



Poland Daily

HEADLINES:

POL: In December real retail sales rose by 14.9% m/m and increased by 8.0% y/y. The strongest growth in real retail sales occurred in textiles, clothing and footwear (up 31.1% y/y), other retail sales (up 20.3% y/y) – including retail sales via Internet (up 30.2% y/y) and pharmaceuticals and cosmetics (up 18.8% y/y). Real retail sales in specialized shops were 7.2% up y/y, real retail sales of fuels were 3.2% up y/y and real retail sales of furniture, consumer electronics and white goods was 1.5% up y/y. A decline in real retail sales was reported in automobiles, motorcycles and parts (down 8.5% y/y). In the current prices retail sales rose by 15.8% m/m and were up 16.9% y/y. In December retail prices rose by 0.8% m/m and increased by 8.2% y/y. The strongest growth in retail prices was reported in fuels (up 34.7% y/y), food (up 7.4% y/y) and automobiles (up 6.6% y/y) and the weakest in pharmaceuticals and cosmetics (up 1.2% y/y).

THE DAY AHEAD...

DEU: IFO (Jan)

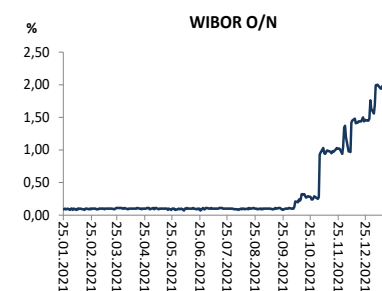
HUN: NBH decision

USA: Consumer confidence (Jan)

TODAY'S FOCUS:

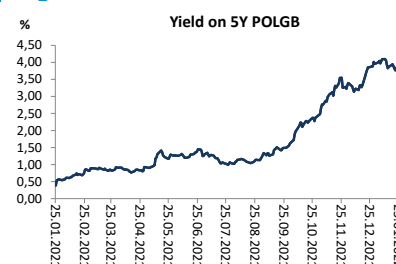
Today economic calendar contains Germany's IFO for January, NBH decision (we expect a hike of 30bps) and US consumer confidence for January.

Figure 1: WIBOR O/N



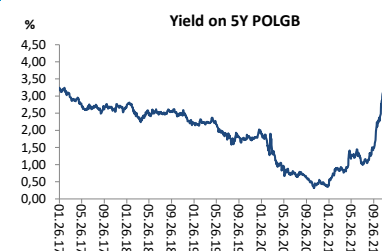
Source: Bloomberg

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	9:00	IFO (Jan)	95	95.7	94.5
HUN	13:00	NBH decision	2.70%		2.70%
USA	15:00	Consumer confidence (Jan)	112.0		111.1



Foreign Exchange

Today in the morning the zloty was 1.3% weaker versus the USD and was 1.0% weaker versus the EUR compared to previous NBP fixing. The zloty continued to weaken on rising geopolitical risks and as risk aversion increased ahead of FOMC meeting on Wednesday. The zloty should be moving within a wide range of 4.5500-4.6000 PLN per EUR today.

The USD was 0.3% firmer versus the EUR ahead of FOMC meeting on Wednesday.

Fixed Income

The yields on Poland's government bonds rose by 3-4bps in 2-year and 5-year sectors and were 6bps up in 10-year one as NBP President Glapinski said on Friday that interest rates should be hiked more than market expected.

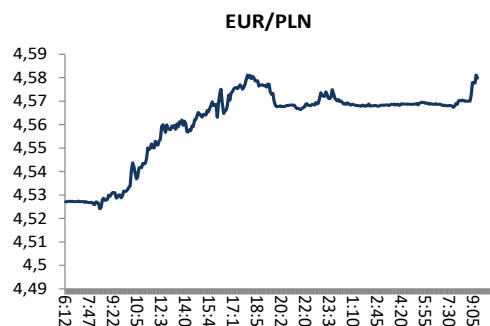
Interest Rates

Today the O/N bid rate should be within a range of 1.00% - 1.30%. Swap rates were 4-6bps up in 2-year and 5-year sectors and rose by 8bps in 10-year one.

Equities

Yesterday the Dow Jones index closed 0.29% up and the S&P 500 index rose by 0.28%. Today in the morning the FTSE 100 index was 0.82% up, the CAC 40 index was 1.12% up and the DAX index was 0.90% up. The Nikkei index closed 1.66% down. Today in the morning the WIG index was 1.23% up and the WIG20 index was 1.56% up.

EUR/PLN



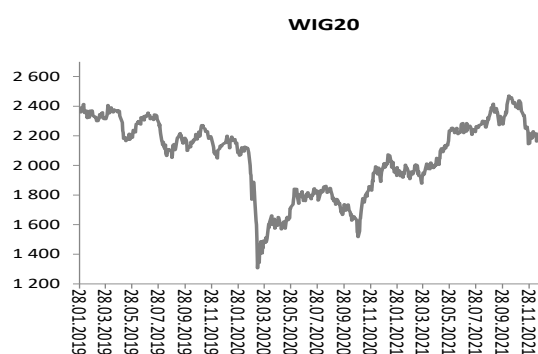
Source: Bloomberg

USD/PLN



Source: Bloomberg

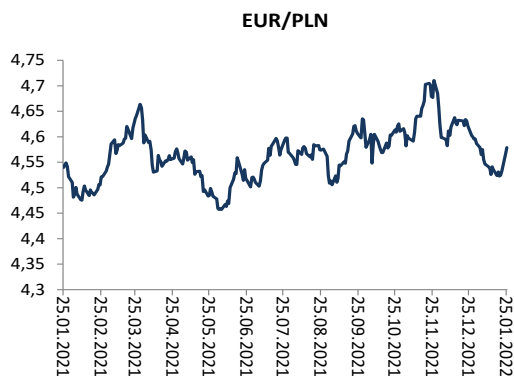
WIG20



Source: Bloomberg

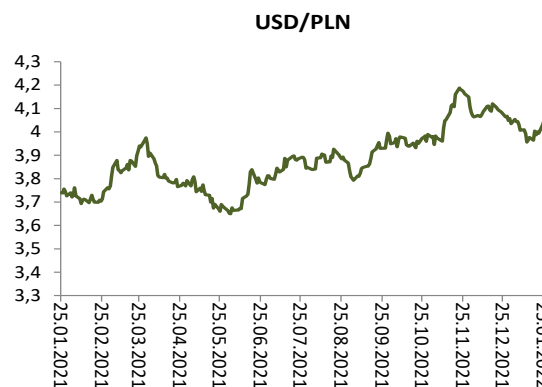
Medium term FX trends:

EUR/PLN



Source: Bloomberg

USD/PLN



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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