



Poland Daily

HEADLINES:

POL: The Monetary Policy Council, as expected, did not change interest rates. In its statement, the MPC repeated that as a result of the conflict in the Middle East, fuel prices have increased worldwide, but the prices of agricultural commodities are still lower than a year ago. The MPC emphasized that data available since the beginning of the year suggest that the annual GDP growth rate in the first quarter has likely decreased. The annual growth rate of wages in the enterprise sector in the first quarter was lower than in the previous quarter, and employment in this sector continued to decline. The increase in CPI inflation in April this year to 3.2% y/y (from 3.0% y/y in March) was mainly due to rising fuel prices associated with the conflict in the Middle East. According to the MPC, core inflation also increased in April. The Council stated that further decisions will depend on incoming information regarding inflation and economic activity prospects in Poland, which are influenced by changes in commodity prices and inflation worldwide resulting from the geopolitical situation. Today's press conference of the NBP president will be important for market participants.

THE DAY AHEAD...

POL: official reserve assets (Apr), press conference of NBP President

CZK: CNB decision

USA: initial jobless claims

TODAY'S FOCUS:

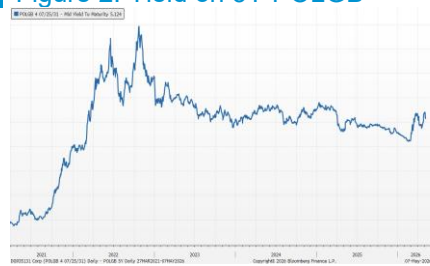
Today the economic calendar includes a press conference by the NBP president and official reserve assets for April from Poland. On the foreign side, today the Czech central bank will make a decision on interest rates (DB expects rates to remain unchanged), and the number of initial jobless claims from the USA will also be published.

Figure 1: Brent oil price



Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

Figure 3: Yield on 5Y POLGB – long term trend



Source: Bloomberg

DIARY (Today)

Country	CET	Release	DB Expected	Actual	Consensus
POL	14:00	Official reserve assets (Apr)			
CZK	14:30	Repurchase rate	3.50%		3.50%
USA	14:30	Initial jobless claims			205k
POL	15:00	Press conference of NBP President			



Foreign Exchange

This morning, the zloty was 0.2% stronger against the USD and 0.1% stronger against the EUR compared to yesterday's fixing. The zloty was unchanged against the CHF and 0.2% stronger against the GBP compared to yesterday's fixing. The zloty strengthened due to expectations that an agreement between the USA and Iran could be reached within the coming weeks.

This morning, the USD was 0.1% weaker against the EUR, the CHF was 0.1% stronger against the EUR, and the GBP was unchanged against the USD compared to yesterday's fixing. Hopes returned to the currency market that negotiations between the USA and Israel with Iran will soon resume, which reduces risk aversion.

Fixed Income

This morning, the yield on Polish government bonds fell by 7 basis points in the 2-year sector, fell by 5 basis points in the 5-year sector, and was lower by 3 basis points in the 10-year sector compared to yesterday's close.

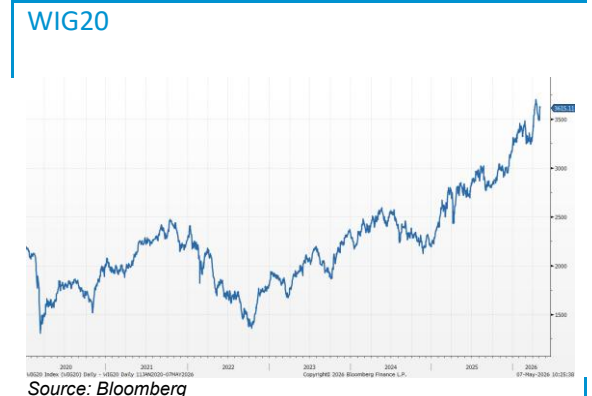
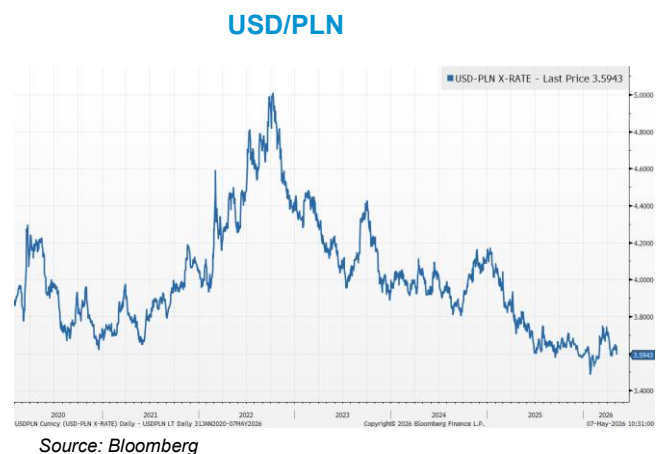
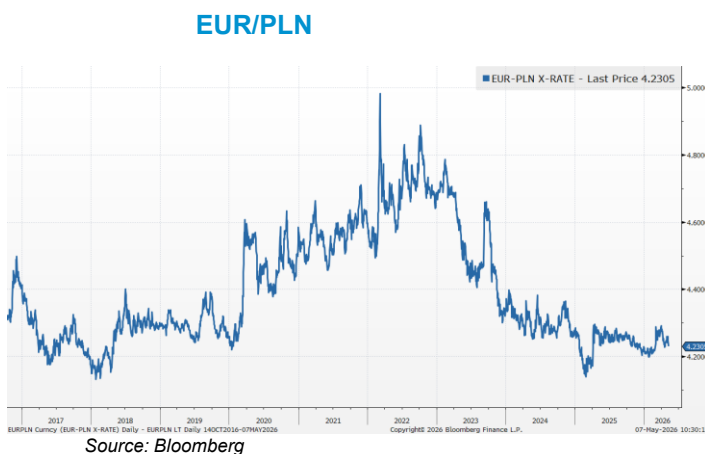
Interest Rates

This morning, PLN swap rates fell by 3 bp in the 2-year sector, fell by 4 bp in the 5-year sector, and fell by 5 bp in the 10-year sector.

Equities

Yesterday at the close, the Dow Jones index rose by 1.24%, the S&P 500 index rose by 1.46%, and the NASDAQ rose by 2.02%. This morning, the FTSE 100 index fell by 0.49%, the CAC 40 index was up by 0.24%, and the DAX index rose by 0.09%. The Nikkei index rose by as much as 5.58% at the close, and the Hang Seng index rose by 1.57% today at the close. This morning, the WIG index fell by 0.58%, and the WIG20 index was down by 0.66%..

Medium term FX trends:





Appendix 1

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