



Poland Daily

HEADLINES:

POL: In May retail sales rose by 8.4% m/m and increased by 19.1% y/y. Real retail sales rose by 8.2% m/m and were 13.9% up y/y. The strongest growth in real retail sales was reported in section automobiles and parts (up 51.2% y/y) and footwear and clothing (up 46.1% y/y) what was a result of opening of the economy after lock-down.

POL: In May construction output rose by 4.7% y/y.

After a 30bps hike in policy rate by the NBH on Tuesday and a 25bps hike in policy rate by the CNB on Wednesday and as both central banks have assumed hawkish stance in monetary policy, a pressure on the NBP to hike interest rates increased. If inflation remains elevated (what is highly likely), economic growth fully recovers in 2H2021 (what is likely) and if rate hikes and expected further rate hikes in Czech Republic and Hungary fail to trigger substantial firming of CZK and HUF then the NBP will have less and less arguments to keep interest rates unchanged until the end of the term of the current MPC. A “signaling” rate hike of 15bps in Q4 2021 in Poland is becoming increasingly likely.

THE DAY AHEAD...

POL: Unemployment rate (May), Money supply (May)

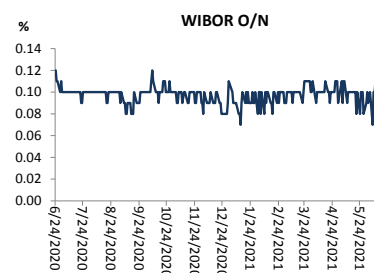
TODAY'S FOCUS:

Today economic calendar contains Poland’s registered unemployment rate and money supply M3 for May.

DIARY (Today)

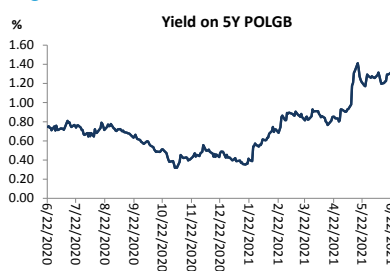
Country	GMT	Release	DB Expected	Actual	Consensus
POL	8:00	Unemployment rate (May)	6.1%	6.1%	6.1%
POL	12:00	Money supply M3 (May)	0.5% (8.8%)		0.6% (9.2%)

Figure 1: WIBOR O/N



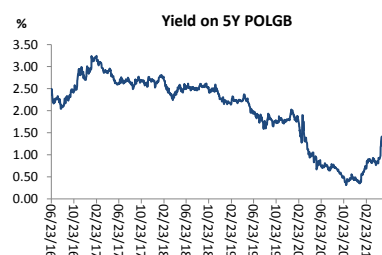
Source: Bloomberg

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 0.1% 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 4.5100-4.5450 PLN per EUR today.

The USD was steady versus the EUR.

Fixed Income

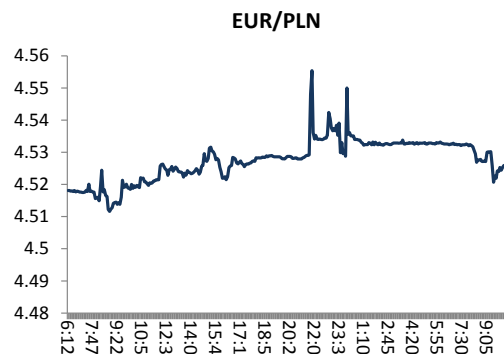
The yields on Poland's government bonds were 3bps up in 2-year sector and were 2bps up and 1bp up respectively in 5-year and 10-year tenors.

Interest Rates

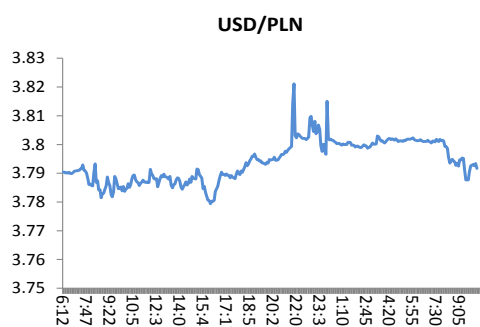
Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were 3-5bps up across the curve.

Equities

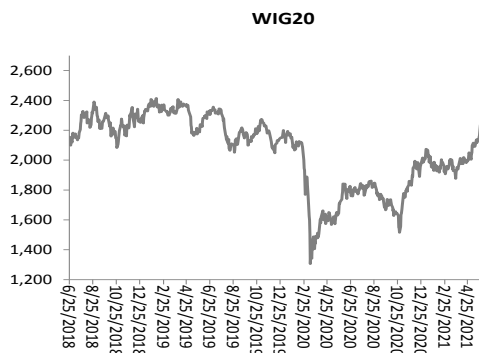
Yesterday the Dow Jones index closed 0.21% down and the S&P 500 index fell by 0.11%. Today in the morning the FTSE 100 index was 0.28% up, the CAC 40 index was 0.71% up and the DAX index was 0.60% up. The Nikkei 225 index closed unchanged. Today in the morning the WIG index was 0.44% up and the WIG20 index was 0.35% up.



Source: Bloomberg

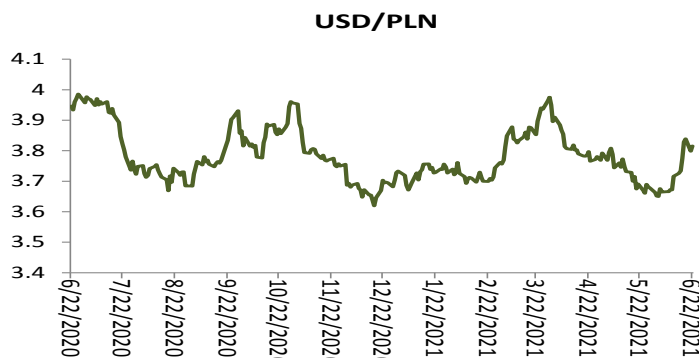
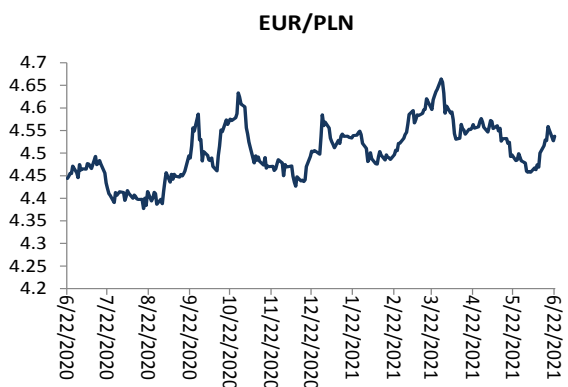


Source: Bloomberg



Source: Bloomberg

Medium term FX trends:





Appendix 1

Important Disclosures

Additional information available upon request

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