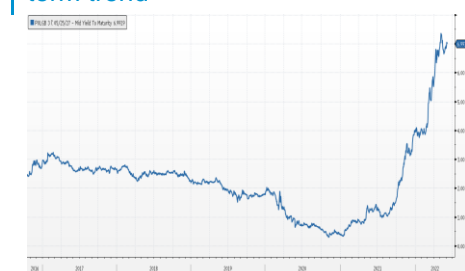
Source: Bloomberg

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
DEU	6:00	Industrial production (Apr)		0.7% (-2.2%)	1.2% (-2.4%)
HUN	7:00	Industrial production (Apr)		-1.6% (3.2%)	(6.4%)
HUN	7:00	CPI (May)		1.7% (10.7%)	1.2% (10.4%)
EMU	9:00	GDP (Q1)			0.3% (5.1%)
POL		MPC decision	6.00%		6.00%

Source: Deutsche Bank Estimates and Bloomberg Finance LP



### Foreign Exchange

Today in the morning the zloty was 0.2% firmer versus the USD and the zloty was 0.1% firmer versus the CHF and was 0.1% firmer versus the EUR compared to the previous NBP fixing. The zloty firmed slightly ahead of MPC meeting.

The USD weakened by 0.1% versus the EUR, compared to the previous NBP fixing.

### Fixed Income

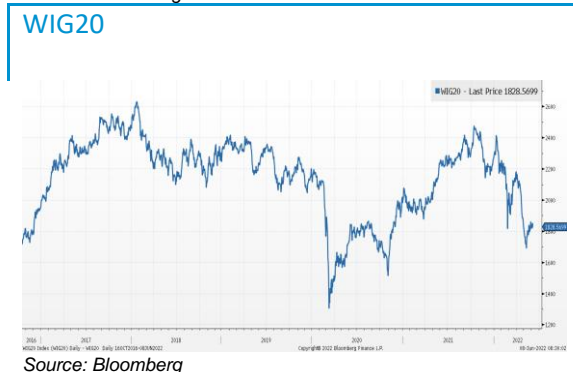
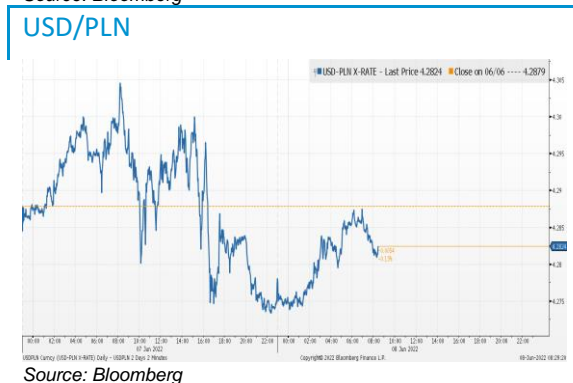
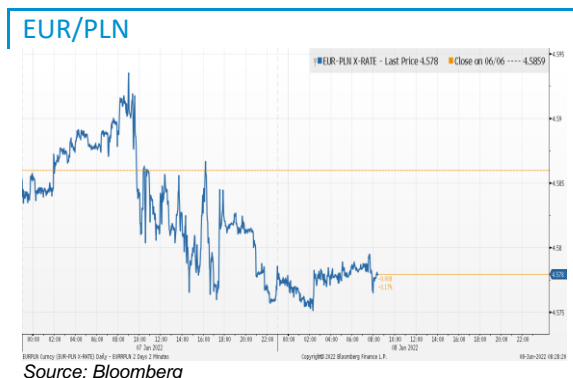
The yields on Poland's government bonds were 1bp up across the curve.

### Interest Rates

PLN swap rates were 1-2bps up in all tenors.

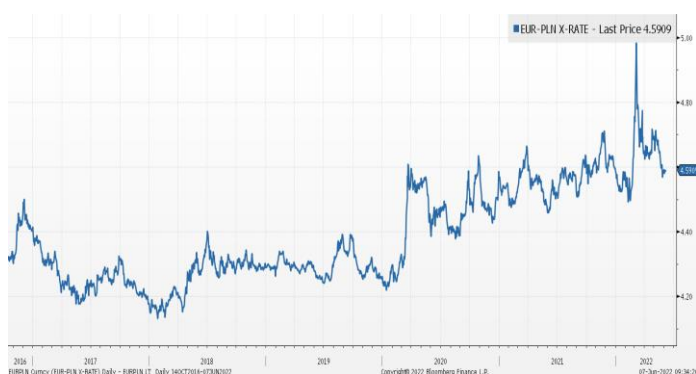
### Equities

Yesterday the Dow Jones index closed 0.80% up and the S&P 500 index rose by 0.95%. Today in the morning the FTSE 100 index rose by 0.20%, the CAC 40 index was 0.23% up and the DAX index was 0.25% up. The Nikkei index closed 1.04% up. Today in the morning the WIG index rose by 0.09% and the WIG20 index was 0.02% up.

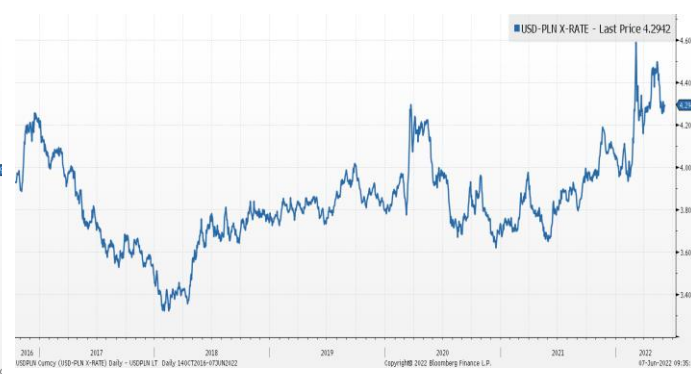


### Medium term FX trends:

#### EUR/PLN



#### USD/PLN





# Appendix 1

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