



Poland Daily

HEADLINES:

POL: MPC member Lukasz Hardt said that the Council should consider “signaling” rate hike by 15bps already at the meeting on June 6. Hardt added that there was highly likely that inflation will remain elevated next year. He added there was a risk that inflation wouldn’t decelerate to below 3.5% this year and said that was the right time to consider rate hike by the MPC. In his view it is too early to end bond purchases by the NBP that in his view have stabilizing effect on the market. According to our forecast, inflation will not fall below 4% by the end of this year and will likely stay above 3.5% in 2022. Despite elevated inflation, currently there is no sufficient majority to hike rate with the present MPC. We think that maximum of 5 MPC members may vote for rate hike while the camp of proponents of keeping rates unchanged contains NBP President Adam Glapinski with his casting vote.

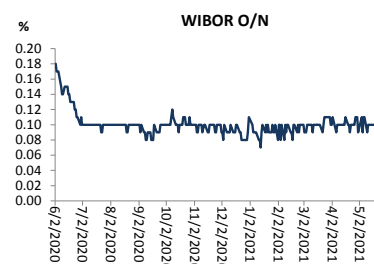
THE DAY AHEAD...

No macroeconomic releases of market significance.

TODAY'S FOCUS:

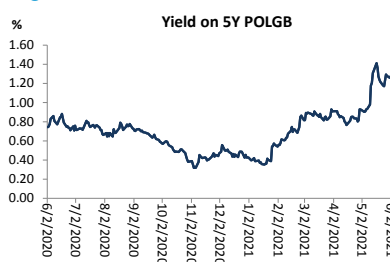
Today economic calendar contains a speech by ECB President Christine Lagarde scheduled for the evening.

Figure 1: WIBOR O/N



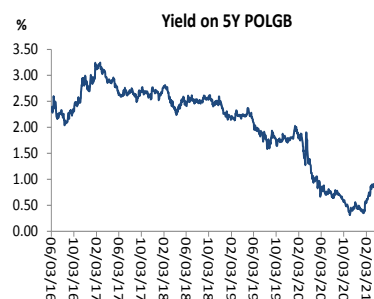
Source: Bloomberg

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
		No macroeconomic releases			



Foreign Exchange

Today in the morning the zloty was 0.1% weaker versus the USD and was 0.3% firmer versus the EUR compared to the previous NBP fixing. The zloty should be moving in a range of 4.4500-4.4800 PLN per EUR today.

The USD firmed by 0.4% versus the EUR recovering from losses during last two days.

Fixed Income

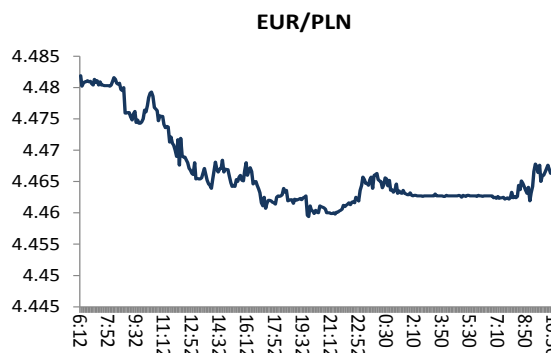
The yields on Poland's government bonds were 6bps up in 2-year sector after MPC member Hardt said the Council should consider 15bps rate hike at the meeting next week.

Interest Rates

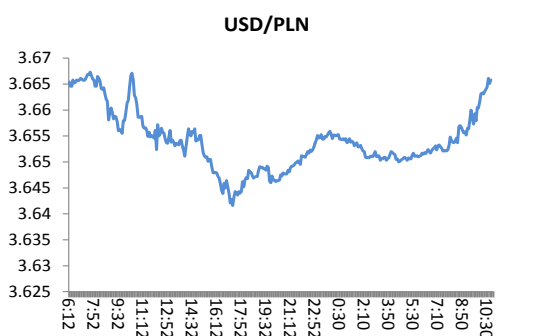
Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were 10bps up in 2-year sector and rose by 3bps in 5-year one.

Equities

Yesterday the Dow Jones index closed 0,13% up and the S&P 500 index rose by 0.55%. Today in the morning the FTSE 100 index was 0.11% up, the CAC 40 index was 0.03% up and the DAX index was 0.02% up. The Nikkei index closed 0.46% up. Today in the morning the WIG index was 0.39% up and the WIG20 index was 0.40% up.



Source: Bloomberg

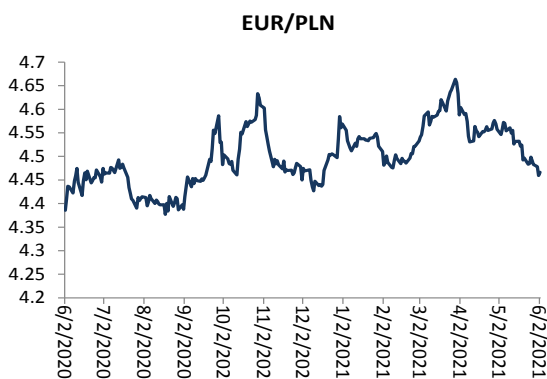


Source: Bloomberg

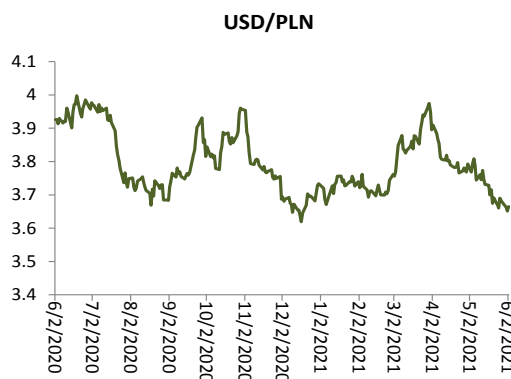


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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