



Poland Daily

HEADLINES:

POL: In February inflation amounted to 0.5% m/m and 2.4% y/y after revised inflation for January of 1.3% m/m and 2.6% y/y. Consumer basket for 2021 was revised: weight of food and beverages rose to 27.77% from 25.24%, weight of housing and energy increased to 19.14% from 18.44%. Covid-19 resulted in shift of consumption towards basic goods and services. In February prices of housing and energy rose by 6.1% y/y, prices of education rose by 5.5% y/y, prices of telecommunication rose by 5.1% y/y, prices in hotels and restaurants were up 4.9% y/y and prices of healthcare rose by 4.5% y/y. Smaller than expected inflation in February and downward revision of CPI in January resulted in slight downward shift in inflation path in 2021. We estimate that average inflation in 2021 will amount to 3.1%.

POL: In January 2021 exports fell by 4.3% y/y to EUR19.2bn while imports declined by 7.2% y/y to EUR18.4bn. There were strong shifts in exports: exports calculated in EUR to the UK fell by as much as 24.9% y/y, and the UK moved to 5-th place in export destination ranking after Germany (28.2% share in exports), France (6.4%), Czech Rep. (5.7%) and Italy (5.0%) in January.

THE DAY AHEAD...

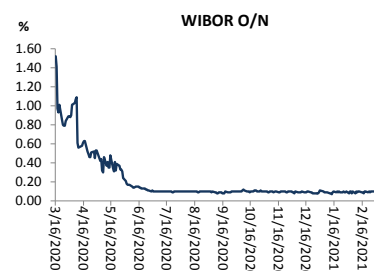
POL: Current account (Jan), core inflation (Feb)

USA: PPI (Feb), consumer sentiment (Mar)

TODAY'S FOCUS:

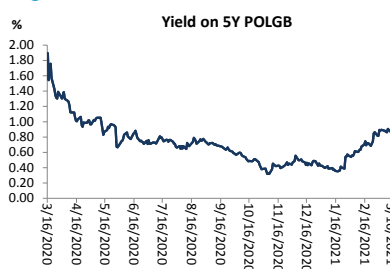
Today economic calendar contains balance of payments for January and core inflation for February from Poland and industrial production and retail sales for February from the US.

Figure 1: WIBOR O/N



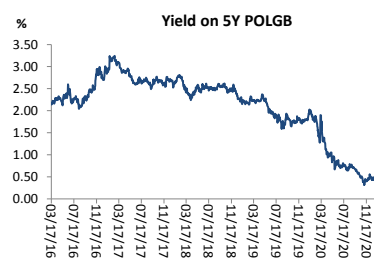
Source: Bloomberg

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	10:00	ZEW (Mar)	74.5	76.6	74.0
USA	12:30	Retail sales (Feb)	-1.0%		-0.5%
USA	13:15	Industrial production (Feb)	-0.1%		0.3%
POL	13:00	Current account (Jan)	EUR3045mn		EUR3052mn
POL	13:00	Trade balance (Jan)	EUR564mn		EUR858mn
POL	13:00	Core inflation (Feb)	0.2% (3.8%)		0.2% (3.7%)

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.1% weaker versus the USD and was 0.2% weaker versus the EUR compared to the previous NBP fixing. The zloty should be moving in a range of 4.5800-4.6100 PLN per EUR today.

The USD weakened by 0.1% versus the EUR and remained stable ahead of release of US industrial production and retail sales for February.

Fixed Income

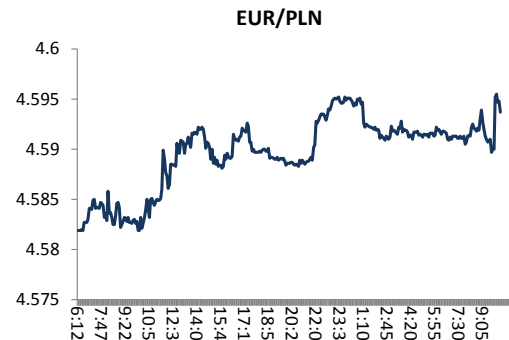
The yields on Poland's government bonds were practically unchanged in all tenors.

Interest Rates

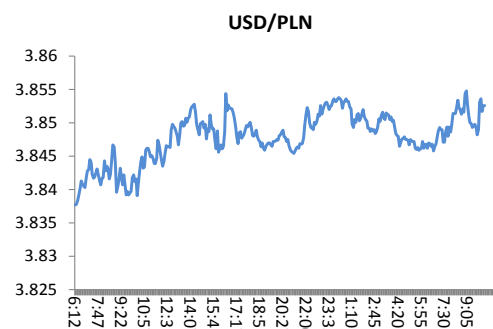
Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were 1-2ps up across the curve.

Equities

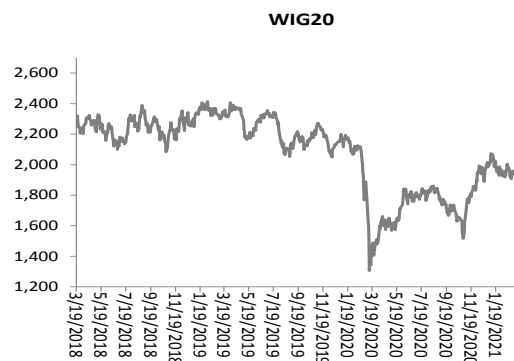
Yesterday the Dow Jones index closed 0.53% up and the S&P 500 index rose by 0.65%. Today in the morning the FTSE 100 index was 0.69% up, the CAC 40 index was 0.16% up and the DAX index was 0.58% up. The Nikkei index closed 0.53% up. Today in the morning the WIG index was 0.18% up and the WIG20 index was 0.32% up.



Source: Bloomberg

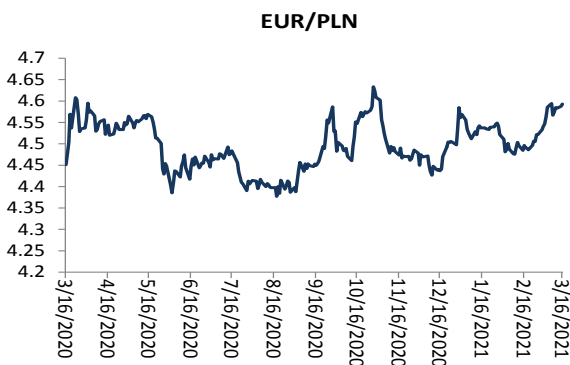


Source: Bloomberg



Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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